

# Huhtamaki PPL Ltd.

(Formerly The Paper Products Limited)

Registered Office: Unit No. 12A-06, 13th Floor, Parinee Crescenzo, Plot Nos. C-38 & C-39, "G" Block, Behind MCA, BKC, Bandra (E), Mumbai – 400051

Contact No. 022 6174 0400/ 26531310 Fax – 022 61740401/26531310

• Email: investor.communication@pplpack.com, website: www.pplpack.com •

CIN No: L21011MH1950FLC145537

## NOTICE OF THE ANNUAL GENERAL MEETING

**NOTICE** is hereby given that Sixty-Fifth Annual General Meeting of the members of Huhtamaki PPL Limited (Formerly The Paper Products Limited) will be held on Thursday, 7th May, 2015, at 4.00 P.M, at Rama & Sundri Watumull Auditorium, K. C. College Building, Vidyasagar Principal K. M. Kundnani Chowk, 124, Dinshaw Wacha Road, Churchgate, Mumbai - 400 020 to transact the following:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st December, 2014, the Profit & Loss Account for the year ended as on that date, and the Reports of the Directors' and Auditors' thereon.
2. To declare Dividend.
3. To appoint a Director in place of Mr. Jukka Moisio (DIN: 02181396), who retires by rotation and being eligible offers himself for re-appointment.
4. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**.

**"RESOLVED THAT** pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modifications or amendments or re-enactments thereof for the time being in force), M/s. S R B C & Co. LLP, Chartered Accountants (Firm Registration No. 324982E), be and are hereby appointed as Statutory Auditors of the Company to hold office for a term of 5 (Five) years from the conclusion of this Annual General Meeting till the conclusion of the 70th Annual General Meeting of the Company (subject to ratification of such appointment by the Members at every Annual General Meeting), in place of M/s. S. R. Batliboi & Co. LLP, Chartered Accountants (Firm Registration No. 301003E), the retiring Auditors of the Company, on such remuneration as may be decided by the Board of Directors of the Company from time to time.

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

### SPECIAL BUSINESS

5. To consider and if thought fit, to pass, with or without modification(s), the following resolution as **Ordinary Resolution**:  
**"RESOLVED THAT** pursuant to the provisions of Sections 149, 152, 160 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement entered into with the Stock Exchanges, Ms. Sukanya Kripalu (DIN: 06994202) be and is hereby appointed as an Independent Director of the Company with effect from 7th May, 2015 to hold office for a term of 2 (Two) years.

By order of the Board of Directors  
For **Huhtamaki PPL Limited**  
(Formerly The Paper Products Limited)

Place : Mumbai  
Date : 17th March, 2015

**Parag Vyavahare**  
Chief Financial Officer

### REGISTERED OFFICE

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

**NOTES:**

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

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

2. A statement pursuant to Section 102(1) of the Companies Act, 2013, relating to the special business to be transacted at the meeting is annexed hereto.
3. Corporate members intending to send their authorised representatives to attend and vote at the meeting are requested to send a certified copy of the board resolution authorizing their representative to attend and vote on their behalf at the meeting.
4. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, 25th April, 2015 to Thursday, 7th May, 2015 (both days inclusive) for determining the shareholders who are entitled to receive dividend on equity shares. In respect of shares held in electronic form, dividend will be paid on the basis of beneficial ownership as of Friday, 24th April, 2015 as per details furnished by the depositories for this purpose.
5. All correspondence relating to transfer of shares, change of address, dividend mandates etc. quoting the relevant folio numbers should be sent to the Registrar & Transfer Agents (R&T Agents) only at the following addresses:

SHAREPRO SERVICES (INDIA) PRIVATE LIMITED	
<b>UNIT: HPPL</b> 13AB, Samhita Warehousing Complex, 2nd floor, Sakinaka Telephone Exchange Lane, Off Andheri – Kurla Road, Sakinaka Andheri (E), Mumbai 400 072. Tel. Nos.: (022) 6772 0300 / 6772 0351 / 2 / 3 Fax No.: (022) 28375646 Email: sharepro@shareproservices.com	<b>UNIT: HPPL</b> 912, Raheja Centre, Free Press Journal Road Nariman Point, Mumbai: 400 021 Tel. Nos.: (022) 22881569 / 2288 4527 / 6772 0700 Fax No.: (022) 22825484 Email: sharepro@vsnl.com
Website: www.shareproservices.com	

6. Pursuant to the provisions of Section 205A and 205C of the Companies Act, 1956, as amended, dividend for the financial year ended 31st December, 2007 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, 2007 or for any of the subsequent Financial Years are requested to send their claims to the Registered Office of the Company. It may be noted that once the unclaimed dividend is transferred to the IEPF as above, no claim shall lie in respect thereof with the Company as well as IEPF.
7. Members who hold shares in physical form
- a) are requested to inform R & T Agents of the Company, their email address, Income Tax Permanent Account Number (PAN), if any, allotted to them by the Income Tax Authorities.
- b) can avail the facility of nomination in the prescribed form. The nominee shall be the person in whom all rights of transfer shall vest in the event of the death of the shareholder(s). A minor can be nominee provided the name of the guardian is mentioned in the nomination form. The facility of nomination is not available to non-individual shareholders such as Societies, Trusts, Bodies Corporates, Partnership Firms, Kartas of Hindu Undivided Families and holders of Powers of Attorney. For further details members may please contact the Company's Secretarial Department at the Registered Office or the R&T Agents of the Company.
- c) are requested to notify to the R&T Agents of the Company, any change in their addresses, quoting their folio numbers.
- d) are requested to note that, in order to avoid any loss / interception in postal transit and also to get prompt credit of dividend through Electronic Clearing Services (ECS), they should submit their ECS details. Alternatively, members may provide details of their bank account quoting their folio numbers to the R&T Agents to enable them to print such details on the dividend warrants.

- e) under multiple folios are requested to submit their application to R&T Agents for consolidation of folios into single folio.
8. Members holding shares in dematerialised form:
- may contact their Depository Participant(s) for recording nomination in respect of their shares.
  - may please note that their bank details as furnished by the respective depositories to the Company will be printed on their dividend warrants as per the applicable regulations of the Depositories and the Company will not entertain any direct request from such members for change/deletion in such bank details. Further instructions, if any, already given by them in respect of shares held in physical form will not be automatically applicable to the dividend paid on shares held in electronic form. Members may therefore give instructions regarding bank accounts in which they wish to receive dividend, to their Depository Participants.
  - The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts.
9. Members are requested to bring their copies of the Annual Report and attendance slip to the Meeting.
10. In accordance with provisions of Section 108 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 the business may be transacted through electronic voting system and the Company is providing facility for voting by electronic means ("e-voting") to its members. The Company has engaged the services of CDSL to provide e-voting facilities and for security and enabling the members to cast their vote in a secure manner. The procedure to be followed by the members for e-voting is as follows:

**The instructions for members for voting electronically are as under:-**

**In case of members receiving e-mail:**

- Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)
- Click on "Shareholders" tab.
- Now, select the "Huhtamaki PPL Ltd" from the drop down menu and click on "SUBMIT"
- Now Enter your User ID
  - For CDSL: 16 digits beneficiary ID,
  - For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - Members holding shares in Physical Form should enter Folio Number registered with the Company.
- Next enter the Image Verification as displayed and Click on Login.
- If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.</li> <li>In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</li> </ul>
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	<p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</p> <ul style="list-style-type: none"> <li>Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id/folio number in the Dividend Bank details field.</li> </ul>

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant <Huhtamaki PPL Ltd > on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvii) If Demat account holder has forgotten the changed password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Institutional/corporate shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates. They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com). After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on. The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote. They should upload a scanned copy of the board resolution or power of attorney (POA) which they have issued in favour of the custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

**In case of members receiving the physical copy:**

- (A) Please follow all steps from sl. no. (i) to sl. no. (xvii) above to cast vote.
- (B) The voting period begins at 10.00 A.M. (IST) on Tuesday , 28th April, 2015 and ends at 6:00 P.M. (IST) on Thursday, 30th April, 2015 During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 10th April, 2015, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter
- (C) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

**General Information on e-voting:**

1. The Company has appointed S. N. Ananthasubramanian & Co., Practising Company Secretary as (Scrutinizer) to scrutinize the e-voting process in a fair and transparent manner. The Scrutinizer shall within a period not exceeding 3 (three) working days from conclusion of the e-voting period unlock the votes in the presence of atleast two witnesses not in the employment of the Company and make a scrutinizer's report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
2. The results of e-voting along with the results of the Poll to be conducted at the AGM shall be aggregated and declared at or after the AGM of the Company. The results declared along with the scrutinizers report shall be placed on the Company's website [www.pplpack.com](http://www.pplpack.com) and on the website of CDSL within 2 (two) days of passing of the resolutions at the AGM of the Company and communicated to the stock exchange(s) where the shares of the Company are listed.

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

### **Item no. 5**

The Board of Directors at their meeting held on 17th March, 2015 pursuant to provisions of Section 161 of the Act, appointed Ms. Sukanya Kripalu (DIN: 06994202) as an Independent Director (Additional) with effect from 17th March, 2015 and accordingly Ms. Sukanya Kripalu holds office till the date of the Annual General Meeting. Ms. Sukanya Kripalu (DIN: 06994202) has submitted a declaration that she meets the criteria of Independence under Section 149(6) of the Act read with Clause 49 of the Listing Agreement. The Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing her candidature for the office of Director at the forthcoming Annual General Meeting of the Company.

It is proposed to appoint Ms. Sukanya Kripalu (DIN: 06994202) as Independent Director under Section 149 of Companies Act, 2013 and Clause 49 of Listing Agreement for a term of 2 (Two) years beginning with effect from 7th May, 2015.

Ms. Sukanya Kripalu is not disqualified from being appointed as Director in terms of Section 164 of the Act and has given her consent to act as Director.

In the opinion of the Board, Ms. Sukanya Kripalu fulfills the conditions for appointment as an Independent Director as specified in the Act and the Listing agreement.

Detailed information about Ms. Sukanya Kripalu is provided in the Annexure to this notice.

Copy of the draft formal letter for appointment of Ms. Sukanya Kripalu as Independent Director setting out the terms and conditions are available for inspection by members at the Registered Office of the Company.

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

None of the Directors except Ms. Sukanya Kripalu (DIN: 06994202) or any of the Key Managerial Personnel including their relatives are concerned or interested in this resolution.

By order of the Board of Directors

For **Huhtamaki PPL Limited**  
**(Formerly The Paper Products Limited)**

Place : Mumbai  
Date : 17th March, 2015

**Parag Vyavahare**  
Chief Financial Officer

### **REGISTERED OFFICE**

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

## ANNEXURE

**Profiles of the Directors being appointed/re-appointed as required under Clause 49 of the Listing Agreement entered into with the Stock exchange.**

Name of Director	Mr. Jukka Moisio	Ms. Sukanya Kripalu
Date of Birth	04/05/1961	30/10/1960
Date of Appointment	23/04/2008	17/03/2015
Expertise in specific field	He has worked with Ahlstrom Corp (1991-2008) before joining Huhtamaki Oyj in the year 2008. He is holding the position of CEO and Chairman of Group Executive Team of Huhtamaki Oyj.	She has 25 years of marketing and management experience. She has been involved in the launch and marketing successes of several leading consumer brands at FMCG Companies such as Nestle, Cadbury and Kellogg's. She was a CEO of Quadra Advisory, a WPP group Company. She works as an consultant in marketing strategy, brand and advertising development as well as marketing training. Her experience covers industries such as Insurance, White Goods, Jewellery, Textiles, Branded Staples, FMCG and Media.
Qualification	He holds Masters degree in Science and Economics and MBA	She has done graduation in Mathematics from St. Xavier's College and has Completed her Management from Indian Institute of Management, Calcutta.
Name of other companies in which he/she holds Directorship*	Nil	Ultra Tech Cement Ltd. Pantaloons Fashion & Retail Ltd.
Name of other companies in which he/she holds Chairmanship/ Membership of Committees of Board\$	Nil	Pantaloons Fashion & Retail Ltd.- Member of Audit Committee Member of Stakeholders Relationship Committee
No. of Shares held in Huhtamaki PPL Ltd	Nil	Nil
Relationship with other directors	None	None

**Note:**

\* Details in this regard exclude directorships held in private limited companies which are not subsidiaries or holding companies of public limited companies, unlimited companies, foreign companies, Companies under Section 8 of Companies Act, 2013.

\$ Details in this regard include the Chairmanship/ membership of the Audit Committee and the Stakeholders Relationship Committee of only public limited companies, whether listed or not.

# Huhtamaki PPL Ltd.

(Formerly The Paper Products Limited)

Registered Office: Unit No. 12A-06, 13th Floor, Parinee Crescenzo, Plot Nos. C-38 & C-39, "G" Block, Behind MCA, BKC, Bandra (E), Mumbai – 400051

Contact No. 022 6174 0400/ 26531310 Fax – 022 61740401/26531310

• Email: investor.communication@pplpack.com, website: www.pplpack.com •

CIN No: L21011MH1950FLC145537

## ATTENDANCE SLIP

To be handed over at the entrance of the Meeting Hall

DP ID*	
Folio No. / Client ID*	
No. of Shares held	

I/We hereby record my/our presence at Sixty-Fifth Annual General Meeting of the Company on Thursday, 7th May, 2015, at 4.00 P.M. at Rama & Sundri Watumull Auditorium, K. C. College Building, Vidyasagar Principal K. M. Kundnani Chowk, 124, Dinshaw Wacha Road, Churchgate, Mumbai - 400 020.

### NAME & ADDRESS OF THE SHAREHOLDER (S)


### SIGNATURE OF THE SHAREHOLDER(S) OR THE PROXY ATTENDING THE MEETING

IF SHAREHOLDER, PLEASE SIGN HERE	IF PROXY, PLEASE SIGN HERE

### Note:

1. A shareholder/proxy holder wishing to attend the meeting must bring the Attendance Slip to the Meeting and hand over at the entrance duly signed.
2. Shareholder/Proxy holder should bring his/her copy of the Annual Report for reference at the meeting.
3. \* Applicable for shareholders holding shares in dematerialized form.

# Huhtamaki PPL Ltd.

(Formerly The Paper Products Limited)

Registered Office: Unit No. 12A-06, 13th Floor, Parinee Crescenzo, Plot Nos. C-38 & C-39, "G" Block, Behind MCA, BKC, Bandra (E), Mumbai – 400051

Contact No. 022 6174 0400/ 26531310 Fax – 022 61740401/26531310  
• Email: investor.communication@pplpack.com, website: www.pplpack.com •  
CIN No: L21011MH1950FLC145537

## PROXY FORM

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

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

I/ We being the member(s) of \_\_\_\_\_ of Huhtamaki PPL Limited (Formerly The Paper Products Limited), hereby appoint:

(1) Name: \_\_\_\_\_

Address: \_\_\_\_\_

E-mail Id: \_\_\_\_\_

Signature: \_\_\_\_\_ or failing him

(2) Name: \_\_\_\_\_

Address: \_\_\_\_\_

E-mail Id: \_\_\_\_\_

Signature: \_\_\_\_\_ or failing him

(3) Name: \_\_\_\_\_

Address: \_\_\_\_\_

E-mail Id: \_\_\_\_\_

Signature: \_\_\_\_\_

as my/ our proxy to attend and vote (on a poll) for me/ us and on my/ behalf at Sixty-Fifth Annual General Meeting of the Company, to be held on Thursday, 7th May, 2015, at 4.00 P.M. at Rama & Sundri Watumull Auditorium, K. C. College Building, Vidyasagar Principal K. M. Kundnani Chowk, 124, Dinshaw Wacha Road, Churchgate, Mumbai - 400 020 and at any adjournment thereof in respect of such resolutions as are indicated below:

Item No	Particulars	No. of shares	I/we assent to the Resolutions (FOR)	I/we dissent to the Resolutions (AGAINST)
	<b>Ordinary Business</b>			
1	Adoption of the Audited Balance sheet as at 31st December, 2014, the Profit & Loss Account for the year ended as on that date, and the Reports of the Directors' and Auditors' thereon.			
2	Declare Dividend			
3	Re-appointment of Mr. Jukka Moisio (DIN: 02181396) retiring by rotation.			
4	Appointment of M/s. S R B C & Co. LLP, Chartered Accountants (Firm Registration No. 324982E) as Statutory Auditors of the Company for a period of five years from conclusion of ensuing Annual General Meeting till conclusion of 70th Annual General Meeting.			
	<b>Special Business</b>			
5	To approve appointment of Ms. Sukanya Kripalu (DIN: 06994202) as Independent Director			

As witness my/our hand(s) this \_\_\_\_\_ day of \_\_\_\_\_ 2015

Affix  
Re. 1  
Revenue  
Stamp

Signature of Shareholder \_\_\_\_\_

Signature of proxy holder(s) \_\_\_\_\_

### Note:

- (1) The proxy form must be returned so as to reach the Registered Office of the Company not less than 48 hours before the time fixed for holding the aforesaid meeting.
- (2) A proxy need not be member of the Company.
- (3) \* Applicable for shareholders holding shares in dematerialized form.



# 65<sup>th</sup> Annual Report 2014





**PRESSURE SENSITIVE LABELS**



**SPECIALISED POUCHES**



**PERSONAL CARE & HOUSEHOLD**



**SHRINK SLEEVES**



**SPECIALISED CARTONS**



**WET STRENGTH LABELS**



**AUTOMOTIVE & INDUSTRIAL**

## CORPORATE INFORMATION

### BOARD OF DIRECTORS

Chairman	Mr. Suresh Gupta
	Mr. Arunkumar Gandhi
	Mr. P. V. Narayanan
	Mr. Jukka Moisio
	Mr. R. K. Dhir
	Mr. S. K. Palekar
	Mr. Nripjit Singh Chawla
Managing Director-Designate	Mr. A. Venkatrangan
	Mr. Shashank Sinha
	Ms. Sukanya Kripalu

Acting Company Secretary & Compliance Officer	Mr. Rohan Naik
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### BANKERS

Standard Chartered Bank  
The Hongkong and Shanghai  
Banking Corporation Ltd.

### AUDITORS

S.R. Batliboi & Co. LLP  
Chartered Accountants

### REGISTERED & CORPORATE OFFICE

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

### CENTRAL HEADQUARTERS

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

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## BOARD OF DIRECTORS

### MR. SURESH GUPTA - CHAIRMAN

Mr. Suresh Gupta did his Masters in Management (MMS) from Jamnalal Bajaj Institute of Management Studies, Mumbai. He has diverse management experience of over 41 years, including 27 years in the Company. He was designated as Chairman & Managing Director of the Company w.e.f. 10th March, 2010 and has been re-designated as Chairman since 7th August, 2014.

### MR. A.VENKATRANGAN - MANAGING DIRECTOR - DESIGNATE

Mr. A. Venkatrangan is Graduate in Commerce and MBA in Finance and Marketing and having a total experience of 34 years, wherein he has worked in Corporate Planning, Costing, MIS, Budget Control, Operations, Internal Audit and Commercial functions at various levels with Murugappa Group and Essar Group. He joined the Company in January, 1999. He was designated as the Executive Director of the Company w.e.f. 1st July, 2012 and as Managing Director – Designate since 7th October, 2014.

### MR. JUKKA MOISIO - DIRECTOR

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

### MR. ARUNKUMAR GANDHI - DIRECTOR

Mr. Arunkumar Gandhi is a Fellow Member of the Institute of Chartered Accountants of England & Wales and the Institute of Chartered Accountants of India and an Associate Member of the Chartered Institute of Taxation, London. He has been an Independent Director of the Company since March 2002. The Company is in process of seeking approval of the shareholders for his re-appointment through Postal Ballot.

### MR. P. V. NARAYANAN - DIRECTOR

Mr. P. V. Narayanan is a Post-Graduate in Chemistry. He holds Diploma in Marketing Management and Diploma in Plastic Technology. He has 48 years of experience in the field of packaging covering various positions of eminence. He has also been conferred with the Honorary Membership by the Asian Packaging Federation. He has been awarded the Fellow membership of Institute of Packaging (F. Inst. Pkg) UK and Chartered Scientist (CS) by the Science Council, UK. He is an advisor of Cognizance Packaging Solutions Pvt. Ltd.. He has been an Independent Director of the Company since March, 2002. The Company is in process of seeking approval of the shareholders for his re-appointment through Postal Ballot.

### MR. RAMESH KUMAR DHIR - DIRECTOR

Mr. Ramesh Kumar Dhir is a Fellow Member of the Institute of Chartered Accountants England & Wales and also a Fellow of the Institute of Management (U.K.). He has wide corporate management experience of over 42 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. The Company is in process of seeking approval of the shareholders for his re-appointment through Postal Ballot.

### MR. S. K. PALEKAR - DIRECTOR

Mr. S. K. Palekar did his M.Sc. (Physics) from Mumbai University & MMS (Marketing) from Jamnalal Bajaj Institute of Management Studies. He secured 1st rank both in M.Sc (Physics) & MMS (Marketing). He is currently the Chairperson of Executive Education Centre of S P Jain Institute of Management & Research at Mumbai. He brings with him 38 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 Industries. 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. The Company is in process of seeking approval of the shareholders for his re-appointment through Postal Ballot.

### MR. NRIPJIT SINGH CHAWLA - DIRECTOR

Mr. Nripjit Singh Chawla did his MBA from Indian Institute of Management, Calcutta. He has wide corporate management experience of over 45 years working with ITC Ltd., Korn/Ferry International, Max India Ltd. He is currently acting as Independent Management Consultant to Commercial organizations and NGO's in the areas of Marketing, Business strategy and Business Processes, Education, Tourism and Hospitality, Healthcare etc. He serves as teaching faculty in many Business Schools and Management Institutes. He has been an Independent Director of the Company since March, 2013. The Company is in process of seeking approval of the shareholders for his re-appointment through Postal Ballot.

### MR. SHASHANK SINHA - DIRECTOR

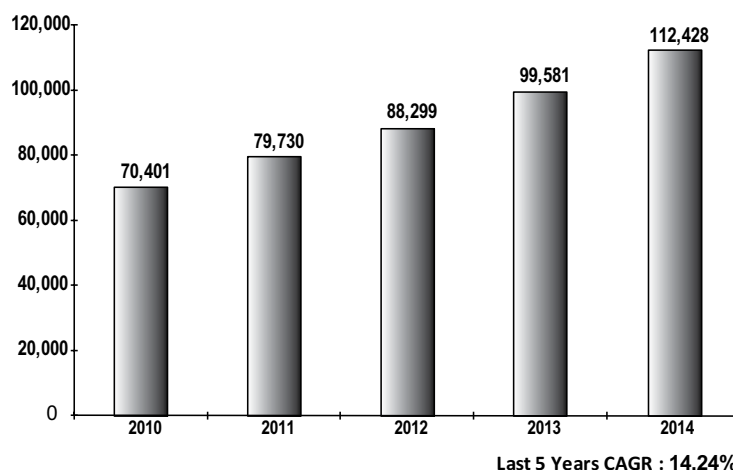
Mr. Shashank Sinha holds Bachelor Degree in Engineering and Masters in Business Administration. He has worked with Godrej Consumer Products Ltd., where he was President, International Business. Prior to Godrej, Mr. Shashank Sinha has worked at Navis Capital Partners in India as well as in various senior management positions in Sara Lee Corporation and Reckitt Benckiser Group, located in Asia, Europe and Latin America. He holds the position of Executive Vice President, Flexible Packaging with Huhtamaki Oyj. He has been nominated as Director by Huhtavefa B.V. on the Board of Directors of the Company w.e.f. 7th May, 2014.

### MS. SUKANYA KRIPALU - DIRECTOR

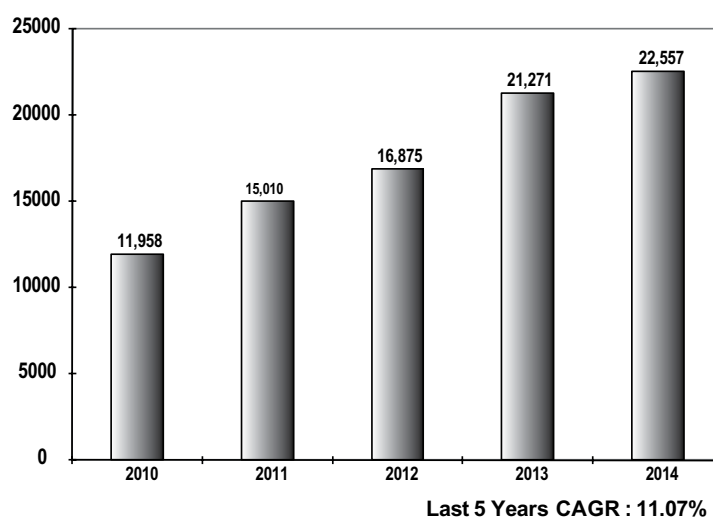
Ms. Sukanya Kripalu has done graduation in Mathematics from St. Xavier's College and has completed her Management from Indian Institute of Management, Calcutta. She has 25 years of marketing and management experience. She has been involved in the launch and marketing successes of several leading consumer brands at FMCG Companies such as Nestle, Cadbury and Kellogg's. She was a CEO of Quadra Advisory, a WPP group Company. She works as an consultant in marketing strategy, brand and advertising development as well as marketing training. Her experience covers industries such as Insurance, White Goods, Jewellery, Textiles, Branded Staples, FMCG and Media. She has been appointed as an Independent Director of the Company w.e.f. 17th March, 2015.

## FINANCIAL PERFORMANCE INDICATORS

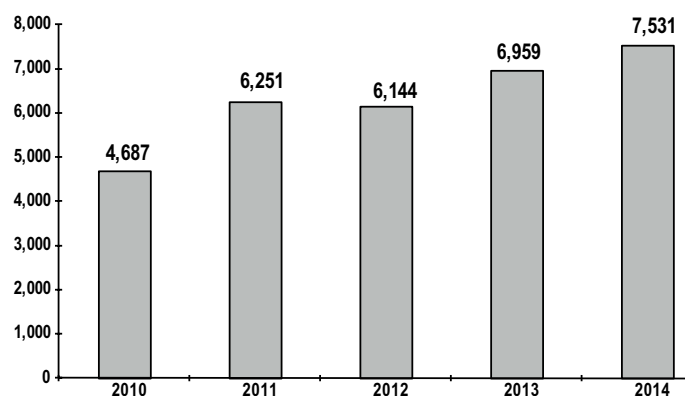
**TURNOVER (₹ in lac)**



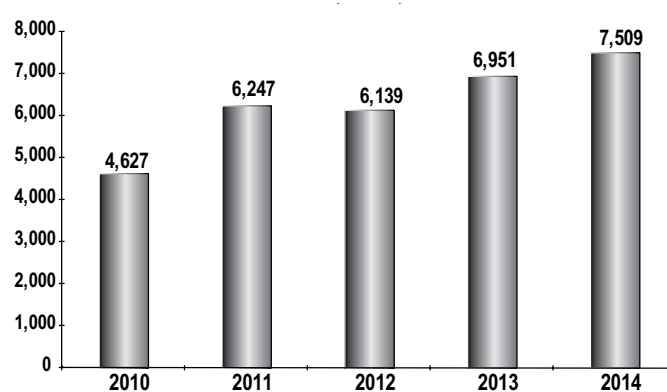
**EXPORT TURNOVER (₹ in lac)**



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

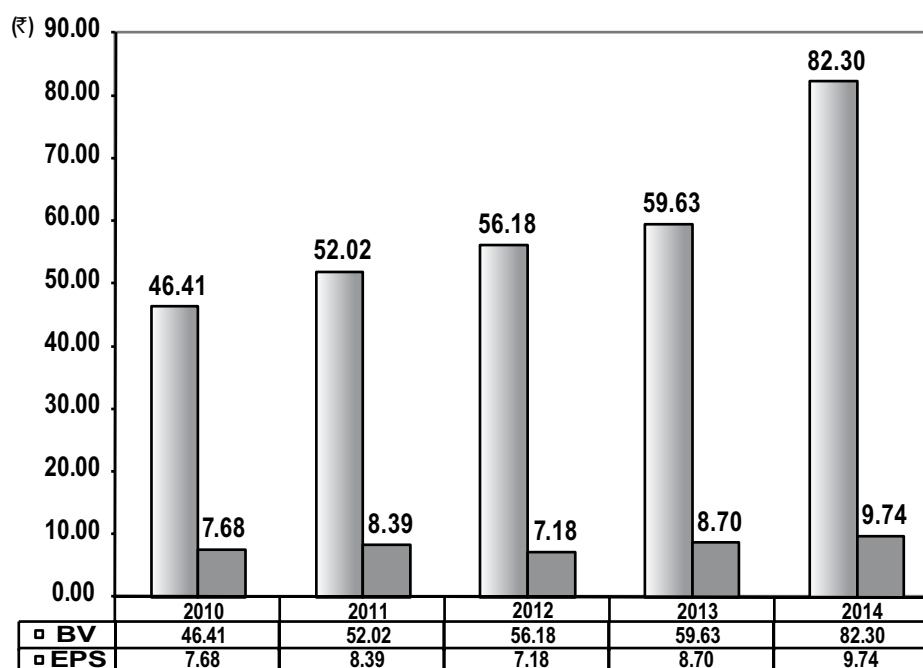


**PROFIT BEFORE TAX, EXCEPTIONAL &  
EXTRAORDINARY ITEMS (₹ in lac)**



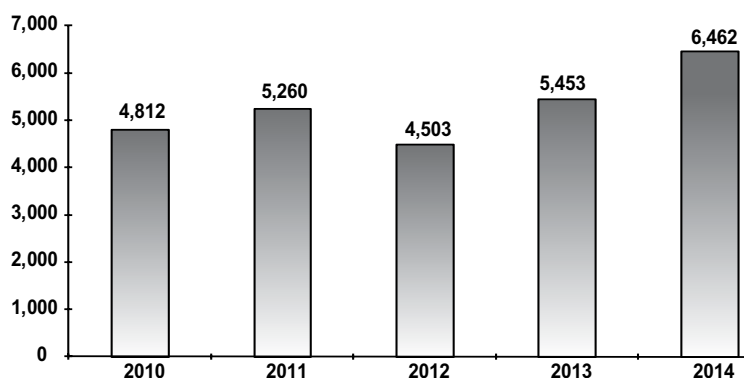


## EPS AND BOOK VALUE PER SHARE

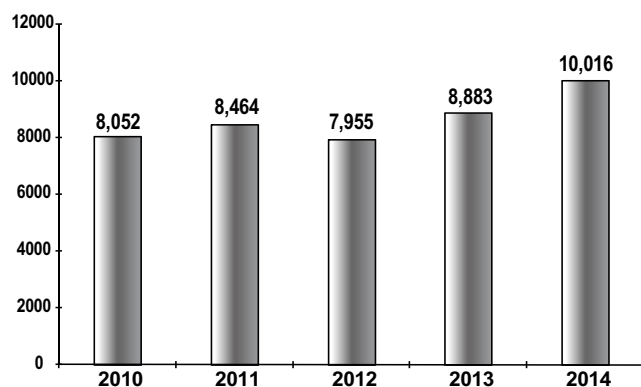


BV means book value per share excluding revaluation reserve.

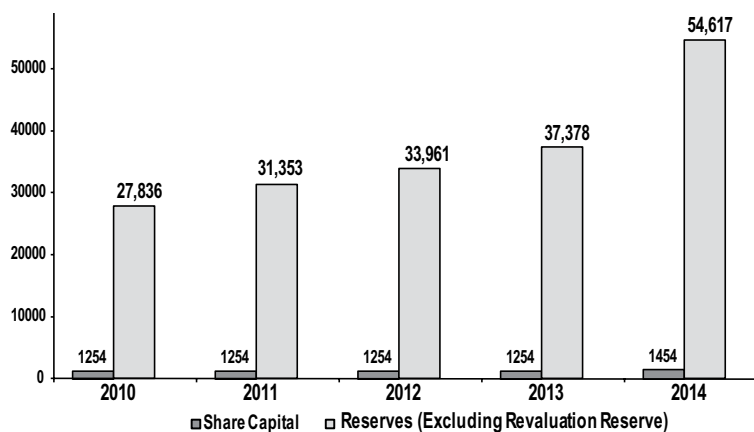
## PROFIT AFTER TAX, EXCEPTIONAL & EXTRAORDINARY ITEMS (₹ in lac)



## CASH PROFIT (₹ in lac)



## NET WORTH GROWTH (₹ in lac)



## FINANCIAL HIGHLIGHTS

(₹ in lac)

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<b>OPERATING RESULTS</b>										
Net Sales	112428	99581	88299	79730	70401	57769	61209	53206	46467	39829
Other Income	1996	1550	1567	1426	832	911	1173	1074	1148	966
EBDIT	11085	10389	9596	9455	7927	8186	6090	6768	6650	6437
Depreciation & Amortisation	3554	3430	3452	3204	3240	3115	2862	2886	2307	2498
EBIT	7531	6959	6144	6251	4687	5071	3228	3882	4343	3939
Profit before Tax	7509	6951	6139	6247	4627	4958	2977	3697	4281	3868
Exceptional Items & Extraordinary - Net of Tax	627	705	—	294	1533	—	—	(318)	1208	(80)
Provision for Tax	1674	2203	1636	1281	1348	1220	848	541	1497	1021
Profit after Tax	6462	5453	4503	5260	4812	3738	2129	2837	3992	2767
EBDIT to Sales %	9.86%	10.43%	10.87%	11.86%	11.26%	14.17%	9.95%	12.72%	14.31%	16.16%
EBIT to Sales %	6.70%	6.99%	6.96%	7.84%	6.66%	8.78%	5.27%	7.30%	9.35%	9.89%
PBT to Sales %	7.52%	7.69%	6.95%	8.20%	8.75%	8.58%	4.86%	6.35%	11.81%	9.51%
Earning Per Share	9.74	8.70	7.18	8.39	7.68	5.96	3.40	4.53	6.37	4.41
Earning Per Share (Excluding Exceptional & Extraordinary items)	8.79	7.96	7.18	7.92	5.60	5.96	3.40	4.53	5.35	4.54
Cash Earning Per Share	15.09	14.17	12.69	13.50	12.84	10.93	7.96	9.13	10.05	8.39
Equity Dividend %	140.00	140.00	130.00	120.00	110.00	***150	90.00	90.00	90.00	70.00
<b>FINANCIAL POSITION</b>										
Equity Share Capital	1454	1254	1254	1254	1254	1254	1254	1254	1254	1254
Reserves & Surplus	54893	37654	34237	31629	28112	24901	23363	22573	21131	18424
Shareholders Funds	56347	38908	35491	32883	29366	26155	24617	23827	22385	19678
Loan Funds	1730	1921	2061	2159	2253	2393	4981	6715	3378	1629
Deferred Tax Liability (Net)	351	(3)	40	252	526	677	690	852	839	602
Net Fixed Assets (Incl. Capital work in Progress)	20867	16861	17568	18230	17869	20335	21055	21451	19670	13515
Investments	22513	9358	9916	6338	3945	3103	1698	1381	52	825
Net Assets (Current & Non Current)	17491	14607	10108	10726	10332	5787	7535	8562	6880	7570
Capital Employed	58077	40826	37592	35294	32146	29225	30288	31394	26602	21910

\*\*\* Includes One Time Dividend @ 50%

## DIRECTORS' REPORT

Your Directors have pleasure in presenting the 65th Annual Report along with the Audited Statements of Accounts for the year ended 31st December, 2014.

The Ministry of Corporate Affairs vide Circular No. 08/2014 dated 4th April, 2014 has clarified that the Financial Statements and the documents required to be attached thereto, the Auditors' report and Directors' Report in respect of the financial year under reference shall continue to be governed by the relevant provisions of the Companies Act, 1956, schedules and rules made there under.

The Company has accordingly prepared Balance Sheet, Statement of Profit and Loss and notes thereto and the Directors' Report in accordance with the relevant provisions of the Companies Act, 1956, schedules and rules made there under.

### PERFORMANCE DURING THE YEAR (STANDALONE)

Your Company's performance during the year is summarized below:

	2014	2013
Net Sales	112,428	99,581
Profit before Tax & Exceptional Item	7,509	6,951
Profit before Tax	8,136	7,656
Less: Provision for Current Tax	1,320	2,247
Provision for Deferred Tax	354	(44)
Profit after Tax	6,462	5,453
Add: balance of profit for earlier years	20,384	17,542
Profit available for appropriation	26,846	22,995
Transfer to General Reserve	646	545
Proposed Dividend on Equity Shares & Dividend Tax thereon	2,443	2,066
Balance Carried forward	23,757	20,384

During the year under review, the net sales grew by 13%. PBT margin dropped marginally from 6.98% to 6.68% due to steep increase in input costs. PBT margin including extraordinary item is 7.23%.

After providing for Income Tax of ₹ 1,674 lac, Net Profit after Tax & Extraordinary Items was ₹ 6,462 lac. After transferring an amount of ₹ 646 lac to General Reserve, the amount available for appropriation was ₹ 26,200 lac including amount brought forward of ₹ 20,384 lac of previous year. The Earning per Equity Share (EPS) including Extraordinary Items was ₹ 9.74 and excluding extraordinary items was ₹ 8.79.

### DIVIDEND

Your Directors recommend payment of dividend of ₹ 2.80 per equity share (@ 140%) on the Equity Capital for the year ended 31st December, 2014. The said dividend will absorb ₹ 2,443 lac including the dividend distribution tax and cess thereon.

### FIXED DEPOSITS

The Company did not invite or accept deposits from public and/or shareholders during the year under review. As of 31st December, 2014, there was no fixed deposit pending with the Company.

### CHANGE OF NAME

The Company has changed its name from "The Paper Products Limited" to "Huhtamaki PPL Limited" with effect from 27th May, 2014. The change of name was approved by the members in the Annual General Meeting of the Company held on 7th May, 2014. The Registrar of Companies, Mumbai has, on 27th May, 2014, issued the new certificate of incorporation recording the change in the name of the Company.



## **DIRECTORS' REPORT (contd.)**

### **STATUTORY DISCLOSURES**

The information relating to conservation of energy, technology absorption and foreign exchange earnings and outgo as required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rule, 1988 forms part of this report as Annexure I.

In terms of the provisions of Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended, the names and other particulars of the employees are set out in the annexure to the Directors' Report. However, as per the provisions of Section 219 (b) (iv) of the said Act read with Clause 32 of the Listing Agreement, the Annual Report excluding the aforesaid information is being sent to all the members of the Company and others entitled thereto. Any member interested in obtaining such particulars may write to the Company at the registered office of the Company.

### **DIRECTORS**

Mr. Jukka Moisio retires by rotation at this Annual General Meeting and being eligible has offered himself for re-appointment.

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

Mr. A. Venkatrangan was appointed as Managing Director – Designate for a period of three years w.e.f. 7th October, 2014.

Mr. Johann Sippel who was a Non-Executive Director of the Company has resigned w.e.f. 7th May, 2014. The Board places on record its appreciation for the guidance and support provided by Mr. Johann Sippel during his tenure as Director of the Company.

Mr. Shashank Sinha was appointed as a Non-Executive Director w.e.f. 7th May, 2014.

Ms. Sukanya Kripalu was appointed as Independent Director w.e.f. 17th March, 2015.

### **ACQUISITION**

On 8th July, 2014, the Company and the Shareholders of Positive Packaging Industries Limited, India, ('Positive') had entered into a definitive agreement, pursuant to which the Company on 30th January, 2015, acquired 100% of outstanding shares of Positive. This has been completed, after obtaining all necessary approvals. The total enterprise value was ₹ 79,366 lac inclusive of debt and debt like items of ₹ 28,754 lac, subject to closing adjustments. The net amount paid by the Company towards the acquisition is ₹ 50,612 lac. In addition, the Company has incurred expenses towards acquisition amounting to ₹ 492 lac, out of which ₹ 315 lac has been debited to investment account in accordance with Accounting Standard 13 – Accounting for Investments.

This acquisition will contribute significantly to enhanced synergy in technology, market performance and customer satisfaction. Consequent to this acquisition Positive Packaging Industries Limited, India has become 100% subsidiary of the Company.

The Company has funded the above acquisition through the following:

- Issue of 1,00,24,744 equity shares of ₹ 2 each (face value) to Huhtavefa B.V. ('Holding Company') on Preferential basis in August 2014 at a price of ₹ 134.08 per share.
- Issue of 7% Non-Convertible Debentures of ₹ 38,500 lac on 27th January, 2015 on private placement basis to Huhtalux S.à r.l. ("Huhtamaki Group entity").

### **DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors confirm that:

- i) In the preparation of the annual accounts for the year ended 31st December, 2014 the applicable Accounting Standards have been followed and there are no material departures.
- ii) Accounting policies have been selected and applied consistently and judgments and estimates made are reasonable

## DIRECTORS' REPORT (contd.)

and prudent so as to give a true and fair view of the state of affairs of the Company has at the end of the Financial Year ended 31st December, 2014 and of the profits of the Company for that period.

- iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv) Annual accounts for the year ended 31st December, 2014 have been prepared on a going concern basis.

### CORPORATE GOVERNANCE

A separate report on Corporate Governance forms part of this report.

Certificate from the Statutory Auditors of the Company regarding compliance with the Corporate Governance requirements as stipulated under Clause 49 of the Listing Agreement is attached.

### MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis forms part of this Annual Report for the year ended 31st December, 2014.

### AUDITORS' REPORT

The Auditors' Report does not contain any qualification. Notes to Accounts and Auditors remarks in their report are self explanatory and do not call for any further comments.

### AUDITORS

The Present Auditors of the Company M/s S.R. Batliboi & Co. LLP, Chartered Accountants (Firm Registration No. 301003E) (part of E&Y network), have expressed their unwillingness to be re-appointed as Auditors of the Company upon their retirement at the forthcoming Annual General Meeting. The Board of Directors, on recommendation of the Audit Committee, recommends the appointment of M/s S R B C & Co. LLP, Chartered Accountants (Firm Registration No. 324982E) (part of E&Y network), as Statutory Auditors of the Company from conclusion of ensuing Annual General Meeting until the conclusion of 70th Annual General Meeting of the Company (Subject to ratification by the Members every year in the Annual General Meeting). A Certificate from them has been received to the effect that their appointment as Statutory Auditors of the Company, if made, would be according to terms and conditions prescribed under section 139 and 141 of the Companies Act, 2013 and rules framed thereunder.

### COST AUDITORS

As per the Companies (Cost Records and Audit) Rules 2014 as amended in December, 2014, the Products/activities engaged by the Company, covered under Sr. No 26 (Plastics and polymers- Excise Tariff Chapter No. 39) Sr. No 28 (Paper excise Tariff Chapter No. 48) and Sr. No 31 (other machineries- Excise Tariff Chapter No 84) of the amended Rules (Rule 4- iv) are covered under cost audit from financial year commencing 1st April, 2015. Since Company follows the financial year from 1st January to 31st December, the said cost audit shall be applicable to the Company from financial year commencing on 1st January, 2016. Accordingly Company is not required to undertake cost audit for the financial years 2014 & 2015. Cost Audit Report for Financial Year 2013 was filed with the Ministry of Corporate Affairs on 27th May, 2014.

### SUBSIDIARY COMPANY

In terms of General Exemption, under Section 212(8) of the Companies Act, 1956, granted by the Ministry of Corporate Affairs vide its circular no. 02/2011 dated 8th February, 2011 and in compliance with the conditions enlisted therein, the Audited Statement of Accounts, Auditors' Report thereon and the Reports of the Board of Directors of Webtech Labels Pvt. Ltd., the Company's subsidiary for the year ended 31st December, 2014 have not been annexed. A statement pursuant to Section 212 of the Companies Act, 1956 relating to the subsidiary is attached to the Accounts.

## DIRECTORS' REPORT (contd.)

Further, the Annual Accounts and related documents of the subsidiary company shall be kept open for inspection at the Registered & Corporate Office of the Company. The Company will also make available copy thereof upon specific request by any Member of the Company interested in obtaining the same. Further, pursuant to Accounting Standard AS-21 issued by the Institute of Chartered Accountants of India, Consolidated Financial Statements presented by the Company in this Annual Report include the financial information of its subsidiary.

### INDUSTRIAL RELATIONS

The industrial relations during the year under review continued to be cordial. The Directors place on record their sincere appreciation of the services rendered by employees at all levels.

### OBLIGATION OF COMPANY UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

In order to prevent sexual harassment of women at work place a new act The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 has been notified on 9th December, 2013. Under the said Act every company is required to set up an Internal Complaints Committee to look into complaints relating to sexual harassment at work place of any women employee.

Company has adopted a policy for prevention of Sexual Harassment of Women at workplace and has set up Committee for implementation of said policy. During the year Company has received one complaint of harassment and same has been disposed off after inquiry by the Internal Complaints Committee holding the concerned employee guilty. Now Company is in the process of taking necessary disciplinary actions.

### ACKNOWLEDGMENT

Your Board of Directors wish to express its sincere appreciation for the excellent support and co-operation received from Huhtamaki Group, shareholders, customers, vendors, banks and all other business associates.

By Order of the Board

For **Huhtamaki PPL Ltd.**

Mumbai

17th March, 2015

**Suresh Gupta**

Chairman  
(DIN No.: 00235354)

## ANNEXURE TO DIRECTORS' REPORT

### ANNEXURE - 1

#### A. CONSERVATION OF ENERGY

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

Some of the key initiatives for conserving energy during 2014 were :

- Installation of LED lights by all plants.
- Installation of energy efficient Variable frequency drives in Cylinder making.
- Reduction in compressed air consumption through optimizing usage of machines.
- Installation of PVC curtains to reduce the thermal load in air conditioned storage areas.

#### B. TECHNOLOGY ABSORPTION, ADAPTION & INNOVATION

Your company has always endeavoured to maintain its technology leadership, through upgradation of technology, absorption of knowledge and thus offering market new, efficient and sustainable products.

The Company's Central Research & Development Centre is located at Thane and is recognized as Research & Development Centre by the Department of Science & Technology, Government of India.

We constantly evaluate opportunities for reducing the weight of materials (source reduction); reduce the quantum of solvents used in the process; offer new graphic solutions; offer new pouching formats and shapes; develop alternate structures and offer our customers with technically superior products that meet both their market and operational needs.

Your Company continues to receive numerous awards for packaging excellence every year. This year has been no exception, we have received 13 awards.

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

a. Capital	₹ 3 lac
b. Recurring	₹ 190 lac
c. Total	<u>₹ 193 lac</u>

#### C. FOREIGN EXCHANGE EARNINGS & OUTGO

- Foreign exchange earnings from the exports of the Company's products & services amounted to ₹ 21,248 lac.
- The outflow of foreign exchange on account of import of raw materials, stores, spares, capital goods, expenses on travelling, commission on exports, royalty and technical Service charges amounted to ₹ 25,981 lac.

## **COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE**

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 Clause 49 of the Listing Agreement, entered into with the Stock Exchanges where its shares are listed.

## CORPORATE GOVERNANCE

The Directors present the Company's Report on Corporate Governance for the year ended 31st December, 2014.

### 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, 2014 comprised nine Directors of whom two are Executive and seven are Non-Executive Directors with five Directors being Independent. The Chairman of the Board is an Executive Director and more than half of the Board members are Independent. The composition of the Board is in line with requirement of Clause 49 of the Listing Agreement. The Independent Directors do not have any material pecuniary relationship or transactions with the Company, Promoters or Management, which may affect their judgment in any manner. The Directors are eminently qualified and experienced professionals in business, finance and corporate management.

The policy formulation, evaluation of performance and the control function 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 Company is working on laying down of Board evaluation process & framework.

The composition of the Board and attendance at Board Meetings and the last Annual General Meeting (AGM) held during the year under review is given below:

S. No.	Name of the Director	Category	No. of Board Meetings held during the FY 2014 / Tenure	No. of Board Meetings attended	Attendance at Last AGM
1	Mr. Suresh Gupta *	Executive	13	12	Yes
2	Mr. A. Venkatrangan ~ Managing Director - Designate	Executive	13	9	Yes
3	Mr. Jukka Moisio	Non-Executive	13	6	Yes
4	Mr. Shashank Sinha #	Non-Executive	10	4	No
5	Mr. Arunkumar Gandhi	Non-Executive, Independent	13	10	Yes
6	Mr. P.V. Narayanan	Non-Executive, Independent	13	8	No
7	Mr. Ramesh K. Dhir	Non-Executive, Independent	13	13	Yes
8	Mr. S. K. Palekar	Non-Executive, Independent	13	13	Yes
9	Mr. Nripjit Singh Chawla	Non-Executive, Independent	13	12	Yes
10	Mr. Johann Sippel \$	Non-Executive	3	2	Yes

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

~Mr. A. Venkatrangan was appointed as Managing Director – Designate for a period of three years w.e.f. 7th October, 2014 and his appointment was approved by the members in Extra-Ordinary General Meeting held on 29th December, 2014

# Mr. Shashank Sinha was appointed as a Non-Executive Director w.e.f. 7th May, 2014.

\$ Mr. Johann Sippel has resigned as Non-Executive Director w.e.f. 7th May, 2014.

## CORPORATE GOVERNANCE (contd.)

During the year 2014, thirteen Board Meetings were held on 18th February, 2014, 18th March, 2014, 7th May, 2014, 17th May, 2014, 3rd July, 2014, 8th July, 2014, 6th August, 2014, 9th September, 2014, 18th September, 2014, 7th October, 2014, 7th November, 2014, 29th November, 2014 and 29th December, 2014 with time gap not exceeding 4 months between two such meetings. The Annual General Meeting was held on 7th May, 2014.

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

Name of the Director	As on 31st December, 2014			
	Other Directorship(s) <sup>1</sup>	Committee positions in other Companies (excluding HPPL) <sup>2</sup>		
		Member	Chairman	Total
Mr. Suresh Gupta	1	Nil	Nil	Nil
Mr. Jukka Moisio	Nil	Nil	Nil	Nil
Mr. Arunkumar Gandhi	2	Nil	1	1
Mr. P.V. Narayanan	Nil	Nil	Nil	Nil
Mr. Ramesh K. Dhir	Nil	Nil	Nil	Nil
Mr. S. K. Palekar	2	Nil	Nil	Nil
Mr. A. Venkatrangan	1	Nil	Nil	Nil
Mr. Nripjit Singh Chawla	Nil	Nil	Nil	Nil
Mr. Shashank Sinha	Nil	Nil	Nil	Nil

<sup>1</sup>The number of Directorships excludes Directorships of private limited companies, foreign companies, companies licensed under Section 25 of the Companies Act, 1956 and Alternate Directorships.

<sup>2</sup>Committee includes only Audit Committee and Shareholders' Grievance Committee of public limited companies (excluding foreign companies and Section 25 companies) in terms of Clause 49 of the Listing agreement.

### Woman Director

The Board of Directors in their meeting held on 17th March, 2015 has appointed Ms. Sukanya Kripalu as Independent Director w.e.f 17th March, 2015.

The Company is in the process of seeking approval of Shareholders by way of Postal Ballot for re-appointment of Independent Directors for a period of two years w.e.f 31st March, 2015 as required under Section 149 of Companies Act, 2013 and Clause 49 of the Listing Agreement. The formal appointment letter as required under provisions of Companies Act, 2013 and Clause 49 of the Listing Agreement shall be given to Independent Directors upon their re-appointment.

### 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 Clause 49 (II) (D) (1) of the Listing Agreement is made available to the Board. In addition to matters, which require to be placed before the Board for its noting and/or approval, information is also provided on various other significant matters.

### Review of legal compliance reports:

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

### Relationship between Directors inter-se:

There are no inter-se relationships amongst the Directors.

## CORPORATE GOVERNANCE (contd.)

### COMMITTEES OF THE BOARD:

The Board has constituted various Committees, viz., the Audit Committee, the Remuneration Committee, the Stakeholders Relationship Committee and the Share Transfer Committee.

#### a) Audit Committee:

- (i) The Audit Committee comprises of three Non-Executive Independent Directors, all of them are financially literate and one of them possesses accounting and/or financial management expertise.

During the Year 2014, seven Audit Committee meetings were held on 18th February, 2014, 18th March, 2014, 7th May, 2014, 6th August, 2014, 7th November, 2014, 29th November, 2014 and 29th December, 2014. The time gap between two consecutive meetings of the Audit Committee was not more than four months.

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

Name of the Director	Qualification	Meetings attended / held during FY 2014
Mr. S. K. Palekar Chairman	M.Sc (Physics) and M.M.S (Marketing)	7/7
Mr. Arunkumar Gandhi	FCA (India) and FCA (England & Wales)	5/7
Mr. P. V. Narayanan	Post Graduate in Chemistry, Diploma in Marketing Management and Diploma in Plastic Technology	4/7
Mr. R. K. Dhir*	FCA (England & Wales) & Fellow of Institute of Management (U.K)	1/1

\* Mr. R.K. Dhir was appointed as member of Audit Committee on 29th December, 2014 as additional member to comply with the quorum requirements for that meeting. Mr R.K. Dhir resigned from the Audit Committee after conclusion of said meeting.

- (ii) The terms of reference of the Audit Committee are in line with clause 49 II (C) and (D) of the Listing Agreement and Section 177 of the Companies Act, 2013.

The terms of reference of the Audit Committee include the following:

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that financial statements are correct, sufficient and credible.
- Recommendation for appointment, remuneration and terms of appointment of auditors of the Company.
- Approval of payment to Statutory auditors for any other services rendered by the Statutory auditors;
- 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 in the Board's report in terms of Clause (2AA) of Section 217 of the Companies Act, 1956/sub-section (5) 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. Qualifications in the draft audit report.
- Reviewing with the management, the quarterly financial statements before submission to the Board for approval.



## CORPORATE GOVERNANCE (contd.)

- Reviewing, with the management, statement of uses/application of funds raised through an issue (public issue, right issue, preferential issue, etc.) the statement of funds utilized for purposes other than those stated in offer document/prospectus/notice and the report submitted by the monitoring agency monitoring utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- Review and monitor auditor's Independence and performance, and effectiveness of audit process;
- Approval or any subsequent modification of transactions of the Company with related parties;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertaking or assets of the Company, 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 system;
- 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 finding and follow up thereon;
- Reviewing the finds of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- Discussion with Statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holder, shareholders (in case of non-payment of declared dividends) and creditors;
- To review the functioning of the Whistle Blower mechanism;
- Approval of appointment of CFO (i.e. Whole-Time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the Candidate;
- Carrying out any other function as may be delegated to it by the Board from time to time.

The Chairman of the Audit Committee was present at the Annual General Meeting of the Company held on 7th May, 2014 for addressing the shareholders queries, if any.

The MD, CFO, the Statutory Auditors and the Internal Auditors are invited by the Committee to attend the meetings. Operating managers are also invited to attend as and when it is 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.

- (iii) The Committee relies on the expertise and knowledge of the management, Internal Auditors and Statutory Auditors in carrying out its responsibilities. It also uses external expertise, if required. Management is responsible for the preparation, presentation and integrity of the Company's financial reporting principles. Management is also responsible for internal control over financial reporting and all procedures are designed to ensure compliance with Accounting Standards, applicable laws and regulations as well as for objectively reviewing and evaluating the adequacy, effectiveness and quality of the Company's system of internal control.

M/s. S. R. Batliboi & Co. LLP, Chartered Accountants, is the Company's Independent 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.

## CORPORATE GOVERNANCE (contd.)

### b) Stakeholders Relationship Committee (earlier Investors Grievance Committee) (mandatory under Companies Act, 2013 effective 1st April, 2014 and under the Listing Agreement)

During the year under review, the nomenclature of the Investors Grievance Committee was changed to "Stakeholders Relationship Committee" as required under the provisions of Section 178 of the Companies Act, 2013 and revised Clause 49 of the Listing Agreement (effective 1st October, 2014), related to Corporate Governance, entered into with the Stock Exchanges, w.e.f. 29th December, 2014.

The Committee comprises of two Independent Directors. During the Year 2014, one Shareholders/Investors Grievance Committee meeting was held on 19th March, 2014 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 2014
Mr. Ramesh K. Dhir Chairman	1/1
Mr. S. K. Palekar	1/1

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

There were no 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. Parag Vyavahare, Chief Financial Officer was designated as Compliance Officer till 17th March, 2015.

Mr. Rohan Naik, Acting Company Secretary is designated as Compliance Officer w.e.f. 17th March, 2015.

Details of investors' complaints received during 2014:

Nature of Complaint	Received	Replied/resolved	Pending
Non-receipt of Dividend	–	–	–
Non-receipt of Share Certificate after transfer/ Exchange/sub-divided/consolidated/Annual Report	5	5	–
<b>Total</b>	<b>5</b>	<b>5</b>	<b>–</b>

### c) Corporate Social Responsibility Committee (mandatory under Companies Act, 2013 effective 1st April, 2014)

The Board of Directors at its Meeting held on 7th May, 2014 constituted "Corporate Social Responsibility Committee" as required under Section 135 of the Companies Act, 2013. The Committee comprises of 3 members. The Chairman of the Committee is the Executive Director of the Company.

Name	Meetings attended/held during FY 2014
Mr. Suresh Gupta	2/2
Mr. S. K. Palekar	2/2
Mr. A. Venkatrangan	2/2

The Meeting of Corporate Social Responsibility Committee was held on 5th December, 2014 and 29th December, 2014.

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

### d) Nomination and Remuneration Committee (earlier Remuneration Committee) (mandatory under Companies Act, 2013 effective 1st April, 2014 and under the Listing Agreement, as amended)

- During the year under review, the nomenclature of the Remuneration Committee was changed to "Nomination and Remuneration Committee" as required under the provisions of Section 178 of the Companies Act, 2013 and revised

## CORPORATE GOVERNANCE (contd.)

Clause 49 of the Listing Agreement (effective 1st October, 2014), related to Corporate Governance, entered into with the Stock Exchanges, w.e.f. 6th August, 2014.

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

Name	Meetings attended/held during FY 2014
Mr. Arunkumar Gandhi Chairman	3/3
Mr. Nripjit Singh Chawla	3/3
Mr. Ramesh K. Dhir	3/3

The meetings of the Remuneration Committee were held on 18th February, 2014, 7th May, 2014 and 7th October, 2014, in which all the members were present.

(ii) The terms of reference of the Nomination and Remuneration Committee are in line with clause 49 IV (B) and of the Listing Agreement 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 Independence of Directors and the Board;
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.

The Company is in the process of formulating remuneration policy and criteria for performance evaluation of Independent Directors.

The remuneration paid to Mr. Suresh Gupta, Chairman and Mr. A. Venkatrangan, Managing Director – Designate for the year 2014 is as under:

(Amount in ₹)					
Name of the Directors	Salary	HRA	Perquisites	Commission	Total
Mr. Suresh Gupta	10,030,010	5,352,204	2,888,581	–	18,270,795
Mr. A. Venkatrangan	17,431,466	435,000	2,978,579	–	20,845,045

Notes:

1. Perquisites include Company's contribution to provident fund, medical and leave travel allowance etc. as well as monetary value of perquisites as per Income Tax Rules.
2. Salary includes incentive of ₹ 953,311/- paid to Mr. Suresh Gupta and ₹ 2,149,840/- paid to Mr. A. Venkatrangan as incentives under the Management Incentive Program based on the achievement of Performance targets and Special Incentive on achievement of specific targets.
3. The above does not include gratuity and leave encashment benefits as the provisions for these are determined for the Company as a whole and therefore separate amounts for the Directors are not available.
4. The Chairman and the Managing Director - Designate of the Company are entitled to options under "Option Rights Plan" and shares under the "Share Ownership Plan" of Huhtamaki Oyj (the ultimate Holding company) which entitles the holder of the option rights to subscribe to the shares of the ultimate holding company at a future date, at a price fixed based on the fair market price of the shares during specified period plus certain percentage of market value on the exercise date and the recipient of grants under share ownership plan is entitled to receive shares at nil cost respectively. The schemes detailed above are assessed, managed and administered by the ultimate holding company and there is no cost charged to the Company. The charge taken by Huhtamaki Oyj in its accounts for the year ended 31st December, 2014 for these options and shares is ₹ 3,233,511/- (previous year ₹ 1,000,213/-).

## CORPORATE GOVERNANCE (contd.)

The above remuneration of Mr. Suresh Gupta, Chairman of the Company does not include ₹ 2,423,711 paid by Huhtamaki Oyj, the parent company, for his role as Executive Vice President, Flexible Global Packaging, Huhtamaki Oyj and ₹ 9,605,096/- paid by Huhtamaki Finance BV., as Senior Advisor for the Huhtamaki Group.

### 5. Details of service contracts, notice period and severance fees of the Executive Directors:

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

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

### Remuneration to Non-Executive Directors

Non-Executive Directors are paid sitting fees for attending Board/Committee Meetings as approved by the Board within the limits prescribed under the Companies Act, 1956.

Details of Sitting Fees paid to the Directors during the year 2014 are as follows:

(Amount in ₹)

Names of the Directors	Board Meetings	Committee Meetings	Total
Mr. Arunkumar Gandhi	150,000	120,000	270,000
Mr. P. V. Narayanan	120,000	60,000	180,000
Mr. Ramesh K. Dhir	195,000	60,000	255,000
Mr. S. K. Palekar	195,000	105,000	300,000
Mr. Nripjit Singh Chawla	180,000	45,000	225,000
<b>Total</b>	<b>840,000</b>	<b>390,000</b>	<b>1,230,000</b>

The Commission paid to the Non-Executive Independent Directors for the year 2014 is as follows:

(Amount in ₹)

Names of the Directors	Commission (₹)
Mr. Arunkumar Gandhi	2,700,000
Mr. S. K. Palekar	1,550,000
Mr. P.V. Narayanan	1,000,000
Mr. Ramesh K. Dhir	1,150,000
Mr. Nripjit Singh Chawla	1,400,000
<b>Total</b>	<b>7,800,000</b>

Commission payable to each of the Independent Directors as authorized by the Members at 62nd Annual General Meeting held on 4th May, 2012, is limited to a fixed amount per year as determined and approved by the Board based on their contribution at the Board and Committee meetings. 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, 1956.

The Company has not granted any stock options to its Directors.

## **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. The Committee comprises of Mr. Suresh Gupta, Chairman and Mr. A. Venkatrangan, Managing Director - Designate.

The meetings of the Share Transfer Committee were held on 29th January, 2014, 17th February, 2014, 14th March, 2014, 14th May, 2014, 17th May, 2014, 25th June, 2014, 2nd July, 2014, 12th August, 2014, 19th August, 2014, 14th October, 2014, 28th October, 2014, 20th November, 2014 and 19th December, 2014.

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

### **Share Transfer System**

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

## **MANAGEMENT**

### **Management Discussion and Analysis**

This Annual Report has a detailed section on Management Discussion and Analysis (MDA).

### **Disclosures by Management**

The particulars of transactions between the Company and its related parties as per the Accounting Standard are set out in Note 37 forming part of the accounts. These transactions are not likely to have any conflict with the Company's interest.

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

### **CEO / CFO Certification**

Mr. Suresh Gupta, Chairman, Mr. A. Venkatrangan, Managing Director – Designate & Mr. Parag Vyavahare, Chief Financial Officer, have issued necessary certification to the Board in terms of Clause 49(IX) of the Listing Agreement and the same was taken on record by the Board at its meeting held on 6th February, 2015. A copy of this certificate is provided as Annexure A to this report.

### **Code of Conduct**

As required under Clause 49 of the Listing Agreement, 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 [www.pplpack.com](http://www.pplpack.com). The Company has received affirmation of compliance from Directors & Senior Managerial Personnel of the Company for the financial year ended 31st December, 2014. A declaration to this effect signed by the Managing Director – Designate 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.

Accordingly, 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.

Ms. Sukanya Kripalu is appointed as Independent Director w.e.f 17th March, 2015. She shall hold post till ensuing Annual General Meeting. It is proposed to re-appoint her in the ensuing Annual General Meeting subject to approval of the Shareholders.

## CORPORATE GOVERNANCE (contd.)

Mr. A. Venkatrangan was appointed as Managing Director – Designate of Company to hold office for a period of 3 (three) years with effect from 7th October, 2014. His appointment was approved by the Shareholders in the Extra-Ordinary General Meeting held on 29th December, 2014.

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

Mr. Shashank Sinha was appointed as a Non-Executive Director w.e.f. 7th May, 2014 in casual vacancy caused by resignation of Mr. Johann Sippel, Non-Executive Director of the Company on 7th May, 2014.

**B. The brief resume of the above-mentioned Directors is as follows:**

Mr. Jukka Moisio holds Masters degree in Science and (Economics) and MBA. He has worked with Ahlstrom Corp (1991-2008) before joining Huhtamaki Oyj in the year 2008. He is holding 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 of Directors w.e.f. 23rd April, 2008.

Ms. Sukanya Kripalu has done graduation in Mathematics from St. Xavier's College and has completed her Management from Indian Institute of Management, Calcutta. She has 25 years of marketing and management experience. She has been involved in the launch and marketing successes of several leading consumer brands at FMCG companies such as Nestle, Cadbury and Kellogg's. She was a CEO of Quadra Advisory, a WPP group Company. She works as a consultant in marketing strategy, brand and advertising development as well as marketing training. Her experience covers industries such as Insurance, White Goods, Jewellery, Textiles, Branded Staples, FMCG and Media.

Mr. A. Venkatrangan is Graduate in Commerce and MBA in Finance and Marketing and having a total experience of 34 years, wherein he has worked in Corporate Planning, Costing, MIS, Budget Control, Operations, Internal Audit and Commercial functions at various levels with Murugappa Group and Essar Group. He joined the Company in January, 1999. He was designated as the Executive Director of the Company w.e.f. 1st July, 2012 and as Managing Director – Designate since 7th October, 2014.

Mr. Suresh Gupta did his Masters in Management (MMS) from Jamnalal Bajaj Institute of Management Studies, Mumbai. He has diverse management experience of over 41 years, including 27 years in the Company. He was designated as Chairman & Managing Director of the Company w.e.f. 10th March, 2010 and has been re-designated as Chairman since 7th August, 2014.

Mr. Shashank Sinha holds Bachelor Degree in Engineering and Masters in Business Administration. He has worked with Godrej Consumer Products Ltd., where he was President, International Business. Prior to Godrej, Mr. Shashank Sinha has worked at Navis Capital Partners in India as well as in various senior management positions in Sara Lee Corporation and Reckitt Benckiser Group, located in Asia, Europe and Latin America. He holds the position of Executive Vice President, Flexible Packaging with Huhtamaki Oyj. He has been nominated as Director by Huhtavefa B.V. on the Board of Directors of the Company w.e.f. 7th May, 2014.

### **Disclosures of materially significant related party transactions**

Transactions with related parties, as per requirements of Accounting Standard 18 are disclosed in notes to accounts annexed to the financial statement. The Company has adopted policy on Related Party Transactions. The same is posted on website of the Company at [www.pplpack.com](http://www.pplpack.com).

### **Insider Trading Regulations**

The Company has notified and adopted the HPPL Code of Conduct for Prohibition of Insider Trading made pursuant to SEBI (Prohibition of Insider Trading) Regulations, 1992. The Compliance Officer is responsible for the purpose of these Regulations.

### **Details of capital market related non-compliance, if any**

There has been no non-compliance by the Company of any legal requirements during the last three years; nor has there been any penalty, stricture imposed on the Company by any stock exchange, SEBI or any statutory authority on any matter related to capital markets pertaining to this period.

## CORPORATE GOVERNANCE (contd.)

### Risk Management

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

### Whistle Blower Policy

As required under Clause 49 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 [www.pplpack.com](http://www.pplpack.com). 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.

### Adoption/Non-adoption of Non-Mandatory Requirements of Clause 49 of the Listing Agreement

- 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 separate persons to hold position of Chairman and Managing Director.

### GENERAL BODY MEETINGS

#### A. Annual General Meeting

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

Year	Date	Time	Location	Special Resolutions passed
2011	04.05.2012	4.00 PM	Rama Watumull Auditorium, Kishinchand Chellaram College, Dinshaw Wacha Road, Churchgate, Mumbai - 400 020	To approve payment of a sum not exceeding 1% of net profit to directors other than Managing whole-time Director(s)/Executive Director(s) of the Company for a period of five years commencing from 1 <sup>st</sup> January, 2012
2012	07.05.2013	4.00 PM	- Do -	To seek consent of the Company for holding office or place of profit by, Mr. A. Venkatrangan, under Section 314(1)(a) and payment of remuneration and perquisites
2013	07.05.2014	4.00 PM	Manik Sabhagriha, Vishwakarma, M. D. Lotlikar Vidya Sankul, Opp Lilavati Hospital, Bandra Reclamation, Mumbai - 400050	To approve change of name of the Company from "The Paper Products Limited" to "Huhtamaki PPL Ltd."

#### B. Extra-Ordinary General Meeting

Year	Date	Time	Location	Special Resolutions passed
2014	06.08.2014	4.00 PM	Rama & Sundri Watumull Auditorium, Kishinchand Chellaram College, Dinshaw Wacha Road, Churchgate, Mumbai – 400 020	To approve investment by way of subscription of securities up to total value of Rs 1000,00,00,000/-. To approve issuance of equity shares on preferential basis to Huhtavefa B.V., the promoter of the Company. To approve increase in borrowing powers of the Board of Directors of the Company upto ₹ 1250,00,00,000/-. To approve issuance of Non-Convertible Debentures on Private placement basis.
2014	29.12.2014	4.00 PM	Rama & Sundri Watumull Auditorium, Kishinchand Chellaram College, Dinshaw Wacha Road, Churchgate, Mumbai – 400 020	To approve issuance of Non-Convertible Debentures on Private placement basis to Huhtalux S.à r.l, a related party.



## CORPORATE GOVERNANCE (contd.)

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

### Means of Communication

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

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

The said results are also made available on the Company's website: [www.pplpack.com](http://www.pplpack.com). The Official press releases, Company information, Annual Reports and the extracts of media coverage are also displayed on the Company's website.

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

### GENERAL SHAREHOLDER INFORMATION

Details of ensuing Annual General Meeting

Day & Date	Time	Venue
7th May, 2015	4.00 PM	Rama & Sundri 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	Date of Board Meetings
March, 2015	7th May, 2015 (Thursday)
June, 2015	6th August, 2015 (Thursday)
September, 2015	6th November, 2015 (Friday)
December, 2015	Second week of February, 2016

### Book Closure Date

Pursuant to Section 91 of the Companies Act, 2013, the Register of Members will remain closed from Saturday 25th April, 2015 to Thursday 7th May, 2015 (both days inclusive).

### Dividend Payment Date

Dividend at the rate of ₹ 2.80 per share has been recommended by the Board and is subject to the approval from the shareholders at the ensuing AGM, the same will be paid on or before 15th May, 2015:

- 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 24th April 2015; and
- 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 24th April, 2015.



## CORPORATE GOVERNANCE (contd.)

## Dividend History of the Company

Year	AGM Date	Divident Rate ₹ (%)
2011	04.05.2012	₹ 2.40/- (120%)
2012	07.05.2013	₹ 2.60/- (130%)
2013	07.05.2014	₹ 2.80/- (140%)

## Listing of Shares on Stock Exchanges

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

Stock Exchange	Stock Code/Symbol
BSE Limited (BSE)	509820
The National Stock Exchange of India Limited (NSE)	PAPERPROD

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

Annual Listing fees for 12 months ended 31st March, 2015 have been paid to the BSE and NSE.

## Company Identification Number (CIN)

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

## Auditors' Certificate On Corporate Governance

As required under Clause 49 of the Listing Agreement, the Auditors' Certificate regarding the compliance of provisions of the Corporate Governance norms is attached with this report.

## Stock Data

The table herein below gives the monthly high and low prices and volume of the Company's shares traded at the BSE and NSE during the period from January 2014 to December 2014.

Month & Year	BSE			NSE		
	High (₹/share)	Low (₹/share)	Volume (No. of Shares)	High (₹/share)	Low (₹/share)	Volume (No. of Shares)
Jan-14	76.70	68.50	362,429	76.95	68.10	1,247,117
Feb-14	94.80	72.25	1,341,543	94.80	72.25	3,694,135
Mar-14	100.80	85.05	2,039,044	101.95	85.10	4,446,297
Apr-14	111.90	88.15	1,833,206	112.10	89.40	4,236,964
May-14	115.50	95.00	1,052,080	115.50	95.00	3,644,902
Jun-14	145.00	114.70	586,894	145.00	114.50	2,271,287
Jul-14	176.50	130.35	1,218,630	176.80	131.60	3,692,833
Aug-14	175.80	150.10	471,408	176.10	153.00	1,339,172
Sep-14	212.00	165.00	917,975	211.70	166.40	3,126,839
Oct-14	195.95	171.20	160,467	196.65	170.00	579,630
Nov-14	198.95	167.10	271,293	198.95	167.05	1,047,800
Dec-14	186.00	170.50	310,390	188.00	170.60	902,748

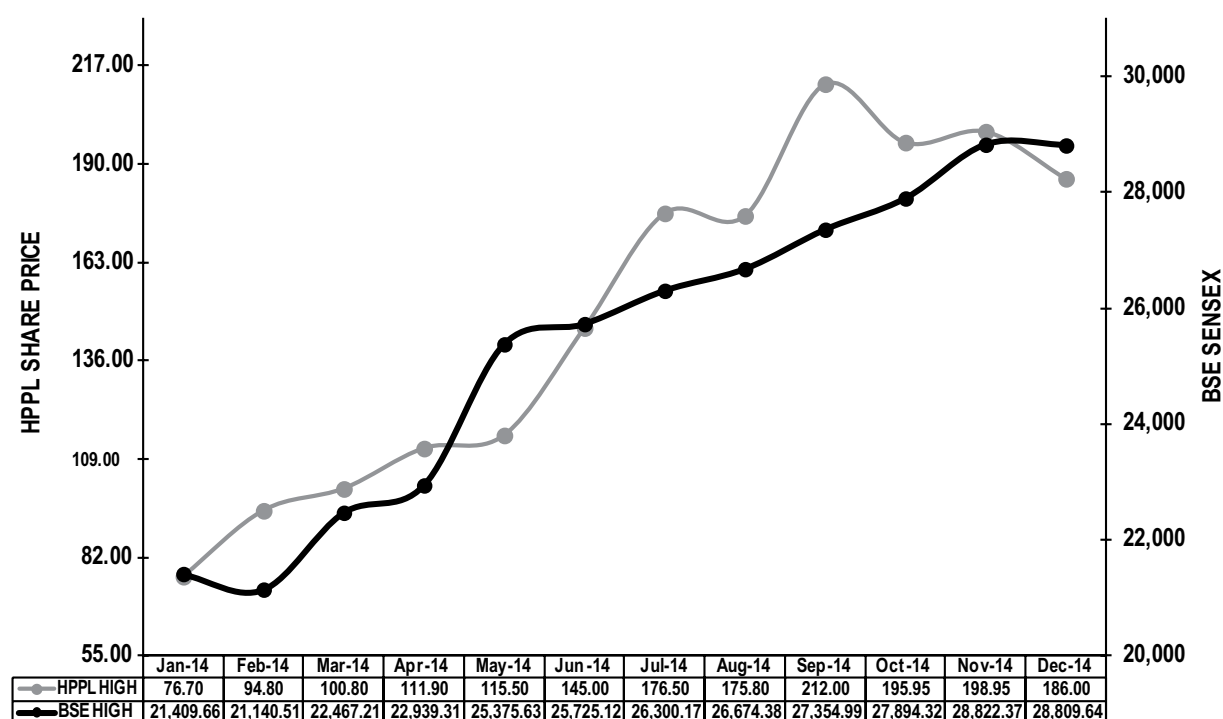
## CORPORATE GOVERNANCE (contd.)

Note:

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

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

### COMPANY SHARE PRICE AND BSE SENSEX - HIGH



### DISTRIBUTION OF SHAREHOLDINGS

Following is the distribution pattern of shareholding of the Company as on 31st December, 2014:

Distribution of shareholding by ownership:

Sr. No.	Category	No. of Shareholders*	No. of Shares	% of Total Holding
1.	Foreign Promoters – Huhtavefa B.V.	1	50,003,997	68.77
2.	Foreign Institutional Investors	12	1,019,173	1.40
3.	NRI's & OCB's	273	927,758	1.28
4.	Bodies Corporate	494	2,971,753	4.09
5.	Banks/ Financial Institutions	7	16,818	0.02
6.	Mutual Funds	8	3,815,265	5.25
7.	Resident Individuals	13,997	13,953,670	19.19
8.	Trust	2	3,500	0.00
	<b>Total</b>	<b>14,794</b>	<b>72,711,934</b>	<b>100.00</b>

## CORPORATE GOVERNANCE (contd.)

Distribution of shareholding by number of shares held:

No. of Equity Shares Held	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shares
Up to – 500	10,970	74.15	1,671,485	2.30
501 – 1000	1,610	10.88	1,317,932	1.81
1001 – 2000	28	6.56	1,495,483	2.06
2001 – 3000	384	2.60	985,255	1.36
3001 – 4000	179	1.21	638,635	0.88
4001 – 5000	167	1.13	788,495	1.08
5001 - 10000	283	1.91	2,081,831	2.86
10001 and above	230	1.55	63,732,818	87.65
<b>Total</b>	<b>14,794</b>	<b>100.00</b>	<b>72,711,934</b>	<b>100.00</b>

Following is the List of Top Ten Shareholders (other than Promoters) of the Company as on 31st December, 2014:

Sr. No.	Name of Shareholder	No. of Shares Held	% of Total Shareholding
1	HDFC TRUSTEE COMPANY LTD - A/C HDFC MID - CAP OPPORTUNITIES FUND	3,330,525	4.58
2	SHREE CAPITAL SERVICES LIMITED	948,947	1.31
3	FIRST STATE INVESTMENTS (HONGKONG) LIMITED A/C FIRST STATE INDIAN SUBCONTINENT FUND	926,457	1.27
4	DOLLY KHANNA	849,473	1.17
5	DEEPAK BHAGNANI	458,289	0.63
6	UTI-MID CAP FUND	366,700	0.50
7	DR. SANJEEV ARORA	308,610	0.42
8	PUNIT KHANNA	236,733	0.33
9	RAJAN	204,960	0.28
10	RAGINI FINANCE LIMITED	185,605	0.26
	<b>Total</b>	<b>7,816,299</b>	<b>10.75</b>

#### 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, 2014.

#### Dematerialisation of Shares

At present, 98.48% of the Company's shares including all the shares held by the Promoters and/or Promoter Group Shareholders are held in electronic form and the Company's shares can be traded only 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, 2014:

Form	Number of Shareholders	Number of Shares	Percentage
Physical	1,467	1,108,513	1.52
Dematerialised	13,327	71,603,421	98.48
<b>Total</b>	<b>14,794</b>	<b>72,711,934</b>	<b>100.00</b>

#### 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.

## CORPORATE GOVERNANCE (contd.)

### Details Of Public Funding Obtained In The Last Three Years

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

### Electronic Clearance Scheme (Ecs) For Dividend

To avoid risk of loss/interception of dividend warrants in postal transit and/or fraudulent encashment, shareholders are requested to avail of the ECS facility where dividends are directly credited in electronic form to their respective bank accounts. This also ensures faster credit of dividend. Shareholders who desire receipt of their dividend through ECS can obtain the form from the Registrar & Transfer Agent of the Company.

Shareholders may also submit their bank details to Registrar and Transfer Agent. This will enable the Company to incorporate this information on dividend warrants to minimize the risk of fraudulent encashment.

### Address For Correspondence With The Company

All correspondence may please be addressed to the Registrar and Transfer Agent, Sharepro Services (India) Private Limited at the address given below.

In case any shareholder is not satisfied with the response or do not get any response within reasonable period from the Registrar and Transfer Agent, they may approach the Compliance Officer at the Registered Office of the Company or email their queries/ grievances to [investor.communication@pplpack.com](mailto:investor.communication@pplpack.com).

### Registered & Corporate Office:

Huhtamaki PPL Ltd.  
Unit No.12A-06, 13th Floor  
Parinee Crescenzo  
Plot Nos. C-38 & C-39,  
G Block, Behind MCA,  
Bandra Kurla Complex, Bandra (East)  
Mumbai - 400051  
Tel: +91 22 6174 0400 / 26531310,  
Fax: +91 22 6174 0401,  
Website: [www.pplpack.com](http://www.pplpack.com)  
Email: [investor.communication@pplpack.com](mailto:investor.communication@pplpack.com)

### Registrar and Transfer Agent (R&TA)

Sharepro Services (India) Pvt. Ltd.  
Sakinaka Telephone Exchange Lane  
Off Andheri- Kurla Road  
Sakinaka, Andheri East  
Mumbai - 400072  
Tel: + 91 22 6772 0300 / 6772 0351/2/3  
Fax : + 91 22 2837 5646  
Website: [www.shareproservices.com](http://www.shareproservices.com)  
Email : [sharepro@shareproservices.com](mailto:sharepro@shareproservices.com)

### COMPLIANCE OFFICER

Mr. Rohan Naik Acting Company Secretary is the Compliance Officer of the Company w.e.f. 17th March, 2015.

### LOCATIONS

**Registered & Corporate Office:** Unit No.12A-06, 13th Floor, Parinee Crescenzo, and Plot Nos C-38 & C-39 G Block, Behind MCA, Bandra Kurla Complex, Bandra (East) Mumbai - 400051

**Central Headquarters:** L.B.S. Marg, Majiwade, Thane (Maharashtra) – 400601

### Plants:

<b>Thane</b>	L.B.S. Marg, Majiwade, Thane (Maharashtra) – 400601
<b>Silvassa</b>	Survey No. 33/1, At Post Umerkoi, Via Silvassa U. T. of Dadra & Nagar Haveli - 396230
<b>Hyderabad</b>	Plot No.139 & 148, Sri Venkateshwara Co-op. Industrial Estate, Bollaram - 502325, Medak District, Telangana.
<b>Rudrapur</b>	Plot No. 70-73, Sector 4, IIE Pantnagar, Rudrapur, Udhamsingh Nagar (Uttarakhand) - 263153

## **CORPORATE GOVERNANCE (contd.)**

### **Annexure A**

#### **CEO/CFO certification** (As per clause 49(IX) of the Listing Agreement)

6th February, 2015

To

The Board of Directors

Huhtamaki PPL Ltd.

We hereby certify that in the preparation of the accounts for the year ended December 31, 2014,

- (a) We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:
  - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) To the best of our knowledge and belief, there are no transactions entered into by the Company during the year, which are fraudulent, illegal or in violation of the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the Auditors and the Audit Committee
  - a. That there are no significant changes in internal controls over financial reporting during the year.
  - b. That there are no significant changes in accounting policies during the year.
  - c. There have been no instances of significant fraud of which we have become aware and the involvement therein, if any of the management or an employee having a significant role in the Company's internal control system over financial reporting.

**Suresh Gupta**  
Chairman  
DIN No. 00235354

**A. Venkatrangan**  
Managing Director - Designate  
DIN No. 05294659

**Parag Vyavahare**  
Chief Financial Officer

### **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 Clause 49(IIE) of the Listing Agreement 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, 2014.

Mumbai  
6th February, 2015

For Huhtamaki PPL Ltd.  
**A.Venkatrangan**  
Managing Director – Designate  
DIN No. 05294659

## CORPORATE GOVERNANCE (contd.)

### AUDITORS' CERTIFICATE

To

**The Members of Huhtamaki PPL Limited**

We have examined the compliance of conditions of corporate governance by Huhtamaki PPL Limited, for the year ended on December 31, 2014, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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

**For S.R. BATLIBOI & CO. LLP**

Chartered Accountants

ICAI Firm registration number: 301003E

**per Vijay Maniar**

Partner

Membership No.: 36738

Place: Mumbai

Date: March 17, 2015

## MANAGEMENT REVIEW & OUTLOOK (Y2014)

***“.... performing in uncertain times..... and a big step forward....”***

Our consolidated net sales in Y 2014 moved up to ₹ 1,214 crores from ₹ 1,075 crores in Y 2013 – a healthy growth of about 13%. EPS moved up to ₹ 9.09 per share from ₹ 8.23 in the previous year (excluding exceptional and extraordinary income in both years).

This was achieved against a backdrop of a slowdown in market growth. Sales growth in the fast moving consumer goods industry (FMCG) slowed down to its lowest levels over the last two and a half decades. Most experts pegged the growth in the FMCG sector at 7.5%. For the first time in many, many years, a large number of brands were hit by negative volume growth.

It is generally believed that in an emerging country like India, FMCG growth is not only influenced by GDP growth. FMCG growth is driven by GDP growth, by increase in distribution reach and by innovation, with each having roughly equal weightage in influencing growth.

Real GDP growth has been sluggish. Increase in distribution was muted. Innovation took a back seat. Marketeers focused more on cost and price points. The result was a sharp slowdown in growth.

The pharmaceutical sector, a key customer sector, also suffered poor growth rates in 2014.

Our established strategy of continued and focused work on customer service, innovation and market expansion helped us achieve a healthy sales growth and a satisfactory growth in bottom-line.

***“We live in a VUCA world – expect the unexpected”***

VUCA is an old acronym for Volatility, Uncertainty, Complexity, Ambiguity.

At a global level, there are growing concerns about the threat to our planet, social inequality, violence in the Middle East and other parts of the world, the Euro zone and Russian crises, the sharp weakening of the Euro, and a strengthening US\$. Accelerated change due to social media is a new factor for uncertainty.

***“The future belongs to those who prepare for it today.....”***

Our prescription for VUCA is Vision, Understanding, Clarity, Agility.

Through the turbulence we stayed the course steadily to maintain our vision of continuous improvement and being the best in the business. We strove to understand the market changes, stepped up communication and feedback throughout the company to provide clarity, and tried to take timely decisions. And we built.

Through Y 2014, we implemented a major expansion of our Silvassa plant facilities. We built capability to manufacture world class tube laminates through installing specialized and dedicated tandem extrusion and blown film lines. We added a state-of-the-art wide web flexo printer, a gravure printer, and completed upgradation in several areas.

We made investments in our other plants, at Hyderabad, Rudrapur and Thane, mainly to debottleneck process capacities, create smoother work flows, boost innovation capability, and do all that is necessary to improve the already high safety standards. Our subsidiary, Webtech Lables, expanded manufacturing facilities into Southern India by setting up a new unit at leased premises in Hyderabad.

***“The big step forward.....”***

Through Y 2014, we took steps necessary for making the largest acquisition in the consumer packaging space in India to date. On 30th January 2015, we completed the acquisition of Positive Packaging Industries Ltd – India (Positive) through a 100% equity buyout at an enterprise value of ₹ 794 crores. Positive is a highly respected, quality manufacturer of flexible packaging with annual Sales around ₹ 1,000 crores from six manufacturing plants, in India around Mumbai and Bengaluru.

The combined team of HPPL and Positive, driven by a strong culture of innovation, high ethical values and strong customer focus will provide our customers unmatched competencies and expertise in flexible packaging.

We have started the journey in right earnest and the integration of our selling and buying teams is progressing as per plans. In practical terms the combined entity is functioning as one company.

Our work on innovation, market expansion, and good manufacturing practices, has helped us to improve the depth and “breadth” of our market position, while simultaneously, “advancing the standards and role” of India’s consumer packaging.

## MANAGEMENT DISCUSSION & ANALYSIS (contd.)

To give an idea of the “breadth” of our involvement in consumer goods, here is an interesting calculation. Primary packaging, i.e. the packaging in which products are filled and are in direct contact, (and this excludes secondary packaging like corrugated boxes), has a value, broadly averaging across a diverse range, of 4.5% of the retail value of packed consumer products.

HPPL + Positive have a combined proforma net sales of around ₹ 2200 crores in 2014. Our customers used this value of flexible packaging to package consumer goods, valued at Retail price, of value well in excess of ₹ 40,000 crores.

This is significant and will help us to keep a track of market trends, help to focus on market expansion and application of successful innovations targeted to market needs.

Now, coming to the matter of “advancing the standards and role” of consumer packaging, we value this objective greatly. A good product needs to be delivered in exactly the fresh, safe, and beneficial manner intended by the good manufacturer – and presented with the right image – and in a manner that the consumer can conveniently access and utilize the product. We strive to achieve these objectives with our packaging, and in a vast spectrum of fields critical for the well-being of human society – foods, beverages, personal care products we use on our bodies, pharmaceuticals, and many, many more.

Without good quality primary packaging, which is really an intrinsic part of the product benefit delivery, today’s human society would find survival difficult. Good quality packaging plays a vital role in our national development. So we strive to get things right, and to continuously improve, and to innovate, and to expand the breadth of our applications.

We have a continuous, high focus on being cost competitive and offer best value to our customer. But this is never ever at the cost of diluting our overriding focus on hygiene, food safety, GMP, the safety of our people, our environment - these come above all else.

In furtherance of these objectives, all our four plants at Thane, Silvassa, Hyderabad and Rudrapur have been certified for HACCP, BRC-IoP and SEDEX, along with ISO 9001-2008 for the last few years. Silvassa and Hyderabad plants also hold a US DMF certification, required by our pharmaceutical customers. Continuing this journey, we have completed an Environment Compliance Audit by ERM, an independent, globally respected agency, to ensure that we follow best practices. Thane plant got certified for Environment Management System (EMS) ISO 14001 and Occupational Hazard (OHSAS) in February Y2015. Other plants are in advanced stages of getting certified.

We rolled out a new EHS policy across all our sites in Q1 Y 2014. We have also established a weekly safety audit and regular Tool Box Talk on behavior based safety across all our plants.

### OPERATIONS REVIEW (standalone HPPL)

#### Sales Revenues and Market Commentary

Y 2014 Gross sales were at ₹ 121,354 lac compared to ₹ 107,286 lac in Y 2013. Net Sales grew by 13% to ₹ 112,428 lac in Y 2014 from ₹ 99,581 lac the previous year.

Within external sales, the mainline Flexibles and Labelling materials which form the bulk of our consumer packaging business, had a sales revenue growth of 13.3%. The small specialized cartons business had a negative growth of 5%, primarily due to lower offtake from seeds customers, on the back of an erratic monsoon in Y 2013, and cost pressures on the agri segment leading to some amount of shift from cartons to flexibles.

Our exports (included in the above overall numbers) grew by 5.7% to ₹ 22,230 lac from ₹ 21,030 lac in Y 2013.

This performance should be viewed in the context of a slowing global economy, growing geo-political tensions in the Middle East and Africa and the unfortunate Ebola crisis creating major disturbances in our key markets. We also faced cut throat price competition from Southern Europe, Far East, and even from India. We concentrated on more technical lines and NASP products and have a good pipeline of developments going into Y 2015.

***“Creating a better future Requires creativity in the present.”***

*- Matthew Goldfinger*

Our sales were spread over a vast range of custom designed packaging material structures and forms for a large diversified range of branded products – from foods to pharma, from personal care to pesticides, from beverages to beauty, from biscuits to batteries and from confectionery to condoms, to name a few.



## MANAGEMENT DISCUSSION & ANALYSIS (contd.)

Growth was driven by our innovation program (NASP) - conceptualized, nurtured and institutionalized by Mr. Suresh Gupta, Chairman of HPPL. It is worth repeating the description of 'NASP' from the earlier days of its inception two decades ago.

The HPPL creativity program, called NASP (New Applications, Structures and Products/Processes) has become an entrenched part of our culture. The first NASP objective is to create new business through finding new applications and markets for existing structures and technology processes. The second objective is to introduce new packaging products and structures and technology processes not only for new applications and markets, but also to offer new technically superior solutions or solutions which add value to the brand being packaged, or, importantly, solutions which offer cost advantage without compromising performance.

Hence, the NASP exercise creates new business, but as importantly, it also protects or even improves existing business share from a customer by creating improved packaging solutions, or improving cost competitiveness.

In a market where cost and price points play such an important role – where else in the world do we see a wide array of products, tea, coffee, shampoo, confectionery, pickle, etc. available at a price of one rupee – we have created several projects in our NASP program where we have jointly worked with our customers to deliver cost savings using smart ideation and technology.

The NASP program, widely adopted throughout our team, with various team members at various levels taking it up as a personal mission, is now an important component of the “culture” of HPPL.

We map the sales of NASP products introduced into the market using a 3 year cycle, and call these NASP sales. During Y 2014 the % of NASP sales were around 29% of total sales, helping to drive growth.

In Y 2014, our products were recognized by distinguished industry bodies, and were awarded a World Star, two Asia Stars and ten India Stars. We also had many opportunities to receive our most cherished recognition – feedback from happy customers.

There are several key projects from our NASP pipeline, which will deliver value to our customers in Y 2015 – cost effective high speed shrink sleeve applicator, high gloss metallised tube laminate, three layer PS labels, hanger labels, mix two products “just before use” pack concepts, shaped pouches with and without reclose, a breakthrough innovation in twist wrap for confectionery, easy tear initiation flexible packs (all of us will remember at least some occasions when we struggled to open a ketchup or milk powder pouch in a flight or more sensitive times like difficulty in opening a shampoo sachet in the shower or a condom pack), to name just a few. The last two innovations mentioned above are covered by patents, enabling long term protection to our customers.

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

***“Quality is not an act, it is a habit.”***

*-Aristotle*

In our fast changing environment, service and quality expectations are under a state of constant change. We have set a key performance goal to improve our turnaround times, and all quality aspects of our service are under continuous improvement.

All our plants carried out Process Audits with a focus on improving parameters which are Critical to Quality. This helped to reduce customer complaints. To improve response time and effective handling of customer complaints, we have developed a new customised IT tool for QMS which went live in January Y2015.

We moved ahead in our journey in continuous improvement initiatives under our Business Excellence program, using Lean Six Sigma tools. Our plants continued their efforts on improving GMP (Good Manufacturing Practices) and scored 4S level in their 5S initiatives.

During the year, we trained 10 Black Belts and 17 Green Belts, who are working on various continuous improvement projects in our plants.

All our plants have exceeded their continuous improvement savings target for the year.

### **Other Income**

For Y 2014, Other Income was ₹ 923 lac against ₹ 484 lac for Y 2013.

## MANAGEMENT DISCUSSION & ANALYSIS (contd.)

The acquisition of Positive was funded by an issue of equity shares at a premium to Huhtavefa B.V. and issue of NCDs to Huhtalux S.à r.l. (a Huhtamaki group entity). These funds were temporarily invested in liquid mutual funds pending utilisation for acquisition. Consequently, dividend income increased from ₹ 328 lac to ₹ 651 lac.

Profit from sale of assets (net) was ₹ 67 lac (₹ 11 lac for Y 2013), foreign exchange gain was ₹ 21 lac (loss of ₹ 192 lac in Y 2013), interest on bank deposits was ₹ 15 lac (₹ 12 lac in Y 2013), and other miscellaneous income ₹ 169 lac (₹ 134 lac for Y 2013).

### Value Addition

During Y 2014 value addition (VA) improved in absolute terms to ₹ 30,077 lac representing 26.8% of net sales, from ₹ 28,538 lac - 28.7% of net sales in 2013. While in absolute value the VA improved VA margin dropped by 1.9% of net sales.

Raw material prices, which as a broad average across the vast range of raw material inputs, increased by 8.4 % during Y 2014 over average prices prevailing in Y 2013. There was a high degree of volatility in raw material prices, caused by various factors, including US\$ to ₹ movement, demand supply impacts and the sharp fall in crude prices late in Y 2014. Aggressive source management, coupled with select partnerships, and source and material substitutions limited the adverse impact of raw material price increases, which otherwise could have been much higher.

### Expenditure

Y 2014 showed an improvement in our cost efficiency, with costs controlled, while actually improving the quality of our processes.

Total expenses, excluding raw material input costs and before depreciation and financial expenses, in Y 2014 were ₹ 21,008 lac or 18.7% of net sales, as against ₹ 19,697 lac or 19.8% of net sales the previous year.

To analyse key elements:

Power and fuel expenses rose marginally from ₹ 3,603 lac in Y 2013 to ₹ 3,617 lac in Y 2014. Power and Fuel expenses dropped from 3.6% of net sales to 3.2% of net sales. Several energy conservation measures, softer fuel prices in the last quarter of 2014 and availability of better quality of power helped reduce DG set usage.

Personnel expenses increased by 9.6% to ₹ 8,406 lac in Y 2014 from ₹ 7,669 lac in Y 2013. As a % to net sales, it dropped from 7.7% in Y 2013 to 7.5% in Y 2014.

Administration and Sales expenses were at ₹ 4,990 lac compared to ₹ 4,372 lac for the previous year. Under this expense head, selling & distribution expenses were at ₹ 2,170 lac compared to ₹ 1,867 lac for the previous year. Administration expenses were limited to ₹ 2,820 lac compared to ₹ 2,506 lac for the previous year. In both years, aggregate Administration and Sales expenses remained at 4.4% of net sales with Administration expenses maintained at 2.5% of net sales and Sales expenses limited to 1.9% of net sales.

### Depreciation

Depreciation for Y 2014 was ₹ 3,554 lac, an increase of 3.6% over ₹ 3,430 lac in the previous year mainly due to the capex implemented in 2014.

### PBT, Tax, PAT, Cash Profit

Profit before exceptional and extraordinary income and tax rose to ₹ 7,509 lac in Y 2014 from ₹ 6,951 lac for Y 2013.

Significant capital investments and higher dividend income resulted in lower tax liability under the current tax provisions resulting in MAT becoming applicable to the company.

Provision for taxation dropped to ₹ 1,674 lac for Y 2014 from ₹ 2,203 lac for Y 2013.

Net Profit after tax for Y 2014 was ₹ 6,462 lac as against ₹ 5,453 lac for Y 2013.

Cash Profit i.e Profit after tax but before depreciation was ₹ 10,016 lac against ₹ 8,883 lac for the previous year.

### Earnings Per Share

Earnings per share excluding exceptional and extraordinary income increased to ₹ 8.79 per share from ₹ 7.96 per share during the previous year. Cash earnings per share excluding exceptional and extraordinary income increased to ₹ 14.15 per share from ₹ 13.43 per share during the previous year.

## MANAGEMENT DISCUSSION & ANALYSIS (contd.)

### Dividend

The dividend on equity shares has been maintained at 140% (₹ 2.80 per share). This will absorb ₹ 2,443 lac (₹ 2066 for 2013) including an amount of ₹ 407 lac (₹ 311 for 2013) towards dividend distribution tax. Increase in the absolute amount of dividend is due to dividend on freshly issued shares.

### Share Capital

During the year, we issued 100,24,744 Equity shares of ₹ 2 each (face value) to Huhtavefa BV (Holding Company) on a Preferential basis. This resulted in an increase in the Paid up Equity Capital of the company from ₹ 1,254 lac at end of Y 2013 to ₹ 1,454 lac at the end of Y 2014.

### Reserves & Surplus

At end Y 2014, Reserves and Surplus stood at ₹ 54,893 lac against ₹ 37,654 lac at the end of 2013. This increase includes accretion of ₹ 13,220 lac to the Share Premium Account (net of share issue expenses of ₹ 21 lac) consequent upon the issue of shares to Huhtavefa B.V to fund the acquisition of Positive. Shares were issued at a premium of ₹ 132.08 per share.

After maintaining a balance of ₹ 3,373 lac in Profit & Loss account a sum of ₹ 646 lac has been transferred to general reserve.

Book value per share stands increased to ₹ 77.11 from ₹ 61.63 last year.

### Borrowings

Long term borrowing representing the deferred sales tax loan from the Government of Andhra Pradesh reduced to ₹ 1,730 lac on 31st December, 2014 from ₹ 1,921 lac on 31st December, 2013.

Debt equity ratio (excluding revaluation reserve) as on 31st Dec 2014 was at 0.03:1.

### Capital Expenditure and Fixed Assets

During Y 2014 the company added ₹ 5,959 lac to its gross block. This addition has been mainly for investments in Silvassa plant, besides normal maintenance capex across the company. Capital work in progress as at 31st Dec 2014 was at ₹ 573 lac compared to ₹ 1,096 lac as at 31st Dec 2013. Ongoing projects of 2013 were completed in 2014 resulting in the reduction in Capital work in process.

The above capital expenditure was funded out of internal accruals.

### Inventory

Inventories stood at ₹ 9,409 lac at the end of Y 2014 compared to ₹ 8,914 lac at the end of the previous year – an increase of 5.5 % in absolute value while improving the inventory efficiency from 33 days of sales in 2013 to 31 days in 2014.

### Debtors

Sundry Debtors rose to ₹ 21,839 lac from ₹ 18,556 lac at the end of Y 2013. Debtors at the end of Y 2014, represent 71 days of sale against 68 days in 2013, mainly due to forced extension of credit by major customers. A total provision of ₹ 77 lac towards doubtful debts is available in the accounts and is considered adequate.

### Current Liabilities

Sundry Creditors for raw materials at the end of Y 2014 amount to ₹ 15,611 lac against ₹ 13,344 lac at the end of Y 2013, while other liabilities stood at ₹ 3,223 lac against ₹ 2,401 lac at the end of Y 2013. Trade creditors represent 51 days sales (49 days for the previous year).

### Loans & Advances

Loans and Advances of ₹ 3,518 lac (₹ 2609 in 2013) largely comprise balances and deposits with Customs, Excise and Sales Tax Authorities.

## MANAGEMENT DISCUSSION & ANALYSIS (contd.)

### Cash Flow From Operations

During the current year, we generated a positive cash flow from operations of ₹ 8,870 lac as compared to ₹ 6,360 lac in 2013.

### Return on Capital Employed

With an EBIT of ₹ 8,136 lac and an average capital employed of ₹ 49,627 lac, the ROCE is 16.4%.

### Return on Net Worth

With a Profit after Tax of ₹ 6,462 lac and an average Net Worth of ₹ 48,655 lac, the RONW is 13.3%.

## BUSINESS OUTLOOK

### Market Environment

As the leader in consumer packaging, HPPL's business outlook is naturally affected by the health and buying behaviour of the leaders in the FMCG and Healthcare sectors, by the state of the consumer economy, and the acceptance and demand of our range of flexible consumer packaging materials. Other factors are raw material input costs and competition and industry structure. (But, in the end, the most important factor moulding our business outlook is our own action i.e. what we are planning and doing to improve our working and to effectively meet projected changes and challenges in our markets).

Coming to the consumer economy, GDP growth has been sluggish over the last few years until Y 2013. As a comparison, the GDP growth figure has jumped in Y 2014. Without going into the details of the arithmetic used, we would say that we have not seen the impact of the reported growth numbers on the ground.

Having said that, business "sentiment", at the least for the near term has improved, with a majority Government at the Center, the Indian economy being re-rated, inflows into stock exchanges, amongst other things.

Also encouraging is the expansion and penetration of a fast increasing array of packaged foods and consumption products through the length and breadth of the country. The number of brands is innumerable and growing every day. It is time to clearly acknowledge that the aspirations of the average Indian consumer cannot be denied. Based on a rapid growth of this consumer pool, and people's need for convenience and variety as they "move up", the long-term outlook for FMCG is strongly positive.

Similarly, the consumer is demanding packaging which meets his/her needs for convenience, variety of pack sizes, a smart modern look, hygiene, cost effectiveness, safety – all of which is provided by our consumer packaging range. Going forward, we expect to see strong double digit growth in the consumer packaging sector.

Coming to raw material prices, based on the petrochemicals outlook, there is a risk of high volatility. Crude oil is at unexpectedly low levels and we will see volatility. In all this, we hope for broad stability in raw material prices.

### Industry Structure

Our industry structure continues to be largely fragmented, with only a few players who can be termed as organised with a minimum critical mass of technical facilities and capability. Unfortunately, the squeeze on margins continues to make it very difficult for large sections of the industry to modernize and up-grade technology to meet the best manufacturing standards for packaging, or in safety and environmental practices. Surprisingly, there is very little encouragement or incentive, from many of the leading customers of the industry, for improving the manufacturing infrastructure and standards. There are, of course, a few shining exceptions who insist on the best standards.

In our view, the overall demand outlook is clearly positive. But, there are dynamics at play both negative and positive which affect performance. Our strategy will focus on the basics – our NASP program, investments in innovation and capacity, cost efficiency, increasing the knowledge base of our people, and an all out effort to delight our valuable customers with our overall service.

### Internal Controls

Adequate internal control systems are in place commensurate to the size and nature of operations. We continue to comply with high standards of corporate governance and provide our stakeholders accurate accounting and management information.

## **MANAGEMENT DISCUSSION & ANALYSIS (contd.)**

The Audit Committee directly oversees the work content of Internal Audit. The scope of work and coverage are periodically monitored and specific issues are looked into as needed.

### **Risk Management**

Risk and reward go hand in hand. Price management remains a challenge. The fragmented nature of the flexible packaging industry leads to major pricing challenges. Global events that impact currency movements affect the exports of the company. As the industry leader, there is constant risk of attrition of human resources. The acquisition of Positive brings its own set of risks.

Actions to mitigate risks are taken with the context in mind - sustainable, long term and proactive solutions are preferred. The Board periodically assesses Impact, Likelihood and Control of risks.

### **Our People**

It is appropriate to keep repeating our philosophy which has firmly been "it is people who face and overcome challenges. Their approach, knowledge, commitment and actions are what finally delivers. An open, hands on culture, which involves and empowers, which believes in sharing and training, and inculcates pride in knowledge. All this is our philosophy. We need to continuously ensure that it is also our practice".

The results outlined earlier, in a challenging environment, are the efforts of our people.

The organisational challenges, and the complexities and hard work in taking advantage of opportunities available, have all taken a toll on our people. They have coped with such pressures as true fighters and have become stronger to face newer challenges.

We continued with our learning and development program for people at all levels, on technical as well as behavioural areas. Our Employee Engagement efforts included organising activities for team members and their families at all plants. Our Industrial Relations climate continues to be peaceful and cordial.

As part of continuous improvement, we implemented the next steps in our customised HR tool, PeoPLe – leave planning, training, and performance management and recruitment. The number of our people at the end of the year stood at 1,515 as against 1,496 at the end of the previous year.

### **Finally**

Bringing together two large companies like HPPL and Positive India has created its own challenges.

We closed Y 2014 with a strengthened market position, and an enhanced portfolio of technologies. We expect to become stronger in Y 2015 and are cautiously optimistic in the medium to long term.

We continue to live in uncertain times but somehow, there is an over-riding positive feeling that our nation, consumer economy, and modern packaging industry is on an inevitable growth path.

Our people are fully aware of the challenges. We look to the future with confidence. And clearly with the recognition of the hard work to be done.

## INDEPENDENT AUDITORS' REPORT

### To the Members of

**Huhtamaki PPL Limited (formerly known as "The Paper Products Limited")**

### Report on the Financial Statements

We have audited the accompanying financial statements of Huhtamaki PPL Limited ("the Company"), which comprise the Balance Sheet as at December 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards notified under the Companies Act, 1956, read with General Circular 8/2014 dated 4 April 2014 issued by the Ministry of Corporate Affairs. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at December 31, 2014;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Companies Act, 1956, we report that:
  - (a) We have 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 appears from our examination of those books;
  - (c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account ;

- (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956, read with General Circular 8/2014 dated 4 April 2014 issued by the Ministry of Corporate Affairs;
- (e) On the basis of written representations received from the directors as on 31 December 2014, under section 164(2) of the Companies Act, 2013 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 December 2014, from being appointed as a director in terms of section 164(2) of the Companies Act, 2013 which corresponds to clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

**For S.R. Batliboi & CO. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E

**per Vijay Maniar**

Partner

Membership Number: 36738

Place : Mumbai

Date : 6 February 2015



## ANNEXURE TO THE AUDITORS' REPORT

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

Re: Huhtamaki PPL Limited ('the Company')

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- (c) There was no substantial disposal of fixed assets during the year.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties (determined in the manner stated in clause (v) (a) below) covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4 (iii) (a) to (d) of the Order are not applicable to the Company and hence not commented upon.
- (b) According to the information and explanations given to us, the Company has not taken any loans, secured or unsecured from companies, firms or other parties (determined in the manner stated in clause (v) (a) below) covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii) (e) to (g) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods. The activities of the Company do not involve sale of services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.
- (v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into the register maintained under section 301 have been so entered. In evaluating the parties to be covered under section 301, only contracts or arrangements up to March 31, 2014 (being last day up to which this section was applicable to the Company) have been considered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size of the company and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 for period upto March 31, 2014 (the Companies Act, 1956 and relevant section has been replaced by the Companies Act, 2013 effective 1 April 2014) and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made detailed examination of the same.
- (ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows:

## ANNEXURE TO THE AUDITORS' REPORT (contd.)

Name of Statute	Nature of Dues	Period to which the amount relates	Forum where dispute is pending	Amount ₹ in lac
Income Tax Act, 1961	Income Tax	2007-09	High Court	79
		2009-11	CIT Appeals	26
State and Central Sales Tax Acts	VAT/CST	2001-02	Assistant Commissioner	10
		2003-05	Deputy Commissioner	27
		2009-12	Deputy Commissioner (Appeals)	152
		2005-12	Sales Tax Appellate Tribunal	34
		1997-98, 2001-02	Joint Commissioner (Appeals)	29
Finance Act, 1994 – Service Tax	Service Tax	2002,2004-11	Custom, Excise and Service Tax Appellate Tribunal	14
		2007-08, 2010-13	Commissioner Appeals of Excise	23
Central Excise Act, 1944	Excise Duty	1989-90, 2000-13	Custom, Excise and Service Tax Appellate Tribunal	751
		2005-08	High Court	2,969
		2005-06	Assistant Commissioner of Central Excise	210
		1998-04	Supreme Court	1,347
		1998, 2011	Deputy Commissioner of Central Excise	4
		1998-99, 2013	Commissioner of Central Excise	17
		1997-99, 2011	Commissioner Appeals	6

- (x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a bank. As informed, the Company did not have any dues outstanding towards financial institutions or debenture holders during the year.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Order are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) The Company did not have any term loans outstanding during the year.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956 for the period upto March 31, 2014. Also refer note 45 of the financial statements.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised money through public issues during the year.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

**For S.R. BATLIBOI & CO. LLP**

Firm registration number: 301003E

Chartered Accountants

**per Vijay Maniar**

Partner

Membership No.: 36738

Place: Mumbai

6 February 2015

## BALANCE SHEET

As at 31st December 2014

		(₹ in lac)	
	Notes	31st December 2014	31st December 2013
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	2	1,454.33	1,253.83
Reserves and Surplus	3	54,893.16	37,654.45
		56,347.49	38,908.28
<b>Non-Current Liabilities</b>			
Long - Term borrowings	4	1,729.51	1,921.06
Deferred Tax Liability (Net)	5	350.85	—
Long Term Provisions	6	95.98	86.97
		2,176.34	2,008.03
<b>Current Liabilities</b>			
Trade Payables	7	15,610.92	13,344.93
Other Current Liabilities	8	3,223.35	2,400.94
Short Term Provisions	9	3,501.87	3,015.79
		22,336.14	18,761.66
<b>TOTAL</b>		<b>80,859.97</b>	<b>59,677.97</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
<b>Fixed Assets</b>			
Tangible Assets	10	20,010.13	15,484.52
Intangible Assets	10	284.43	279.49
Capital Work in Progress		572.87	1,096.47
Non-Current Investments	11	3,879.13	3,879.13
Deferred Tax Assets (Net)	5	—	3.31
Long Term Loans & Advances	12	1,993.18	1,485.48
Other Non Current Assets	13	24.73	425.26
		26,764.47	22,653.66
<b>Current Assets</b>			
Current Investments	14	18,633.78	5,479.38
Inventories	15	9,408.59	8,913.87
Trade Receivables	16	21,839.02	18,555.85
Cash and Cash Equivalents	17	1,158.41	1,568.03
Short Term Loans & Advances	18	1,525.23	1,123.37
Other Current Assets	19	1,530.47	1,383.81
		54,095.50	37,024.31
<b>TOTAL</b>		<b>80,859.97</b>	<b>59,677.97</b>
Significant Accounting Policies	1		

The accompanying notes are an integral part of financial statements

As per our report of even date

**For S.R. Batliboi & Co.LLP**

Chartered Accountants  
ICAI Firm Registration No. 301003E

**per Vijay Maniar**  
Partner  
Membership No. 36738

Mumbai  
6 February 2015

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

**Suresh Gupta**  
Chairman

**Parag Vyavahare**  
Chief Financial Officer

Mumbai  
6 February 2015

**A.Venkatrangan**  
Managing Director (Designate)

**S.K. Palekar**  
Director

# STATEMENT OF PROFIT AND LOSS ACCOUNT

For the year ended 31st December 2014

		(₹ in lac)	
	Notes	31st December 2014	31st December 2013
<b>INCOME</b>			
Revenue from Operations (Gross)	20	121,353.78	107,286.10
Less : Excise Duty		7,831.86	6,639.17
<b>Revenue from Operations (Net)</b>		<b>113,521.92</b>	100,646.93
Other Income	21	922.82	484.27
<b>Total Revenue</b>		<b>114,444.74</b>	101,131.20
<b>EXPENSES</b>			
Raw Material and Components Consumed	22	82,879.19	70,803.80
Changes in Inventories of Finished Goods and Work-in-Process	23	(528.20)	240.34
Employee Benefit Expenses	24	8,406.07	7,669.19
Finance Cost	25	21.76	7.93
Depreciation and Amortisation Expenses	26	3,554.38	3,429.99
Other Expenses	27	12,602.98	12,028.52
<b>Total Expenses</b>		<b>106,936.18</b>	94,179.77
<b>Profit before Exceptional and Extra-Ordinary Items and Tax</b>		<b>7,508.56</b>	6,951.43
Exceptional Item (Refer note 43)		—	704.66
<b>Profit before Extraordinary Item and Tax</b>		<b>7,508.56</b>	7,656.09
Extraordinary Item (Net of Tax) (Refer note 44)		627.53	—
<b>Profit Before Tax</b>		<b>8,136.09</b>	7,656.09
<b>Tax Expenses</b>			
Current Tax (Including Minimum Alternate Tax (MAT))		1,394.88	2,246.60
Less: MAT Credit Entitlement		(75.00)	—
<b>Net Current Tax</b>		<b>1,319.88</b>	2,246.60
Deferred Tax		354.16	(43.65)
<b>Profit for the year</b>		<b>6,462.05</b>	5,453.14
<b>Earnings per Equity Share including Exceptional and Extra-Ordinary Items (Nominal value- ₹ 2) (Previous Year- ₹ 2)</b>	28		
1. Basic		9.74	8.70
2. Diluted		9.74	8.70
<b>Earnings per Equity Share excluding Exceptional and Extra-Ordinary Items</b>			
1. Basic		8.79	7.96
2. Diluted		8.79	7.96

1

## Significant Accounting Policies

The accompanying notes are an integral part of financial statements

As per our report of even date

For S.R. Batliboi &amp; Co.LLP

Chartered Accountants  
ICAI Firm Registration No. 301003Eper Vijay Maniar  
Partner  
Membership No. 36738Mumbai  
6 February 2015

For and on behalf of the Board of Directors

Suresh Gupta  
ChairmanParag Vyavahare  
Chief Financial OfficerMumbai  
6 February 2015A.Venkatrangan  
Managing Director (Designate)S.K. Palekar  
Director

## CASH FLOW STATEMENT

For the year ended 31st December 2014

	(₹ in lac)	
	31st December 2014	31st December 2013
<b>A. Cash Flow from Operating Activities</b>		
Net Profit before Tax and Extra-Ordinary Items	7,508.56	7,656.09
Adjustments for		
Depreciation	3,554.38	3,429.99
Unrealised Foreign Exchange Loss (Net)	34.69	133.58
Interest Income	(19.15)	(16.45)
Dividend Income	(650.93)	(327.59)
Financial Expenses	21.76	7.93
Provision for Doubtful Debts made / (Written back)	(20.64)	(39.35)
(Profit)/Loss on Sale of Investments	0.10	(3.64)
Fixed Assets Written Off	3.68	4.44
Provision for Sales Tax made	59.40	49.61
Profit on Sale of Assets (Net)	(66.65)	(10.67)
<b>Operating Profit before Changes in Working Capital</b>	<b>10,425.20</b>	<b>10,883.94</b>
Adjustments for (Increase)/Decrease in		
Trade Receivables	(3,154.31)	(4,750.04)
Inventories	(494.72)	(596.70)
Loans and Advances	(594.56)	(641.22)
Other Assets	482.50	(495.37)
Adjustments for Increase / (Decrease) in		
Trade Payables	2,182.71	1,682.27
Other Current Liabilities	66.16	384.21
Provisions	(43.22)	(107.56)
<b>Cash Generated from Operations</b>	<b>8,869.76</b>	<b>6,359.53</b>
Direct Taxes Paid (Net of Refunds Received)	(1,353.70)	(2,399.66)
<b>Net Cash from Operating Activities</b>	<b>7,516.06</b>	<b>3,959.87</b>
Exceptional Item ( Refer note 43)	–	(704.66)
Extra-Ordinary Item (Net of Tax) ( Refer note 44)	398.90	–
<b>Net Cash from Operating Activities</b>	<b>7,914.96</b>	<b>3,255.21</b>
<b>B. Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets	(7,133.49)	(2,816.56)
Proceeds from Sale of Fixed Assets	82.71	715.39
Purchase of Investments	(34,858.17)	(23,135.95)
Sale of Investments	21,703.68	23,698.09
Dividend Received	650.93	327.59
Interest Received	19.01	16.36
Capital Subsidy Received	–	30.00
<b>Net Cash used in Investing Activities</b>	<b>(19,535.33)</b>	<b>(1,165.08)</b>

**CASH FLOW STATEMENT**

For the year ended 31st December 2014

	(₹ in lac)	
	31st December 2014	31st December 2013
<b>C. Cash Flow from Financing Activities</b>		
Issue of Share Capital (Net of Expenses on issue)	13,420.16	—
Repayment of Sales Tax deferral loan	(140.41)	(97.77)
Interest Paid	(21.76)	(7.93)
Dividends Paid (Including Dividend Tax thereon)	(2,047.24)	(1,900.28)
<b>Net Cash from/(used) in Financing Activities</b>	<b>11,210.75</b>	<b>(2,005.98)</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>(409.62)</b>	<b>84.15</b>
Effect of Exchange difference on Cash and Cash equivalents held in Foreign Currency	—	15.94
<b>Cash and Cash Equivalents at the Beginning of the Year</b>	<b>1,568.03</b>	<b>1,467.94</b>
<b>Cash and Cash Equivalents at the Close of the Year</b>	<b>1,158.41</b>	<b>1,568.03</b>
<b>Cash and Cash Equivalents Comprise:</b>		
Cash on Hand	12.58	12.93
Cheques on Hand	0.89	19.97
Balances in Current Accounts with Scheduled Banks	1,022.39	1,474.14
Balances in Deposit Accounts with Scheduled Banks	59.01	3.75
Balances in Unpaid Dividend Bank Accounts *	63.54	57.24
	<b>1,158.41</b>	<b>1,568.03</b>

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

Notes :

- 1) The above cashflow statement has been prepared under indirect method as per Accounting Standard-3 "Cash Flow Statement"
- 2) Cash and Cash equivalents for the purpose of cash flow statements comprise of cash at Bank and in Hand and short term investments with an original maturity of three months or less.

The accompanying notes are an integral part of financial statements

As per our report of even date

**For S.R. Batliboi & Co.LLP**

Chartered Accountants  
ICAI Firm Registration No. 301003E

**per Vijay Maniar**  
Partner  
Membership No. 36738

Mumbai  
6 February 2015

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

**Suresh Gupta**  
Chairman

**Parag Vyavahare**  
Chief Financial Officer

Mumbai  
6 February 2015

**A.Venkatrangan**  
Managing Director (Designate)

**S.K. Palekar**  
Director

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2014

### NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

#### 1. Basis of Preparation of Financial Statements

The financial statements have been prepared under the historical cost convention (with the exception of freehold land which has been revalued and derivative financial instruments which have been measured at fair value), on the accrual basis of accounting and comply with the Companies (Accounting Standards) Rules 2006 (as amended) issued by the Central Government and relevant provisions of the Companies Act, 1956 to the extent applicable, read with General Circular 08/2014 dated 4 April 2014 issued by Ministry of Corporate Affairs. The accounting policies have been consistently followed by the company.

#### 2. Use of Estimates

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

#### 3. Fixed Assets

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

#### 4. Intangibles

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

#### 5. Depreciation

##### a. Tangible Assets

Buildings are depreciated on written down value method at the rates prescribed in Schedule XIV to the Companies Act, 1956, which coincide with management estimate of useful life except those specified below.

Other fixed assets are depreciated on straight line method at the rates prescribed in Schedule XIV to the Companies Act, 1956 except those specified below.

Following assets are depreciated at the rates higher than those prescribed in Schedule XIV to the Companies Act, 1956 as in management's judgement, their estimated useful lives are shorter than those prescribed under Schedule XIV to the Companies Act, 1956.

Assets	Method of Depreciation	Rate
Computers	Straight Line Method	25.00%
Motor Vehicles	Straight Line Method	19.00%
General Furniture	Straight Line Method	9.50%
Office and Other Equipments	Straight Line Method	19.00%
Cellphones and Photocopiers	Straight Line Method	31.67%
Airconditioning Equipment used in manufacturing process	Straight Line Method	10.34%
Administrative Buildings	Written Down Value Method	10.00%
Electrical Fittings	Straight Line Method	10.34%



# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2014

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

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

**b. Intangible Assets**

ERP software is amortised over a period of 60 months commencing from the month in which software is put to use.

Specialised software is amortised over a period of 36 months commencing from the month in which such expenditure is incurred. All upgradations/enhancements are generally charged to profit and loss account, unless they bring significant additional benefits.

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

Non compete fees paid are amortised over the period of restriction, viz 3 years.

**6. Foreign Currency Transactions**

- Transactions denominated in foreign currency are recorded at the exchange rate prevailing on the date of transactions. Exchange differences arising on foreign exchange transactions settled during the year are recognized in the 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.
- The premium or discount on forward exchange contracts covered by AS-11 The Effects of Changes in Foreign Exchange Rates is recognised over the period of the contracts in the statement of profit and loss. Exchange gain or loss on forward exchange contracts covered by AS-11 The Effects of Changes in Foreign Exchange Rates is recognised in the statement of profit and loss.
- In compliance with the Institute of Chartered Accountants of India (ICAI) announcement dated 29th March, 2008 on accounting for derivatives, the mark to market valuation loss on forward contracts entered into, to cover the forecast transactions is charged to the statement of profit and loss. Gain on Mark to Market valuation is ignored.

**7. Inventories**

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

**8. Revenue Recognition**

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

**9. Retirements Benefits**

**a. Defined Contribution Plans:**

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

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2014

b. Defined Benefit Plans :

The Company's gratuity benefit scheme, Pension Scheme and Long service awards are defined benefit plans. 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 is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

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

When the calculation results in a benefit to the Company, the recognized asset is limited to the lower of the net total of the present value of the defined benefit obligation at the balance sheet date minus any past service cost minus fair value of plan assets as at balance sheet date and the present value of any future refunds from the plan or reductions in future contributions to the plan.

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

c. Other Long Term Employment Benefits :

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

d. Other Short Term Employment Benefits:

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

### 10. Investments

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

### 11. Research Expenditure

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

### 12. Taxation

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

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2014

created by way of credit to the statement of profit and loss and shown as “MAT Credit Entitlement.” The company reviews the “MAT Credit Entitlement” asset at each reporting date and writes down the asset to the extent the company does not have convincing evidence that it will pay normal tax during the specified period.

## **13. Leases**

### Operating Leases

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

## **14. Impairment of Assets**

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

## **15. Government Grants and Subsidies**

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

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

## **16. Provisions and Contingent Liabilities**

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

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

Contingent assets are not recognized in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognized in the period in which the change occurs.

## **17. Earnings Per Share (EPS)**

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

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2014

(₹ in lac)						
No.	31 December 2014		31 December 2013			
2	SHARE CAPITAL					
	AUTHORISED CAPITAL					
	150,000,000 (Previous Year 150,000,000)					
	Equity shares of ₹ 2/- each		3,000.00	3,000.00		
	700,000 (Previous Year 700,000) 12% Redeemable					
	Cumulative Preference Shares of ₹ 100/- each		700.00	700.00		
	300,000 (Previous Year 300,000) Unclassified					
	Shares of ₹ 100/- each	300.00	4,000.00	300.00	4,000.00	
		4,000.00		4,000.00		
	ISSUED SUBSCRIBED AND PAID-UP CAPITAL					
	72,711,934 (Previous Year: 62,687,190) Equity					
	Shares of ₹ 2/- each fully paid-up.		1,454.24	1,253.74		
	Add : Amount Received on 1,449 (Previous Year 1,449)					
	forfeited Shares.		0.09	1,454.33	0.09	1,253.83
	TOTAL		1,454.33		1,253.83	

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

	31 December 2014		31 December 2013	
	Nos.	₹ in lac	Nos.	₹ in lac
At the beginning of the period	<b>62,687,190</b>	<b>1,253.74</b>	62,687,190	1,253.74
Add: Issued during the year (Refer note 45)	<b>10,024,744</b>	<b>200.50</b>	—	—
Outstanding at the end of the period	<b>72,711,934</b>	<b>1,454.24</b>	62,687,190	1,253.74

**b Terms / Rights attached to equity shares.**

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

During the year ended 31st December 2014, the amount of per share dividend recognised as distributions to equity shareholders was ₹ 2.80 (31 December 2013 : ₹ 2.80)

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

**c Shares held by holding company**

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

	31 December 2014		31 December 2013	
	Nos.	₹ in lac	Nos.	₹ in lac
Huhtavefa B.V., Netherlands, The Holding Company	<b>50,003,997</b>	<b>1,000.08</b>	38,095,166	761.90

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2014

(₹ in lac)

<b>d Details of Shareholders holding more than 5% shares in the company</b>				
	<b>31 December 2014</b>		<b>31 December 2013</b>	
	<b>Nos.</b>	<b>% holding in the class</b>	<b>Nos.</b>	<b>% holding in the class</b>
Equity Shares of ₹ 2/- each fully paid up.				
Huhtavefa B. V., Netherlands, The Holding Company.	50,003,997	68.77%	38,095,166	60.77%
HDFC Trustee Company Limited	3,330,525	4.58%	3,330,525	5.31%

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.

	<b>31 December 2014</b>		<b>31 December 2013</b>	
<b>3 RESERVES AND SURPLUS</b>				
<b>Capital Redemption Reserve</b>		<b>700.00</b>		700.00
<b>Securities Premium Account</b>				
Balance as per last Balance sheet	<b>7,936.32</b>		7,936.32	
Add: Premium received on issue of shares (Refer note 45)	<b>13,240.68</b>		—	
Less: Share issue expenses	<b>21.02</b>	<b>21,155.98</b>	—	7,936.32
<b>Revaluation Reserve</b>		<b>275.77</b>		275.77
<b>Capital Reserve</b>		<b>30.00</b>		30.00
(Capital subsidy received from State Government of Uttaranchal in respect of investment in setting up of Plant at Rudrapur)				
<b>General Reserve</b>				
Balance as per last Balance sheet	<b>8,329.06</b>		7,783.75	
Add: Amount transferred from Surplus balance in the Statement of Profit and Loss	<b>646.21</b>	<b>8,975.27</b>	545.31	8,329.06
<b>Surplus in the statement of Profit &amp; Loss</b>				
Balance as per last financial statement	<b>20,383.30</b>		17,541.60	
Profit for the year	<b>6,462.05</b>		5,453.14	
<b>Less : Appropriations</b>				
Proposed Final Equity Dividend (Amount per/share ₹ 2.80 (31st Dec 2013 ₹ 2.80))	<b>(2,035.93)</b>		(1,755.24)	
Tax on Proposed Equity Dividend	<b>(407.07)</b>		(298.30)	
Differential Tax on dividend for previous year.	<b>—</b>		(12.59)	
Transferred to General Reserve	<b>(646.21)</b>		(545.31)	
Net Surplus in the statement of Profit & Loss		<b>23,756.14</b>		20,383.30
<b>Total Reserves and Surplus</b>		<b>54,893.16</b>		37,654.45

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2014

(₹ in lac)

	31 December 2014	31 December 2013
<b>4 LONG - TERM BORROWINGS</b>		
Deferred sales tax loan (Unsecured)	1,729.51	1,921.06
	<b>1,729.51</b>	<b>1,921.06</b>

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

The scheduled maturity of long term borrowings is summarised below.

In the next one year (disclosed in note 8 being current maturities of long term borrowings)	191.55	140.41
In the second year	249.29	191.55
In the 3rd to 5th year	928.15	818.13
After 5 years	552.08	911.38

	31 December 2014	31 December 2013
<b>5 DEFERRED TAX (ASSET) / LIABILITY (NET)</b>		
Deferred Tax Liability arising on account of timing differences in :		
-WDV of Fixed Assets	700.62	344.53
	<b>700.62</b>	<b>344.53</b>
Deferred Tax Asset arising on account of timing differences in :		
-Provision for Doubtful Debts	26.09	47.41
-Provision for Retirement Benefits	200.86	152.65
-Effect of Expenditure Debited to Profit & Loss account but allowed for Tax purposes in following years	122.82	147.78
	<b>349.77</b>	<b>347.84</b>
<b>Deferred Tax (Asset) /Liability (Net)</b>	<b>350.85</b>	<b>(3.31)</b>

	31 December 2014	31 December 2013
<b>6 LONG TERM PROVISIONS</b>		
Provisions for Employee Benefits	95.98	86.97
	<b>95.98</b>	<b>86.97</b>

	31 December 2014	31 December 2013
<b>7 TRADE PAYABLES</b>		
Trade Payables (Refer note 32 for details of dues to Micro and Small Enterprises.)	15,610.92	13,344.93
	<b>15,610.92</b>	<b>13,344.93</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2014

	(₹ in lac)	
	31 December 2014	31 December 2013
<b>8 OTHER CURRENT LIABILITIES</b>		
Unclaimed Dividend *	63.54	57.24
Advance from Customers	174.17	223.17
Employee Benefits Payable	1,211.13	1,098.67
Employee Statutory Liabilities Payable	71.89	71.86
Taxes Payable	303.42	310.53
TDS Payable	74.15	70.68
Creditors for Capital Goods	1,103.51	398.39
Current Maturity of Long Term Borrowings (Refer note 4)	191.55	140.41
Others	29.99	29.99
	<b>3,223.35</b>	<b>2,400.94</b>

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

	31 December 2014	31 December 2013
<b>9 SHORT TERM PROVISIONS</b>		
Provision for Income Tax (Net of Advance Tax )	161.95	138.41
Provision for Employee Benefits (Refer note 39)	514.42	380.55
Provision for Mark to Market Losses on Derivative Contracts	27.68	75.04
Provision for Losses on Derivative Contracts (as per AS 11-Revised)	31.94	80.99
Provision for Litigations	322.88	287.26
Proposed Equity dividend	2,035.93	1,755.24
Provision for Tax on Proposed Equity Dividend	407.07	298.30
	<b>3,501.87</b>	<b>3,015.79</b>
<b>Provision for Litigations</b>		
At the beginning of the year	287.26	266.57
Arising during the year	157.52	166.47
Unused amount reversed / utilised during the year	(121.90)	(145.78)
<b>At the end of the year</b>	<b>322.88</b>	<b>287.26</b>

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



## (₹ in lac)

## Notes

- ## 1 Buildings include

a. Buildings on leasehold land

b. Ownership flats in Co-operative Societies on freehold land

c. Ownership flats in Co-operative Societies on leasehold land

2 Machinery includes Electrical Fittings being expenditure incurred on installing overhead line & metering yard for laying high tension line for drawing power from Central Power Distribution Company of Andhra Pradesh Ltd's Grid to the Hyderabad plant though ownership of the same vests with Central Power Distribution Company of Andhra Pradesh Ltd

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

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2014

(₹ in lac)

	31 December 2014	31 December 2013
<b>11 NON-CURRENT INVESTMENTS</b>		
<b>Trade Investments (valued at cost unless stated otherwise)</b>		
<b>Unquoted Equity Shares</b>		
<b>Investment in Subsidiary</b>	<b>3,879.13</b>	3,879.13
10,408 Equity Shares of ₹ 10/-each fully paid in Webtech Labels Private Limited (Previous Year 10,408 Equity Shares of ₹ 10/-each)		
	<b>3,879.13</b>	3,879.13

	31 December 2014	31 December 2013
<b>12 LONG TERM LOANS &amp; ADVANCES</b>		
<b>Capital Advances</b>		
Unsecured, Considered Good	<b>531.94</b>	274.46
<b>Security Deposit</b>		
Unsecured, Considered Good	<b>377.64</b>	377.73
<b>Advances recoverable in Cash or in Kind</b>		
Unsecured Considered Good	<b>27.83</b>	27.83
<b>Other Loans &amp; Advances (Unsecured Considered Good)</b>		
Advance Income Tax (Net of Provision)	<b>106.32</b>	123.95
Advance Fringe Benefit Tax (Net of Provision)	<b>21.01</b>	21.01
MAT Credit Entitlement	<b>75.00</b>	–
Loans / Advances to Staff	<b>21.22</b>	20.39
Prepaid Expenses	<b>19.29</b>	7.91
Balances with Customs, Excise & Sales Tax Authorities etc	<b>812.93</b>	632.20
	<b>1,993.18</b>	1,485.48

	31 December 2014	31 December 2013
<b>13 OTHER NON-CURRENT ASSETS</b>		
<b>Unsecured, considered good unless stated otherwise.</b>		
Non - Current bank balances being Deposits with original maturity of more than 12 months	<b>0.73</b>	0.73
<b>Others</b>		
Export Rebate Receivables	–	290.54
Recoverable from Gratuity Trust	–	133.99
Others	<b>24.00</b>	–
	<b>24.73</b>	425.26

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2014

(₹ in lac)

		31 December 2014	31 December 2013
<b>14 CURRENT INVESTMENTS ( valued at lower of cost &amp; fair value,unless stated otherwise)</b>			
<b>UNITS OF MUTUAL FUNDS- UNQUOTED</b>	<b>Face Value</b>	<b>Nos. Amount</b>	<b>Nos. Amount</b>
Reliance Liquid fund Treasury Plan-DDR	1,529	185,578 2,837.00	58,141 888.84
Kotak floater Short Term -DDR	1,012	300,319 3,038.09	98,887 1,000.39
ICICI Prudential Money Market Fund-DDR	100	- -	199,925 200.19
Birla Sun Life Floating Rate Fund-STP-DDR	100	- -	346,535 346.61
Sundaram Money Fund Regular -DDR	10	- -	8,839,948 892.44
Birla Sun Life Cash Plus -DDR	100	2,983,000 2,988.82	503,170 504.16
ICICI Prudential Liquid -Reg-DDR	100	2,519,719 2,521.22	734,455 734.84
HDFC Liquid Fund - DDR	10	18,347,368 1,871.10	8,941,684 911.91
Axis Liquid Fund -DDR	1,000	313,558 3,136.55	- -
Franklin India TMA - Super IP - DDR	1,001	150,962 1,510.70	- -
IDFC Cash Fund - Reg - DDR	1,000	72,997 730.30	- -
<b>TOTAL</b>		<b>18,633.78</b>	<b>5,479.38</b>
Net Asset Value of Mutual fund Units		<b>18,633.78</b>	<b>5,479.38</b>
		<b>31 December 2014</b>	<b>31 December 2013</b>
<b>15 INVENTORIES (Valued at lower of cost and net realizable value)</b>			
Raw Materials and Components [includes in transit ₹ 206.22 Lacs (31 December, 2013 ₹ 207.05 Lacs)]		5,079.68	5,207.11
Work in Process		1,768.56	1,235.09
Finished Goods		785.19	795.51
Stores & Spares		817.73	700.55
Loose Tools		957.43	975.61
		<b>9,408.59</b>	<b>8,913.87</b>
		<b>31 December 2014</b>	<b>31 December 2013</b>
<b>16 TRADE RECEIVABLES</b>			
Trade Receivables (Unsecured)			
Outstanding for more than Six Months from the date they are due for payment			
Considered Good		-	-
Considered Doubtful		76.74	128.64
		<b>76.74</b>	<b>128.64</b>
Less : Provision for Doubtful Receivables		76.74	128.64
		<b>-</b>	<b>-</b>
<b>Other Receivables</b>			
Considered Good		21,839.02	18,555.85
Considered Doubtful		-	10.87
		<b>21,839.02</b>	<b>18,566.72</b>
Less : Provision for Doubtful Receivables		-	10.87
		<b>21,839.02</b>	<b>18,555.85</b>
<b>TOTAL</b>		<b>21,839.02</b>	<b>18,555.85</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2014

	(₹ in lac)	
	31 December 2014	31 December 2013
<b>17 CASH AND CASH EQUIVALENTS</b>		
Balances with Banks		
On Current Accounts	1,022.39	1,474.14
On Unpaid Dividend Accounts	63.54	57.24
Deposits with original maturity of less than three months	59.01	3.75
Cheques on Hand	0.89	19.97
Cash on Hand	12.58	12.93
	<b>1,158.41</b>	<b>1,568.03</b>
	31 December 2014	31 December 2013
<b>18 SHORT TERM LOANS &amp; ADVANCES</b>		
<b>Security Deposit</b>		
Unsecured, Considered Good	26.49	28.91
<b>Advances Recoverable in Cash or in Kind</b>		
Unsecured Considered Good	194.06	314.08
<b>Loans &amp; Advances to Related Parties (Refer Note 37)</b>		
Unsecured Considered Good	7.68	6.36
<b>Other Loans &amp; Advances (Unsecured Considered Good)</b>		
Loans/Advances to Staff	28.77	39.54
Prepaid Expenses	224.11	178.82
Balances with Customs, Excise & Sales Tax Authorities etc	1,044.12	555.66
	<b>1,525.23</b>	<b>1,123.37</b>
	31 December 2014	31 December 2013
<b>19 OTHER CURRENT ASSETS</b>		
Unsecured, considered good unless stated otherwise.		
Un-amortised Premium on Forward Contract	68.72	26.47
DEPB Licences Available	100.36	281.84
<b>Others</b>		
Claims Recoverable	712.48	312.20
Export Rebate Receivables	648.43	687.03
Interest Accrued on Investments	0.48	0.35
Recoverable from Gratuity Trust	–	75.92
	<b>1,530.47</b>	<b>1,383.81</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2014

		(₹ in lac)	
		31 December 2014	31 December 2013
<b>20 REVENUE FROM OPERATIONS</b>			
<b>Revenue from operations</b>			
Sale of Products			
Finished Goods		120,259.48	106,219.90
Less : Excise Duty on Sales		7,831.86	6,639.17
		112,427.62	99,580.73
<b>Other operating Revenue</b>			
Scrap Sales		1,068.25	924.22
Compensation Received for Loss		26.05	141.98
<b>Revenue from Operations (net)</b>		<b>113,521.92</b>	<b>100,646.93</b>
<b>Details of Products Sold</b>			
<b>Finished Goods Sold</b>			
<b>a. Laminates and Converted, Coated / Uncoated Paper and Films</b>		<b>109,046.44</b>	<b>96,705.44</b>
<b>b. Cartons</b>		<b>2,368.95</b>	<b>2,460.61</b>
<b>c. Others</b>		<b>1,012.23</b>	<b>414.68</b>
		112,427.62	99,580.73
		31 December 2014	31 December 2013
<b>21 OTHER INCOME</b>			
<b>Interest Income on</b>			
Bank Deposits		4.30	4.39
Others		14.85	12.07
Dividend Income on Current Investments		650.93	327.59
Net Gain on Sale of Current Investments		—	3.64
<b>Other Non-Operating Income</b>			
Rent		4.81	3.87
Profit on Sale of Fixed Assets (Net)		66.65	10.67
Foreign Exchange Gain (Net)		20.94	—
Doubtful Debts Provision Written Back		20.64	39.35
Insurance Claim Received		—	11.57
Other Non Operating Income (net of expenses)		139.70	71.12
		922.82	484.27
		31 December 2014	31 December 2013
<b>22 RAW MATERIALS AND COMPONENTS CONSUMED</b>			
Inventory at the beginning of the year		5,207.11	4,497.25
Add : Purchases		82,751.76	71,513.66
		87,958.87	76,010.91
Less : Inventory at the end of the year		5,079.68	5,207.11
<b>Cost of raw material and components consumed</b>		<b>82,879.19</b>	<b>70,803.80</b>
<b>Details of Raw Materials and Components Consumed</b>			
Paper		3,782.06	3,901.28
Paper Board		847.13	818.21
Films		42,327.52	35,257.31
Inks, Adhesives and Solvents		18,721.83	16,888.87
Polyethylene Granules		13,628.80	10,987.65
Others		3,571.85	2,950.48
		82,879.19	70,803.80

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2014

		(₹ in lac)	
		31 December 2014	31 December 2013
<b>23 CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK IN PROCESS</b>			
<b>Inventories at the end of the year</b>			
Work in Process		1,768.56	1,235.09
Finished Goods		785.19	795.51
		<u>2,553.75</u>	<u>2,030.60</u>
<b>Inventories at the beginning of the year</b>			
Work in Process		1,235.09	1,360.71
Finished Goods		795.51	903.13
		<u>2,030.60</u>	<u>2,263.84</u>
<b>Changes in Inventories of Finished Goods and Work-in-Process</b>		<u>(523.15 )</u>	<u>233.24</u>
<b>Excise Duty on Changes in Inventories of Finished Goods</b>			
Excise Duty on Closing Finished Goods Stock	83.48		88.53
Less: Excise Duty on Opening Finished Goods Stock	88.53	(5.05)	81.43
		<u>(528.20)</u>	<u>240.34</u>
<b>Details of Inventory</b>			
<b>Work in Process</b>			
a. Laminates and Converted, Coated / Uncoated Paper and Films		1,663.29	1,157.97
b. Cartons		70.46	53.92
c. Others		34.81	23.20
		<u>1,768.56</u>	<u>1,235.09</u>
		31 December 2014	31 December 2013
<b>24 EMPLOYEE BENEFIT EXPENSES</b>			
Salaries, Wages and Bonus		7,132.08	6,583.04
Contribution to Provident and Other Fund		407.44	272.59
Staff Welfare Expenses		866.55	813.56
		<u>8,406.07</u>	<u>7,669.19</u>
		31 December 2014	31 December 2013
<b>25 FINANCE COST</b>			
Interest			
- To Banks		0.10	0.11
- To Others		21.66	7.82
		<u>21.76</u>	<u>7.93</u>
		31 December 2014	31 December 2013
<b>26 DEPRECIATION AND AMORTISATION EXPENSES</b>			
Depreciation of Tangible Assets		3,331.00	3,161.11
Amortisation of Intangible Assets		223.38	268.88
		<u>3,554.38</u>	<u>3,429.99</u>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2014

	(₹ in lac)	
	31 December 2014	31 December 2013
<b>27 OTHER EXPENSES</b>		
Consumption of Stores and Consumables	791.09	740.73
Power and Fuel	3,617.21	3,603.40
Repairs to Building	151.08	126.02
Repairs to Machinery	1,059.67	1,095.22
Other Repairs	200.13	191.14
Sub Contracting Expenses	925.76	882.24
Insurance	203.91	170.46
Rent	236.67	113.66
Rates and Taxes	141.62	120.11
Travelling and Conveyance	574.33	547.90
Legal and Professional Charges *	496.95	560.05
Commission-Directors	78.00	41.51
Communication Costs	136.47	132.86
Payment to Auditor (Refer note 27.1)	54.45	47.64
Donation	1.37	7.33
Printing and Stationery	76.86	67.14
Commission on Sales - Others	200.94	219.29
Freight and Forwarding Expenses	1,848.11	1,539.97
Fixed Assets Written Off	3.68	4.44
Bank Charges	75.07	64.23
Provision for Sales Tax	59.40	49.61
Foreign Exchange Loss (Net)	—	192.37
Net Loss on Sale of Current Investments	0.10	—
Miscellaneous Expenses	1,670.11	1,511.20
	<b>12,602.98</b>	<b>12,028.52</b>

\* Includes ₹88.89 lacs being professional fees incurred in respect of acquisition of Positive Packaging Industries Limited.

	31 December 2014	31 December 2013
<b>27.1 Payment to Auditors :</b>		
<b>Auditor's Remuneration</b>		
Audit Fees	51.80	42.59
<b>In other capacity</b>		
Certification Fees	1.57	1.35
<b>Reimbursement of Expenses</b>	1.08	3.70
	<b>54.45</b>	<b>47.64</b>

	31 December 2014	31 December 2013
<b>28 EARNINGS PER SHARE (EPS)</b>		
Profit after Tax Excluding Extraordinary & Exceptional Item	5,834.52	4,987.99
Profit after Tax Including Extraordinary & Exceptional Item	6,462.05	5,453.14
Weighted Average Number of Equity Shares	66,367,507	62,687,190
Basic and Diluted Earnings per Equity Share Excluding Extraordinary & Exceptional Item (in ₹)	8.79	7.96
Basic and Diluted Earnings per Equity Share Including Extraordinary & Exceptional Item (in ₹)	9.74	8.70
Nominal Value of Share (in ₹)	2.00	2.00



# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2014

		(₹ in lac)	
		31 December 2014	31 December 2013
<b>29</b>	<b>NET DIVIDEND REMITTED IN FOREIGN CURRENCY (EURO) TO ITS PARENT COMPANY</b>		
	M/s. Huhtavefa B.V., Netherlands.		
	The particulars of dividend declared and paid to above shareholder are as under:		
a.	Dividend for the year	2013	2012
b.	Number of Non-resident Shareholder	1	1
c.	Equity Shares held by Non-resident Shareholder (on record date)	39,979,253	38,095,166
d.	Gross Amount of Dividend Remitted	1,119.42	990.47
		31 December 2014	31 December 2013
<b>30</b>	<b>CONTINGENT LIABILITIES</b>		
a	<b>Excise Duty</b>		
	Matters in Appeal - Duty	5,016.95	5,202.50
	- Penalties	419.52	147.01
	Show Cause Notices - Duty	4,014.54	3,703.92
b	<b>Service Tax</b>		
	Show Cause Notices - Service Tax	64.40	49.74
	- Penalties	3.26	—
	Matters in Appeal - Service Tax	24.10	84.26
	- Penalties	14.45	58.12
c	<b>Income Tax Demands in Appeal</b>	67.32	—
d	<b>Sales Tax Demands in Appeal</b>	178.96	76.91
e	<b>Claims against the Company not acknowledged as debts</b>	65.18	65.18

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

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2014

		(₹ in lac)	
		31 December 2014	31 December 2013
<b>31</b>	<b>CONTRACTS REMAINING TO BE EXECUTED ON CAPITAL ACCOUNT AND NOT PROVIDED FOR (NET OF ADVANCES).</b>	575.54	3,990.31
		<b>31 December 2014</b>	<b>31 December 2013</b>
<b>32</b>	<b>DISCLOSURE OF THE AMOUNTS DUE TO THE MICRO AND SMALL ENTERPRISES</b>		
	(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	184.52	115.67
	- Interest there on	20.55	14.18
	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.	6.38	3.33
	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.	20.55	14.18
		<b>31 December 2014</b>	<b>31 December 2013</b>
	<b>Currency</b>	<b>Foreign Currency in lac</b>	<b>Foreign Currency in lac</b>
<b>33</b>	<b>DISCLOSURE OF DERIVATIVE INSTRUMENTS</b>		
	<b>i Derivative Instruments Outstanding</b>		
	Forward Exchange contracts for the foreign exchange exposures of receivables on account of export of goods. <b>USD</b>	18.00	12.00
	<b>ii Foreign Exchange Exposures</b>		
	Foreign Exchange exposures not covered by a derivative contract for payments to be received on account of export of goods. <b>USD</b>	60.36	61.06
	<b>EUR</b>	0.75	0.65
	<b>AED</b>	9.97	—

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2014

		(₹ in lac)	
	Currency	31 December 2014 Foreign Currency in lac	31 December 2013 Foreign Currency in lac
Foreign Exchange exposures not covered by a derivative contract for payments to be made against revenue imports and capital imports creditors.	USD	55.40	36.43
	EUR	3.55	0.66
	JPY	–	28.04
	GBP	0.09	0.13
	CHF	0.18	–
iii Bank balance in Export Earners Foreign Currency account	USD	–	0.93
			–
iv Derivatives taken to Cover Forecast Exposures	USD	36.00	28.00
Forward Exchange contracts taken for the forecast exports receivables on account of export of goods & services.			
Forward Exchange contracts taken for the forecasted Capital imports.	Euro	–	8.78
v Closing exchange rate at Balance Sheet date (In INR)	USD	63.19	61.90
	EUR	76.72	85.37
	JPY	0.53	0.59
	GBP	98.50	102.39
	CHF	63.80	69.54
vi Mark to market valuation loss on account of forward exchange contracts entered into to cover the forecast transactions pursuant to the ICAI announcement of 29th March 2008 on Accounting for Derivatives.	₹	27.68	75.04
		31 December 2014	31 December 2013
34 VALUE OF IMPORTS ON CIF BASIS IN RESPECT OF			
a. Raw Materials		20,052.48	15,169.81
b. Stores, Spares-Parts and Other Materials		254.12	378.25
c. Capital Goods		5,157.89	867.37

## 35 SEGMENT REPORTING

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

Secondary segments for the Company are geographic, namely domestic and exports. Revenue from geographic segments is based on the domicile of customers.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2014

	(₹ in lac)	
	31 December 2014	31 December 2013
Net Sales Domestic Customers	89,869.89	78,309.43
Net Sales Export Customers	22,557.73	21,271.30
<b>Total Net Sales</b>	<b>112,427.62</b>	<b>99,580.73</b>
The entire business assets other than trade receivables are situated in India.		
Trade receivables outstanding in respect of domestic segment as at the year end	16,745.99	14,158.93
Trade receivables outstanding in respect of export segment as at the year end	5,093.03	4,396.92
	31 December 2014	31 December 2013
<b>36 EARNINGS IN FOREIGN CURRENCY</b> (on accrual basis)		
a. F.O.B. Value of Exports	20,805.11	19,419.68
b. Others	443.08	450.98
<b>37. RELATED PARTY TRANSACTIONS</b>		
a. <b>Related party where control exists :</b>		
Ultimate Parent Company	Huhtamaki Oyj., Finland	
Holding Company	Huhtavefa B.V., Netherlands	
Subsidiary Company	Webtech Labels Private Limited	
b. <b>Other Related Parties with whom transactions have taken place during the year :</b>		
Fellow Subsidiaries	Huhtamaki New Zealand Ltd., New Zealand. Huhtamaki Australia Ltd., Australia Huhtamki South Africa Pty Ltd., South Africa Huhtamaki (Thailand) Ltd., Thailand Huhtamaki Flexible Packaging Germany GmbH & Co. KG., Germany Huhtamaki Finance B V, Netherlands	
c. <b>Key Managerial Personnel</b>	Mr. Suresh Gupta Chairman Mr. A.Venkatrangan Managing Director (Designate)	
d. <b>Relatives of Key Managerial Personnel</b>		
<b>Mr. Suresh Gupta</b>	Mrs. Kumkum Gupta-Wife, Ms. Ratna Gupta-Daughter, Ms. Shivani Gupta-Daughter	
	31 December 2014	31 December 2013
e. <b>Details of transactions with related parties that have taken place during the year :</b>		
1) <b>Ultimate Parent Company</b>		
a) Software and Expense Reimbursements Charge	69.10	33.89
b) Remuneration paid by Huhtamaki Oyj to Mr.Suresh Gupta as EVP - Flexibles Packaging Global, Huhtamaki Group	24.24	222.25
c) Expense Reimbursements - Recovery	12.05	—
d) Due to Ultimate Parent Company	0.73	21.32

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2014

	(₹ in lac)	
	31 December 2014	31 December 2013
<b>2) Holding Company</b>		
– Dividend Paid		
– Huhtavefa B.V., Netherlands	1,119.42	990.47
– Issue of Share Capital including Share Premium		
– Huhtavefa B.V., Netherlands	13,441.17	–
<b>3) Subsidiary Company</b>		
– Expense Reimbursement	35.51	30.19
– Jobwork charges - Expense	0.16	–
– Due to Webtech Labels Private Limited	0.13	–
– Due from Webtech Labels Private Limited	7.68	6.36
<b>4) Fellow Subsidiaries</b>		
<b>Purchase of Goods</b>		
– Huhtamaki Flexible Packaging Germany GmbH & Co. KG., Germany	–	18.34
– Huhtamaki (Thailand) Ltd, Thailand	0.40	–
<b>Sale of Goods</b>		
– Huhtamaki New Zealand Ltd., New Zealand.	227.13	453.17
– Huhtamaki (Thailand) Ltd, Thailand	–	114.79
– Huhtamaki Australia Ltd., Australia	381.35	418.05
– Huhtamki South Africa., South Africa	96.98	201.03
– Huhtamaki Flexible Packaging Germany GmbH & Co. KG., Germany	–	5.37
<b>Commission Expenses on Sales</b>		
– Huhtamaki South Africa Pty Ltd., South Africa	89.70	77.72
<b>Expense Reimbursements - Charge</b>		
– Huhtamaki Australia Ltd., Australia	–	0.11
– Huhtamaki (Thailand) Ltd., Thailand	–	3.56
– Huhtamaki Finance B V, Netherlands - Remuneration paid by fellow subsidiary to Mr. Suresh Gupta as Senior Advisor for Huhtamaki Group	96.04	–
<b>Expense Reimbursements - Recovery</b>		
– Huhtamaki Flexible Packaging Germany GmbH & Co. KG., Germany	0.15	0.91
– Huhtamaki Finance B V, Netherlands	79.15	–
<b>Balances due to</b>		
– Huhtamaki South Africa Pty Ltd., South Africa	8.50	43.10
– Huhtamaki Australia Ltd., Australia	–	0.11
– Huhtamaki Flexible Packaging Germany GmbH & Co. KG., Germany	–	8.60
– Huhtamaki New Zealand Ltd., New Zealand.	7.18	–
<b>Balances due from</b>		
– Huhtamaki New Zealand Ltd., New Zealand.	–	155.30
– Huhtamaki Australia Ltd., Australia	73.15	61.74
– Huhtamaki South Africa Pty Ltd., South Africa	–	49.16
– Huhtamaki Finance B V, Netherlands	3.53	–

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2014

(₹ in lac)

	31 December 2014		31 December 2013	
<b>5) Payments to Key Managerial Personnel and their Relatives</b>				
Remuneration Paid to key Management Personal*				
Mr. Suresh Gupta	182.71		206.64	
Mr. A.Venkatrangan	208.45	391.16	146.22	352.86
Dividend Paid to Key Managerial Personnel and their Relatives				
Mr. Suresh Gupta	—		30.71	
Mrs. Kumkum Gupta	—		6.53	
Ms. Ratna Gupta	—		5.23	
Ms. Shivani Gupta	—		5.21	
Mr. A.Venkatrangan	0.14	0.14	0.13	47.81

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

	31 December 2014		31 December 2013	
	% of Consumption	Amount	% of Consumption	Amount
<b>38 CONSUMPTION OF RAW MATERIALS, PACKING MATERIALS &amp; STORES &amp; SPARES CONSUMED</b>				
Imported	26.62%	22,272.37	23.69%	16,948.88
Indigenous	73.38%	61,397.91	76.31%	54,595.65
	100.00%	83,670.28	100.00%	71,544.53

	31 December 2014		31 December 2013	
<b>39 DISCLOSURE PURSUANT TO ACCOUNTING STANDARD - 15 (REVISED) 'EMPLOYEE BENEFITS'</b>				
The Company has classified various employee benefits as under				
<b>i) Defined Contribution Plans</b>				
Amount recognised as an expense and included in "Personnel costs" for Provident Fund & ESIC contributions in the Profit and Loss account.		322.50		307.77
<b>ii) Defined Benefit Plans</b>				
The Company has classified the various benefit plans provided to employees as under :				
<b>I Gratuity Plan</b>				
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.				
<b>II Leave Plan</b>				
Eligible employees can carry forward and encash leave on superannuation, death, and resignation subject to maximum limits as per Company policy.				
The following table summarises the components of the net benefit expense recognised in the statement of profit & loss and the funded status and amount recognised in the Balance sheet for the respective plans.				

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2014

(₹ in lac)

	Gratuity - Funded		Leave Encashment - Non Funded	
	2014	2013	2014	2013
<b>I. Change in Benefit Obligation</b>				
Opening Defined Benefit Obligation	1,228.39	1,274.36	359.65	356.89
Interest Cost	116.70	105.77	34.17	29.62
Current Service Cost	79.72	88.02	51.42	58.22
Benefit Paid	(43.33)	(111.39)	(28.51)	(34.72)
Actuarial (Gain)/ Loss on Obligations	28.68	(128.37)	12.88	(50.36)
Closing Defined Benefit Obligation	1,410.17	1,228.39	429.61	359.65
<b>II. Fair Value of Plan Assets</b>				
Fair Value of Plan Assets at the beginning of the year	1,228.39	1,274.36	—	—
Expected Return on Plan Assets	116.70	105.77	—	—
Contributions	—	(139.01)	—	—
Benefit Paid	(43.33)	—	—	—
Actuarial Gain/(Loss) on Plan Assets	39.70	(12.73)	—	—
Fair Value of Plan Assets at the end of the year	1,341.46	1,228.39	—	—
<b>III. Actual Return on Plan Assets</b>				
Actual Return on Plan Assets	156.39	93.04	—	—
Expected Return on Plan Assets	116.70	105.77	—	—
Actuarial Gain/ (Loss) on Plan Assets	39.70	(12.73)	—	—
Actuarial Gain/ (Loss) on Obligation	(28.68)	128.37	(12.88)	50.36
<b>IV. Amount Recognised in the Balance Sheet</b>				
Defined Benefit Obligation	1,410.17	1,228.39	429.61	359.65
Fair Value of Plan Assets	1,341.46	1,228.39	—	—
Funded Status	(68.71)	—	(429.61)	(359.65)
Unrecognised Actuarial Gain/(Loss)	—	—	—	—
Net Asset / (Liability) Recognised in the Balance Sheet	(68.71)	—	(429.61)	(359.65)
<b>V. Expenses Recognised in the Statement of Profit and Loss</b>				
Current Service Cost	79.72	88.02	51.42	58.22
Interest Cost	116.70	105.77	34.17	29.62
Expected Return on Plan Assets	(116.70)	(105.77)	—	—
Net Actuarial (Gain)/Loss to Be Recognised	(11.01)	(115.63)	12.88	(50.36)
Expense Recognised in Statement of Profit and Loss	68.71	(27.62)	98.47	37.48

The Company expects to contribute ₹ 157.05 lacs to Gratuity in next year (31st December 2013 : ₹ Nil)



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2014

(₹ in lac)

The principal assumptions used in determining benefit obligations for the Company's plans are shown below.		
Particulars	2014	2013
Discount Rate	8.12%	9.50%
Rate of Return on Plan Assets	8.12%	9.50%
Salary Escalation	6.25%	7.25%
Employee Turnover	years	%
	0-2	12%
	3-4	5%
	5-9	2.5%
	10 & Above	1%

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

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows.				
Particulars	Gratuity			
	31 December 2014		31 December 2013	
	Amount in lac	%	Amount in lac	%
Investment Value in Unit Linked Plans	531.32	40%	243.90	20%
Investment Value in Non Unit Linked Plans	695.81	52%	879.31	71%
Investment Value in Special Deposit Scheme of Bank Of Baroda	114.33	8%	105.18	9%
Total	1341.46	100%	1228.39	100%

Amounts for the current and previous periods are as follows.

Particulars	Gratuity				
	2014	2013	2012	2011	2010
Defined Benefit Obligation	1,410.17	1,228.39	1,274.36	1,125.95	1,003.55
Plan Assets	1,341.46	1,228.39	1,274.36	1,125.95	1,103.17
Excess of Defined Benefit Obligation over Fair Value of Plan Assets.	(68.71)	—	—	—	(99.62)
Experience Adjustment on Plan Assets	39.69	—	(77.19)	(42.43)	—
Experience Adjustment on Plan Liabilities	(31.57)	14.71	30.93	(11.48)	—
Leave Encashment					
Particulars	2014	2013	2012	2011	2010
Defined Benefit Obligation	429.61	359.65	356.89	306.53	287.94
Plan Assets	—	—	—	—	—
Experience Adjustment	(0.71)	—	—	—	—
Excess of Defined Benefit Obligation over Fair Value of Plan Assets.	429.61	359.65	356.89	306.53	287.94

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2014

		(₹ in lac)	
		31 December 2014	31 December 2013
<b>40 LEASES</b>			
The Company has taken certain office premises and residential facilities under operating Lease arrangements.			
There are no restrictions imposed by lease arrangements. There are no subleases.			
Future lease commitments in respect of non-cancellable operating leases are as follows :			
Within one year			
		211.66	181.32
After one year but not more than five years			
		652.32	641.93
More than five years			
		185.76	–
		<b>1049.74</b>	<b>823.25</b>
		31 December 2014	31 December 2013
<b>41 EXPENDITURE IN FOREIGN CURRENCY (on accrual basis)</b>			
a. Travelling Expenses		79.83	76.96
b. Commission on Sales		195.00	213.17
c. Service Charges Paid for Technical Services		115.69	68.48
d. Royalty		9.20	12.50
e. Professional Fees		18.80	76.82
f. Others		98.38	26.49
		31 December 2014	31 December 2013
<b>42 RESEARCH AND DEVELOPMENT EXPENSES</b>			
The details of expenses incurred on in-house research and development activities during the year ended 31 December 2014 as certified by the management are as follows :			
Total Revenue Expenditure *			
		189.74	137.19
Total Capital Expenditure **			
		2.85	52.61
<b>Total Research &amp; Development Expenses</b>		<b>192.59</b>	<b>189.80</b>

\* Revenue Expenditure of ₹ 189.74 lacs has been grouped under various expense heads of the Financial Statements.

\*\* Additions to Fixed Assets in Note no. 10 includes ₹ 2.85 lacs towards Capital Expenditure incurred for Company's in house R & D facilities.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2014

### 43 EXCEPTIONAL ITEM

Exceptional Income in the previous year comprises of gain realised on sale of office property at Nariman Point, Mumbai of ₹ 704.66 Lacs ( Provision for Tax includes ₹.239.51 lacs towards tax on this gain).

### 44 EXTRAORDINARY ITEM

Extra-Ordinary Item in the current year, represents Insurance claim for fire at Silvassa Plant during the year 2013. The claim has been settled in January 2015, resulting in surplus of ₹ 627.53 lacs (net of tax of ₹ 323.13 lacs). Out of the total claim an amount of ₹ 228.63 lacs (net of tax of ₹117.73 lacs) has been received subsequent to the year end.

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

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

- Issue of 10,024,744 Equity shares of ₹.2 each (face value) to Huhtavefa B.V. ('Holding Company') on Preferential basis in August 2014 at a price of Rupees 134.08 per share. These funds as on 31st December 2014 were temporarily invested in liquid mutual funds.
- Issue of 7% Non-convertible Debentures of Rupees 38,500 lacs on 27th January 2015 on private placement basis to Huhtalux S A R L. ('Huhtamaki Group entity')

- 46 Since the Company Secretary has resigned w.e.f.20 September 2014 and the Company is in the process of appointing a new Company Secretary as required under Section 203 of the Companies Act, 2013, the financial statements have not been signed by a Company Secretary as required by section 215 of the Companies Act, 1956.

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

As per our report of even date

**For S.R. Batliboi & Co.LLP**

Chartered Accountants  
ICAI Firm Registration No. 301003E

**per Vijay Maniar**  
Partner  
Membership No. 36738

Mumbai,  
6 February 2015

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

**Suresh Gupta**  
Chairman

**Parag Vyavahare**  
Chief Financial Officer

Mumbai,  
6 February 2015

**A.Venkatrangan**  
Managing Director (Designate)

**S.K. Palekar**  
Director

# **INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS**

**To The Board of Directors of**

**Huhtamaki PPL Limited (formerly known as “The Paper Products Limited”)**

## **Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of Huhtamaki PPL Limited (“the Company”) and its subsidiary, which comprise the consolidated Balance Sheet as at December 31, 2014, and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

## **Management’s Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards notified under the Companies Act, 1956, read with General Circular 8/2014 dated 4 April 2014 issued by the Ministry of Corporate Affairs. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated 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 consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

## **Opinion**

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

- (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Company as at December 31, 2014;
- (b) in the case of the consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

## **For S.R. BATLIBOI & CO. LLP**

Chartered Accountants

ICAI Firm registration number: 301003E

**per Vijay Maniar**

Partner

Membership No.: 36738

Mumbai

6 February 2015

## CONSOLIDATED BALANCE SHEET

As at 31st December 2014

(₹ in lac)

	Notes	31 December 2014	31 December 2013
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	2	1,454.33	1,253.83
Reserves and Surplus	3	55,293.77	37,826.80
		<b>56,748.10</b>	<b>39,080.63</b>
<b>Minority Interest</b>		<b>2,203.11</b>	<b>2,012.63</b>
<b>Non-Current Liabilities</b>			
Long - Term borrowings	4	3,540.61	3,991.44
Deferred Tax Liability (Net)	5	548.85	102.00
Long Term Provisions	6	144.33	127.38
		<b>4,233.79</b>	<b>4,220.82</b>
<b>Current Liabilities</b>			
Short Term Borrowings	7	231.64	58.61
Trade Payables	8	17,397.25	14,854.81
Other Current Liabilities	9	3,678.28	2,995.74
Short Term Provisions	10	3,520.15	3,029.75
		<b>24,827.32</b>	<b>20,938.91</b>
<b>TOTAL</b>		<b>88,012.32</b>	<b>66,252.99</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Fixed Assets			
Tangible Assets	11	23,919.31	19,359.17
Intangible Assets	11	1,652.76	1,866.47
Capital Work in Progress		593.69	1,097.57
Goodwill On Consolidation		1,956.73	1,956.73
Non-Current Investments	12	0.03	0.03
Deferred Tax Assets (Net)	5	–	3.31
Long Term Loans & Advances	13	2,514.72	1,675.83
Other Non Current Assets	14	28.36	428.02
		<b>30,665.60</b>	<b>26,387.13</b>
<b>Current Assets</b>			
Current Investments	15	18,633.78	5,479.38
Inventories	16	9,825.19	9,348.30
Trade Receivables	17	24,577.52	20,868.57
Cash and Bank Balances	18	1,165.22	1,579.95
Short Term Loans & Advances	19	1,614.48	1,205.85
Other Current Assets	20	1,530.53	1,383.81
		<b>57,346.72</b>	<b>39,865.86</b>
<b>TOTAL</b>		<b>88,012.32</b>	<b>66,252.99</b>

Significant Accounting Policies 1

The accompanying notes are an integral part of financial statements

As per our report of even date

**For S.R. Batliboi & Co.LLP**

Chartered Accountants  
ICAI Firm Registration No. 301003E

**per Vijay Maniar**  
Partner  
Membership No. 36738

Mumbai  
6 February 2015

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

**Suresh Gupta**  
Chairman

**Parag Vyavahare**  
Chief Financial Officer

Mumbai  
6 February 2015

**A.Venkatrangan**  
Managing Director (Designate)

**S.K. Palekar**  
Director

# **CONSOLIDATED STATEMENT OF PROFIT & LOSS ACCOUNT**

For the year ended 31st December 2014

(₹ in lac)

	Notes	31 December 2014	31 December 2013
<b>INCOME</b>			
Revenue from Operations (Gross)	21	131,161.32	115,871.82
Less: Excise Duty		8,627.94	7,321.78
<b>Revenue from Operations (Net)</b>		<b>122,533.38</b>	<b>108,550.04</b>
Other Income	22	925.65	490.27
<b>Total Revenue</b>		<b>123,459.03</b>	<b>109,040.31</b>
<b>EXPENSES</b>			
Raw Material and Components Consumed	23	87,707.10	74,987.04
Changes in Inventories of Finished Goods and Work-in-Process	24	(534.43)	242.80
Employee Benefit Expenses	25	9,224.84	8,409.82
Finance Cost	26	310.12	374.99
Depreciation and Amortisation Expenses	27	4,385.78	4,201.74
Other Expenses	28	14,231.12	13,453.68
<b>Total Expenses</b>		<b>115,324.53</b>	<b>101,670.07</b>
Profit before Exceptional and Extra-Ordinary Items and Tax		8,134.50	7,370.24
Exceptional Extraordinary Item (Refer note 39 )		–	704.66
<b>Profit Before Extraordinary Item and Tax</b>		<b>8,134.50</b>	<b>8074.90</b>
Extraordinary Item (Net of Tax) (Refer note 40)		627.53	–
<b>Profit Before Tax</b>		<b>8,762.03</b>	<b>8074.90</b>
<b>Tax Expenses</b>			
Current Tax (Including Minimum Alternate Tax (MAT))		1,559.08	2,329.85
Less: MAT Credit Entitlement		(98.00)	(67.63)
Net Current Tax		1,461.08	2,262.22
Deferred Tax		450.16	30.92
<b>Profit for the year</b>		<b>6,850.79</b>	<b>5,781.76</b>
Share of Minority Interest		190.48	161.02
<b>Profit After Minority Interest</b>		<b>6,660.31</b>	<b>5,620.74</b>
<b>Earnings per Equity Share including Exceptional and Extraordinary Items (Nominal value- ₹ 2) (Previous Year- ₹ 2)</b>			
29			
1. Basic		10.04	8.97
2. Diluted		10.04	8.97
<b>Earnings per equity share excluding Exceptional and Extraordinary Items</b>			
1. Basic		9.09	8.23
2. Diluted		9.09	8.23

Significant Accounting Policies

1

The accompanying notes are an integral part of financial statements

As per our report of even date

**For S.R. Batliboi & Co.LLP**

Chartered Accountants  
ICAI Firm Registration No. 301003E

**per Vijay Maniar**  
Partner  
Membership No. 36738

Mumbai  
6 February 2015

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

**Suresh Gupta**  
Chairman

**Parag Vyavahare**  
Chief Financial Officer

Mumbai  
6 February 2015

**A.Venkatrangan**  
Managing Director (Designate)

**S.K. Palekar**  
Director

## CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31st December 2014

	(₹ in lac)	
	31 December 2014	31 December 2013
<b>A. Cash Flow from Operating Activities</b>		
Net Profit before Tax and Extra-Ordinary Items	8,134.50	8,074.90
Adjustments for		
Depreciation	4,385.78	4,201.74
Unrealised Foreign Exchange Loss (Net)	33.23	135.05
Interest Income	(20.53)	(22.23)
Dividend Income	(650.93)	(327.59)
Financial Expenses	310.12	374.99
Provision for Doubtful Debts written back	(20.64)	(39.35)
(Profit)/Loss on Sale of Investments	0.10	(3.64)
Fixed Assets written Off	3.68	4.44
Provision for Sales Tax made	59.40	49.61
Profit on Sale of Assets (Net)	(60.19)	(7.46)
<b>Operating Profit before Changes in Working Capital</b>	<b>12,174.52</b>	<b>12,440.46</b>
Adjustments for (Increase)/Decrease in		
Trade Receivables	(3,580.10)	(4,984.92)
Inventories	(476.91)	(486.46)
Loans and Advances	(674.01)	(651.28)
Other Assets	481.57	(437.65)
Adjustments for Increase/(Decrease) in		
Trade Payables	2,459.16	2,079.46
Other Current Liabilities	129.39	435.55
Provisions	(30.96)	(103.51)
<b>Cash Generated from Operations</b>	<b>10,482.66</b>	<b>8,291.65</b>
Direct Taxes Paid (Net of Refunds Received)	(1,498.44)	(2,496.12)
<b>Net Cash from Operating Activities</b>	<b>8,984.22</b>	<b>5,795.53</b>
Exceptional Item (Refer note 39)	–	(704.66)
Extra-Ordinary Item (Net of Tax) (Refer note 40)	398.90	–
<b>Net Cash from Operating Activities</b>	<b>9,383.12</b>	<b>5,090.87</b>
<b>B. Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets	(8,064.08)	(3,818.34)
Proceeds from Sale of Fixed Assets	83.42	719.54
Purchase of Investments	(34,858.17)	(23,135.95)
Sale of Investments	21,703.68	23,698.09
Dividend Received	650.93	327.59
Interest Received	20.39	22.14
Capital Subsidy Received	30.00	30.00
<b>Net Cash used in Investing Activities</b>	<b>(20,433.83)</b>	<b>(2,156.93)</b>

**CONSOLIDATED CASH FLOW STATEMENT**

For the year ended 31st December 2014

	(₹ in lac)	
	31 December 2014	31 December 2013
<b>C. Cash Flow from Financing Activities</b>		
Issue of Share Capital (Net of Expenses on issue)	13,420.16	—
Repayment of Sales Tax deferral loan	(140.41)	(97.77)
Repayment of Short term borrowing	—	(1,347.58)
Repayment of Long term borrowing	(813.01)	(316.41)
Proceeds from Long Term Borrowings	353.56	1,195.94
Proceeds from Short Term Borrowings	173.03	—
Interest Paid	(310.11)	(379.77)
Dividends Paid (Including Dividend Tax thereon)	(2,047.24)	(1,900.28)
<b>Net Cash Used in Financing Activities</b>	<b>10,635.98</b>	<b>(2,845.87)</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	<b>(414.73)</b>	<b>88.07</b>
Effect of Exchange difference on Cash and Cash equivalents held in Foreign Currency	—	15.94
<b>Cash and Cash Equivalents at the Beginning of the Year</b>	<b>1,579.95</b>	<b>1,475.94</b>
<b>Cash and Cash Equivalents at the Close of the Year</b>	<b>1,165.22</b>	<b>1,579.95</b>
<b>Cash and Cash Equivalents Comprise:</b>		
Cash on Hand	14.18	13.94
Cheques on Hand	0.89	19.97
Balances in Current Accounts with Scheduled Banks	1,027.60	1,485.05
Balances in Deposit Accounts with Scheduled Banks	59.01	3.75
Balances in Unpaid Dividend Bank Accounts*	63.54	57.24
	<b>1,165.22</b>	<b>1,579.95</b>

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

Notes :

1. The above cashflow statement has been prepared under indirect method as per Accounting Standard-3 "Cash Flow Statement"
2. Cash and Cash equivalents for the purpose of cash flow statements comprise of cash at Bank and in Hand and short term investments with an original maturity of three months or less.

As per our report of even date

**For S.R. Batliboi & Co.LLP**

Chartered Accountants  
ICAI Firm Registration No. 301003E

**per Vijay Maniar**

Partner  
Membership No. 36738

Mumbai  
6 February 2015

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

**Suresh Gupta**  
Chairman

**Parag Vyavahare**  
Chief Financial Officer

Mumbai  
6 February 2015

**A.Venkatrangan**  
Managing Director (Designate)

**S.K. Palekar**  
Director



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December 2014

### NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

#### A. GROUP INFORMATION

Subsidiary considered in this Consolidated Financial Statement-

Name of the Company	Country of Incorporation	% of Ownership at 31st December 2014	% of Ownership at 31st December 2013
Webtech Labels Private Limited	India	51%	51%

The financial statements of subsidiary considered in consolidated accounts are drawn upto the same date i.e. 31 December 2014

#### B. PRINCIPLES OF CONSOLIDATION

The consolidated financial statements relate to Huhtamaki PPL Limited (Formerly known as "The Paper Products Limited") ('the company') and its subsidiary company (hereinafter referred as "the Group"). The consolidated financial statements have been prepared on the following basis.

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

#### C. OTHER SIGNIFICANT ACCOUNTING POLICIES

##### a. Basis of Preparation of Financial statements

The financial statements have been prepared under the historical cost convention (with the exception of freehold land which has been revalued and derivative financial instruments which have been measured at fair value), on the accrual basis of accounting and comply with the Companies (Accounting Standards) Rules 2006 (as amended) issued by the Central Government and relevant provisions of the Companies Act, 1956 to the extent applicable, read with General Circular 08/2014 dated 4 April 2014 issued by Ministry of Corporate Affairs. The accounting policies have been consistently followed by the company.

##### b. Use of Estimates

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

##### c. Fixed Assets

- Fixed assets are stated at cost (or revalued amounts as the case may be) less accumulated depreciation & impairment losses, if any. Cost of fixed assets comprises of purchase price, duties, levies and any directly attributable cost of bringing each asset to its working condition for the intended use.
- Financing costs relating to borrowed funds attributable to the acquisition of qualifying fixed assets upto the completion of construction or acquisition of such fixed assets are included in the gross book value of the asset.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December 2014

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

## d. Intangibles

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

## e. Depreciation

### i. Tangible Assets

Buildings are depreciated on written down value method at the rates prescribed in Schedule XIV to the Companies Act, 1956 which coincide with management estimate of useful life except those specified below.

Other fixed assets are depreciated on straight line method at the rates prescribed in Schedule XIV to the Companies Act, 1956 except those specified below.

Following assets are depreciated at the rates higher than those prescribed in Schedule XIV to the Companies Act, 1956 as in management's judgement, their estimated useful lives are shorter than those prescribed under Schedule XIV to the Companies Act, 1956.

Assets	Method of Depreciation	Rate
Computers	Straight Line Method	25.00%
Motor Vehicles	Straight Line Method	19.00%
General Furniture	Straight Line Method	9.50%
Office and Other Equipments	Straight Line Method	19.00%
Cellphones and Photocopiers	Straight Line Method	31.67%
Airconditioning Equipment used in manufacturing process	Straight Line Method	10.34%
Administrative Buildings	Written Down Value Method	10.00%
Electrical Fittings	Straight Line Method	10.34%

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

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

### ii. Intangible Assets

ERP software is amortised over a period of 60 months commencing from the month in which software is put to use.

Specialised software is amortised over a period of 36 months commencing from the month in which such expenditure is incurred. All upgradations/enhancements are generally charged to profit and loss account, unless they bring significant additional benefits.

Goodwill is amortised over a period of 10 years

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

Non compete fees paid are amortised over the period of restriction, viz 3/5 years.

## f. Goodwill on Consolidation

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

## g. Foreign Currency Transactions

- Transactions denominated in foreign currency are recorded at the exchange rate prevailing on the date of transactions. Exchange differences arising on foreign exchange transactions settled during the year are recognized in the statement of profit and loss of the year.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December 2014

- 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.
  - The premium or discount on forward exchange contracts covered by AS-11 The Effects of Changes in Foreign Exchange Rates is recognised over the period of the contracts in the statement of profit and loss. Exchange gain or loss on forward exchange contracts covered by AS-11 The Effects of Changes in Foreign Exchange Rates is recognised in the statement of profit and loss.
  - In compliance with the Institute of Chartered Accountants of India (ICAI) announcement dated 29th March, 2008 on accounting for derivatives, the mark to market valuation loss on forward contracts entered into, to cover the forecast transactions is charged to statement of profit and loss. Gain on Mark to Market valuation is ignored.
- 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 & excise duty wherever applicable.
  - The cost of bought out inventory is computed using the Weighted Average Method.
  - The cost of loose tools is amortised over its estimated useful life.
- i. Revenue Recognition**
- Revenue is recognised to the extent it is probable that the economic benefits will flow to the Group and revenue can be reliably measured. It is recognised when significant risks and rewards of ownership of goods have passed to the buyer.
  - Gross sales are inclusive of Excise Duty.
  - Sales are net of returns and discounts
  - Dividend income is recognised when the right to receive dividend is unconditional at the balance sheet date.
  - Interest on investments is accounted on a time proportion basis taking into account the amounts invested and the rate of interest.
- j. Retirements Benefits**
- i. Defined Contribution Plans:
- Contributions payable to the recognised provident fund, which is a defined contribution plan, are charged to the statement of profit and loss as incurred.
- ii. Defined Benefit Plans :
- The Group's gratuity benefit scheme, Pension scheme and Long service award are defined benefit plans. The Group'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 is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.
- The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plans are based on the market yields on Government securities as at the balance sheet date.
- When the calculation results in a benefit to the Group, the recognized asset is limited to the lower of the net total of the present value of the defined benefit obligation at the balance sheet date minus any past service cost minus fair value of plan assets as at balance sheet date and the present value of any future refunds from the plan or reductions in future contributions to the plan.
- Actuarial gains and losses are recognised immediately in the statement of profit and loss.
- iii. Other Long Term Employment Benefits :
- Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are determined on the basis of valuations, as at balance

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December 2014

sheet date, carried out by an independent actuary using Projected Unit Credit Method. Actuarial gains and losses comprise experience adjustments and the effects of changes in actuarial assumptions and are recognised immediately in the statement of profit and loss.

iv. **Other Short Term Employment Benefits:**

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

**k. Investments**

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

**l. Research Expenditure**

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

**m. Taxation**

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

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

**n. Leases**

Operating Leases

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

**o. Impairment of Assets**

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

of the time value of money and risks specific to the assets. After impairment, depreciation is provided on their revised carrying amount of the asset over its remaining useful life.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December 2014

**p. Governments Grants and subsidies**

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

Governments Grants of the nature of Promoter Contribution are credited to Capital Reserve and treated as part of the Share Holders Funds

**q. Provisions and Contingent Liabilities**

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

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

Contingent assets are not recognized in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognized in the period in which the change occurs.

**r. Earnings Per Share (EPS)**

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December 2014

(₹ in lac)

	31 December 2014		31 December 2013	
<b>2 SHARE CAPITAL</b>				
<b>AUTHORISED CAPITAL</b>				
150,000,000 (Previous Year 150,000,000)				
Equity shares of ₹ 2/- each	<b>3,000.00</b>		3,000.00	
700,000 (Previous Year 700,000) 12% Redeemable				
Cumulative Preference Shares of ₹ 100/- each	<b>700.00</b>		700.00	
300,000 (Previous Year 300,000) Unclassified				
Shares of ₹ 100/- each	<b>300.00</b>	<b>4,000.00</b>	300.00	4,000.00
		<b>4,000.00</b>		4,000.00
<b>ISSUED SUBSCRIBED AND PAID-UP CAPITAL</b>				
72,711,934 (Previous Year: 62,687,190) Equity				
Shares of ₹ 2/- each fully paid-up.	<b>1,454.24</b>		1,253.74	
Add : Amount Received on 1,449 (Previous Year 1,449) forfeited Shares.	<b>0.09</b>	<b>1,454.33</b>	0.09	1,253.83
<b>TOTAL</b>		<b>1,253.83</b>		1,253.83

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

	31 December 2014		31 December 2013	
	Nos.	₹ in lac	Nos.	₹ in lac
At the beginning of the period	<b>62,687,190</b>	<b>1,253.74</b>	62,687,190	1,253.74
Add: Issued during the year (Refer note 41)	<b>10,024,744</b>	<b>200.50</b>	—	—
Outstanding at the end of the period	<b>72,711,934</b>	<b>1,454.24</b>	62,687,190	1,253.74

**b Terms /rights attached to equity shares.**

The company has only one class of Issued, Subscribed & Paid up Equity Capital having a par value of ₹ 2/- per share. Each holder of equity shares 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.

During the year ended 31st December 2014, the amount of per share dividend recognised as distributions to equity shareholders was ₹ 2.80 (31 December 2013 : ₹ 2.80)

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

**c Shares held by holding company**

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

	31 December 2014		31 December 2013	
	Nos.	₹ in lac	Nos.	₹ in lac
Huhtavefa B.V., Netherlands, The Holding Company	<b>50,003,997</b>	<b>1,000.08</b>	38,095,166	761.90

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December 2014

		(₹ in lac)	
		31 December 2014	31 December 2013
		Nos. % holding in the class	Nos. % holding in the class
d	<b>Details of Shareholders holding more than 5% shares in the company.</b>		
	Equity shares of ₹2/- each fully paid up.		
	Huhtavefa B.V., Netherlands, The Holding Company.	50,003,997 68.77%	38,095,166 60.77%
	HDFC Trustee Company Limited	3,330,525 4.58%	3,330,525 5.31%
As per the records of the company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.			
		31 December 2014	31 December 2013
<b>3</b>	<b>RESERVES AND SURPLUS</b>		
	<b>Capital Redemption Reserve</b>	700.00	700.00
	<b>Securities Premium Account</b>		
	Balance as per last Balance sheet	7936.32	7,936.32
	Add: Premium received on issue of shares (Refer note 41)	13,240.68	—
	Less: Share issue expenses	21.02	—
		21,155.98	7,936.32
	<b>Revaluation Reserve</b>	275.77	275.77
	<b>Capital Reserve</b>		
	Balance as per last Balance sheet	30.00	—
	Add: Received during the year	30.00	30.00
	(Capital subsidy received from Government in respect of investment in setting up of Plant at Rudrapur and Parwanoo)		
	<b>General Reserve</b>		
	Balance as per last Balance sheet	8,329.06	7,783.75
	Add: Amount transferred from Surplus balance in the Statement of Profit and Loss	646.21	545.31
		8,975.27	8,329.06
	<b>Surplus in the statement of Profit &amp; Loss</b>		
	Balance as per last financial statement	20,555.65	17,546.35
	Profit for the year	6,660.31	5,620.74
	<b>Less : Appropriations</b>		
	Proposed Final Equity Dividend (Amount per/share ₹ 2.80 (31st Dec 2013 ₹ 2.80))	(2,035.93)	(1,755.24)
	Tax on Proposed Equity Dividend	(407.07)	(298.30)
	Differential Tax on dividend for previous year.	—	(12.59)
	Transferred to General Reserve	(646.21)	(545.31)
	Net Surplus in the statement of Profit & Loss	24,126.75	20,555.65
	<b>Total Reserves and Surplus</b>	55,293.77	37,826.80
		31 December 2014	31 December 2013
<b>4</b>	<b>LONG - TERM BORROWINGS</b>		
	Deferred sales tax loan (Unsecured)	1,729.51	1,921.06
	Indian Rupee loan from bank (secured)	1,811.10	2,070.38
		3,540.61	3,991.44

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December 2014

The Group has availed of unsecured interest free Sales tax deferred loan from the Government of Andhra Pradesh for its Hyderabad (Bollaram) 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 due on 1st April 2011 and last one being due on 1st April 2021.

(₹ in lac)

	31 December 2014	31 December 2013
The scheduled maturity of Deferred Sales Tax loan is summarised below.		
In the next one year	191.55	140.41
In the second year	249.29	191.55
In the 3rd to 5th year	928.15	818.13
After 5 years	552.08	911.39

Indian Rupee loans from banks of ₹ 1,503.37 lacs (Previous Year ₹ 2,070.38) carry interest @ PLR less 5% p.a., These loans are repayable in 60 monthly installments of ₹ 60.84 lacs each along with interest, from the date of loans. The loans are secured by hypothecation of Machineries of subsidiary.

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

	31 December 2014	31 December 2013
<b>5 DEFERRED TAX (ASSET)/LIABILITY (NET)</b>		
Deferred Tax Liability arising on account of timing differences in :		
- WDV of Fixed Assets	907.75	476.75
	907.75	476.75
Deferred Tax Asset arising on account of timing differences in :		
-Unabsorbed losses*	—	30.22
-Provision for doubtful debts	31.00	47.40
-Provision for retirement benefits	205.08	152.65
-Effect of expenditure debited to Profit & Loss account but allowed for Tax purposes in following years	122.82	147.79
	358.90	378.06
(*) Recognised on account of reversible timing differences.		
<b>Deferred Tax (Asset)/Liability (Net)</b>	548.85	98.69
<b>Disclosed as under</b>		
<b>Deferred Tax Liability (Net)</b>	548.85	102.00
<b>Deferred Tax Assets (Net)</b>	—	3.31
	548.85	98.69

	31 December 2014	31 December 2013
<b>6 LONG TERM PROVISIONS</b>		
<b>Provision for Employee Benefits</b>	144.33	127.38
	144.33	127.38



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December 2014

	(₹ in lac)	
	31 December 2014	31 December 2013
<b>7 SHORT TERM BORROWINGS</b>		
Cash Credit from Banks (Secured)	156.64	58.61
Working Capital Demand Loan (Secured)	75.00	—
	<b>231.64</b>	<b>58.61</b>
<p>Cash Credit from Banks amounting to ₹ 123.43 lacs (Previous year: ₹58.61 lacs) is secured against hypothecation of stocks and book debts of subsidiary and carries interest @ PLR less 5% p.a.</p> <p>Cash Credit from Bank amounting to ₹ 33.21 lacs is secured against hypothecation of stocks and book debts of subsidiary and carries interest @12% p.a.</p> <p>Working Capital Demand loan from Bank carries interest @ 11.30 % p.a.is secured against hypothecation of stocks and book debts of subsidiary.</p>		
	31 December 2014	31 December 2013
<b>8 TRADE PAYABLES</b>		
Trade Payables	17,397.25	14,854.81
	<b>17,397.25</b>	<b>14,854.81</b>
	31 December 2014	31 December 2013
<b>9 OTHER CURRENT LIABILITIES</b>		
Unclaimed dividend*	63.54	57.24
Advance from Customers	176.52	223.17
Employee Benefits payable	1,360.72	1,200.90
Employee Statutory Liabilities payable	79.45	78.00
Taxes payable	347.66	342.62
TDS Payable	82.62	83.50
Creditors for capital goods	1,103.58	398.67
Current maturity of Long Term Borrowings	421.34	570.36
Others	42.85	41.28
	<b>3,678.28</b>	<b>2,995.74</b>
* There is no amount due and outstanding to be credited to Investor Education & Protection Fund.		
	31 December 2014	31 December 2013
<b>10 SHORT TERM PROVISIONS</b>		
Provision for Income Tax (Net of Advance Tax )	161.95	138.41
Provision for Employee Benefits (Refer note 35)	532.70	394.51
Provision for Mark to Market Losses on Derivative Contracts	27.68	75.04
Provision for Losses on Derivative Contracts (as per AS 11-Revised)	31.94	80.99
Provision for Litigations	322.88	287.26
Proposed Equity dividend	2,035.93	1,755.24
Provision for Tax on Proposed Equity Dividend	407.07	298.30
	<b>3,520.15</b>	<b>3,029.75</b>
<b>Provision for Litigations</b>		
At the beginning of the year	287.26	266.57
Arising during the year	157.52	166.47
Unused amount reversed/utilised during the year	(121.90)	(145.78)
<b>At the end of the year</b>	<b>322.88</b>	<b>287.26</b>

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December 2014

## 11. FIXED ASSETS

Description	GROSS BLOCK				ACCUMULATED DEPRECIATION / AMORTISATION				NET BLOCK	
	Original Cost As At 01-01-2014	Additions During The Year	Deletions During The Year	Original Cost As At 31-12-2014	Opening Balance As At 01-01-2014	On Deletions During The Year	Charge For The Year	Closing Balance As up to 31-12-2014	Balance As At 31-12-2014	Balance As At 31-12-2013
<b>TANGIBLE ASSETS</b>										
Land – Freehold	522.66	–	–	522.66	–	–	–	–	522.66	522.66
– Leasehold	259.45	–	–	259.45	23.94	–	2.88	26.82	232.63	235.51
Buildings	6,990.26	255.07	54.98	7,190.35	3,598.03	54.98	353.59	3,896.64	3,293.71	3,392.23
Machinery	43,978.29	7,778.06	1,834.16	49,922.19	29,607.30	1,812.30	3,305.01	31,100.01	18,822.18	14,370.99
Computers	913.96	271.06	123.18	1,061.84	742.94	122.93	93.39	713.40	348.44	171.02
Motor Vehicles	191.22	62.27	39.65	213.84	128.92	35.86	34.72	127.78	86.06	62.30
Furniture, Fixtures	994.40	112.65	7.29	1,099.76	529.89	6.72	94.42	617.59	482.17	464.51
Office Equipments	362.86	35.60	22.43	376.03	222.91	22.00	43.66	244.57	131.46	139.95
<b>Sub Total</b>	<b>54,213.10</b>	<b>8,514.71</b>	<b>2,081.69</b>	<b>60,646.12</b>	<b>34,853.93</b>	<b>2,054.79</b>	<b>3,927.67</b>	<b>36,726.81</b>	<b>23,919.31</b>	<b>19,359.17</b>
<b>INTANGIBLE ASSETS</b>										
Non Compete Fees	489.00	–	75.00	414.00	166.07	75.00	89.06	180.13	233.87	322.93
Computer Softwares	1,326.18	244.40	–	1,570.58	1,072.39	–	221.58	1,293.97	276.61	253.79
Club Membership	55.15	–	–	55.15	18.11	–	5.51	23.62	31.53	37.04
Goodwill	1,419.56	–	–	1,419.56	166.85	–	141.96	308.81	1,110.75	1,252.71
<b>Sub Total</b>	<b>3,289.89</b>	<b>244.40</b>	<b>75.00</b>	<b>3,459.29</b>	<b>1,423.42</b>	<b>75.00</b>	<b>458.11</b>	<b>1,806.53</b>	<b>1,652.76</b>	<b>1,866.47</b>
<b>Grand Total</b>	<b>57,502.99</b>	<b>8,759.11</b>	<b>2,156.69</b>	<b>64,105.41</b>	<b>36,277.35</b>	<b>2,129.79</b>	<b>4,385.78</b>	<b>38,533.34</b>	<b>25,572.07</b>	<b>21,225.64</b>
<b>PREVIOUS YEAR</b>	<b>55,175.44</b>	<b>3,098.31</b>	<b>770.76</b>	<b>57,502.99</b>	<b>32,834.54</b>	<b>758.93</b>	<b>4,201.74</b>	<b>36,277.35</b>	<b>21,225.64</b>	<b>–</b>

	As At 31st December 2014		As At 31st December 2013	
	Original Cost	Written Down Value	Original Cost	Written Down Value
1 Buildings include				
a. Buildings on leasehold land	1,974.08		1,970.87	
b. Ownership flats in Co-operative Societies on freehold land	212.62		212.62	
c. Ownership flats in Co-operative Societies on leasehold land	61.78		61.78	
2 Machinery includes Electrical Fittings being expenditure incurred on installing overhead line & metering yard for laying high tension line for drawing power from Central Power Distribution Company of Andhra Pradesh Ltd's Grid to the Hyderabad plant though ownership of the same vests with Central Power Distribution Company of Andhra Pradesh Ltd				
3 Freehold Land at Thane was revalued on 31.07.1985 based on independent valuation report.	13.60	2.23	13.60	3.64

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December 2014

(₹ in lac)

	31 December 2014	31 December 2013
<b>12 NON-CURRENT INVESTMENTS</b>		
Trade Investments (Valued at cost unless stated otherwise)		
Unquoted Equity Instruments		
100 Equity shares of ₹ 25/- each fully paid up in Shamrao Vithal Co-op Bank Ltd	0.03	0.03
	<b>0.03</b>	<b>0.03</b>
	<b>31 December 2014</b>	<b>31 December 2013</b>
<b>13 LONG TERM LOANS &amp; ADVANCES</b>		
Capital Advances		
Unsecured, Considered good	820.08	306.36
Security Deposit		
Unsecured, Considered good	450.07	427.29
Advances recoverable in Cash or in Kind		
Unsecured considered good	27.83	27.82
Other loans & advances (Unsecured considered good)		
Advance Income Tax (Net of Provision)	157.12	157.65
Advance Fringe Benefit Tax (Net of Provision)	21.01	21.01
MAT Credit entitlement	136.00	75.20
Loans/Advances to Staff	21.22	20.39
Prepaid Expenses	19.29	7.91
Balances with Customs, Excise and Sales Tax Authorities etc	862.10	632.20
	<b>2,514.72</b>	<b>1,675.83</b>
	<b>31 December 2014</b>	<b>31 December 2013</b>
<b>14 OTHER NON-CURRENT ASSETS</b>		
Unsecured, considered good unless stated otherwise.		
Margin Money deposit	3.38	2.48
Non - Current bank balances being Deposits with original maturity of more than 12 months	0.98	1.01
Others		
Export Rebate Receivables	—	290.54
Recoverable from Gratuity Trust	—	133.99
Others	24.00	—
	<b>28.36</b>	<b>428.02</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December 2014

(₹ in lac)

		31 December 2014	31 December 2013
<b>15 CURRENT INVESTMENTS (valued at lower of cost &amp; fair value, unless stated otherwise)</b>			
<b>UNITS OF MUTUAL FUNDS- UNQUOTED</b>	<b>Face Value</b>	<b>Nos. Amount</b>	<b>Nos. Amount</b>
Reliance Liquid fund Treasury Plan- DDR	1,529	185,578 2,837.00	58,141 888.84
Kotak floater Short Term -DDR	1,012	300,319 3,038.09	98,887 1,000.39
ICICI Prudential Money Market Fund-DDR	100	– –	199,925 200.19
Birla Sun Life Floating Rate Fund-STP-DDR	100	– –	346,535 346.61
Sundaram Money Fund Regular -DDR	10	– –	8,839,948 892.44
Birla Sun Life Cash Plus -DDR	100	2,983,000 2,988.82	503,170 504.16
ICICI Prudential Liquid -Reg-DDR	100	2,519,719 2,521.22	734,455 734.84
HDFC Liquid Fund - DDR	10	18,347,368 1,871.10	8,941,684 911.91
Axis Liquid Fund -DDR	1,000	313,558 3,136.55	– –
Franklin India TMA - Super IP - DDR	1,001	150,962 1,510.70	– –
IDFC Cash Fund - Reg - DDR	1,000	72,997 730.30	– –
<b>TOTAL</b>		<b>18,633.78</b>	<b>5,479.38</b>
<b>Net Asset Value of Mutual fund Units</b>		<b>18,633.78</b>	<b>5,479.38</b>
		<b>31 December 2014</b>	<b>31 December 2013</b>
<b>16 INVENTORIES (Valued at lower of cost and net realizable value)</b>			
Raw Materials and Components [includes in transit ₹ 206.22 Lacs (31 Dec 2013 ₹ 207.05 Lacs)]		<b>5,420.57</b>	5,572.05
Work in Process		<b>1,844.28</b>	1,304.58
Finished Goods		<b>785.19</b>	795.51
Stores & Spares		<b>817.73</b>	700.55
Loose Tools		<b>957.42</b>	975.61
		<b>9,825.19</b>	9,348.30
		<b>31 December 2014</b>	<b>31 December 2013</b>
<b>17 TRADE RECEIVABLES</b>			
<b>Trade Receivables (Unsecured)</b>			
Outstanding for more than Six Months from the date they are due for payment			
Considered Good		–	–
Considered Doubtful		<b>124.42</b>	161.87
		<b>124.42</b>	161.87
Less:Provision for Doubtful Receivables		<b>124.42</b>	161.87
		–	–
Other Receivables			
Considered Good		<b>24,577.52</b>	20,868.57
Considered Doubtful		–	10.87
		<b>24,577.52</b>	20,879.44
Less:Provision for Doubtful Receivables		–	10.87
		<b>24,577.52</b>	20,868.57
<b>TOTAL</b>		<b>24,577.52</b>	20,868.57

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December 2014

(₹ in lac)

	31 December 2014	31 December 2013
<b>18 CASH AND CASH BALANCES</b>		
Cash and Cash Equivalents		
Balances with Banks		
On Current Accounts	1,027.60	1,485.05
On Unpaid Dividend Accounts	63.54	57.24
Deposits with original maturity of less than three months	59.01	3.75
Cheques on Hand	0.89	19.97
Cash on Hand	14.18	13.94
	<b>1,165.22</b>	<b>1,579.95</b>
	<b>31 December 2014</b>	<b>31 December 2013</b>
<b>19 SHORT TERM LOANS &amp; ADVANCES</b>		
<b>Security Deposit</b>		
Unsecured, Considered Good	26.49	28.91
<b>Advances Recoverable in Cash or in Kind</b>		
Unsecured Considered Good	204.65	314.56
<b>Other Loans &amp; Advances (Unsecured Considered Good)</b>		
Loans/Advances to Staff	48.47	52.33
Prepaid Expenses	242.92	197.96
Balances with Customs, Excise & Sales Tax Authorities etc	1,091.95	612.09
	<b>1,614.48</b>	<b>1,205.85</b>
	<b>31 December 2014</b>	<b>31 December 2013</b>
<b>20 OTHER CURRENT ASSETS</b>		
<b>Unsecured, considered good unless stated otherwise</b>		
Un-amortised Premium on Forward Contracts	68.72	26.47
DEPB Licences Available	100.36	281.84
<b>Others</b>		
Claims Recoverable	712.48	312.20
Export Rebate Receivables	648.43	687.03
Interest Accrued on Investments and Fixed Deposits	0.54	0.35
Recoverable from Gratuity Trust	—	75.92
	<b>1,530.53</b>	<b>1,383.81</b>
	<b>31 December 2014</b>	<b>31 December 2013</b>
<b>21 REVENUE FROM OPERATIONS</b>		
<b>Revenue from operations</b>		
Sale of Products		
Finished Goods	130,061.60	1,14,801.43
Less : Excise Duty on Sales	8,627.94	7,321.78
	<b>121,433.66</b>	<b>107,479.65</b>
<b>Other operating Revenue</b>		
Scrap Sales	1,073.67	928.41
Compensation Received for Loss	26.05	141.98
<b>Revenue from Operations (net)</b>	<b>122,533.38</b>	<b>108,550.04</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December 2014

	(₹ in lac)	
	31 December 2014	31 December 2013
<b>22 OTHER INCOME</b>		
Interest Income on		
Bank Deposits	5.68	10.17
Others	14.85	12.07
Dividend Income on Current Investments	650.93	327.59
Net Gain on Sale of Current Investments	—	3.64
<b>Other Non-Operating Income</b>		
Rent	4.81	3.87
Profit on Sale of Fixed Assets (Net)	60.19	7.46
Foreign Exchange Gain (Net)	20.33	-
Doubtful Debts Provision Written Back	20.64	39.35
Insurance Claim Received	—	11.57
Other Non Operating Income (net of expenses)	148.22	74.55
	<b>925.65</b>	<b>490.27</b>
	31 December 2014	31 December 2013
<b>23 RAW MATERIALS AND COMPONENTS CONSUMED</b>		
Inventory at the beginning of the year	5,572.05	4,969.96
Add : Purchases	87,555.62	75,589.13
	<b>93,127.67</b>	<b>80,559.09</b>
Less : Inventory at the end of the year	5,420.57	5,572.05
<b>Cost of Raw Material and Components Consumed</b>	<b>87,707.10</b>	<b>74,987.04</b>
	31 December 2014	31 December 2013
<b>24 CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK IN PROCESS</b>		
<b>Inventories at the end of the year</b>		
Work in Process	1,844.28	1,304.58
Finished Goods	785.19	795.51
	<b>2,629.47</b>	<b>2,100.09</b>
<b>Inventories at the beginning of the year</b>		
Work in Process	1,304.58	1,432.66
Finished Goods	795.51	903.13
	<b>2,100.09</b>	<b>2,335.79</b>
Changes in Inventories of Finished Goods and Work-in-Process	<b>(529.38)</b>	<b>235.70</b>
<b>Excise Duty on Changes in Inventories of Finished Goods</b>		
Excise Duty on Closing Finished Goods Stock	83.48	88.53
Less: Excise Duty on Opening Finished Goods Stock	88.53 (5.05)	81.43 7.10
<b>Net (Increase) / Decrease in Inventories</b>	<b>(534.43)</b>	<b>242.80</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December 2014

(₹ in lac)

	31 December 2014	31 December 2013
<b>25 EMPLOYEE BENEFIT EXPENSES</b>		
Salaries, Wages and Bonus	7,791.68	7,219.92
Contribution to Provident and Other Fund	464.05	317.35
Staff Welfare Expenses	969.11	872.55
	<b>9,224.84</b>	<b>8,409.82</b>
	31 December 2014	31 December 2013
<b>26 FINANCE COST</b>		
Interest		
- To Banks	281.58	303.19
- To Others	22.30	13.86
Foreign Exchange Difference on Borrowings	—	44.85
Bank Charges	6.24	13.09
	<b>310.12</b>	<b>374.99</b>
	31 December 2014	31 December 2013
<b>27 DEPRECIATION AND AMORTISATION EXPENSES</b>		
Depreciation of Tangible Assets	3,927.67	3,706.14
Amortisation of Intangible Assets	458.11	495.60
	<b>4,385.78</b>	<b>4,201.74</b>
	31 December 2014	31 December 2013
<b>28 OTHER EXPENSES</b>		
Consumption of Stores and Consumables	891.22	831.76
Power and Fuel	3,900.76	3,829.11
Repairs to Building	176.41	171.06
Repairs to Machinery	1,292.43	1,270.86
Other Repairs	224.16	207.55
Sub Contracting Expenses	1,174.90	1,089.13
Insurance	217.82	183.67
Rent	366.87	221.67
Rates and Taxes	145.73	120.32
Travelling and Conveyance	574.33	547.90
Legal and Professional Charges *	726.45	771.70
Commission-Directors	78.00	41.51
Communication Costs	136.47	132.86
Payment to Auditor (Refer note 28.1)	69.64	64.85
Donation	1.37	7.33
Printing and Stationery	76.86	67.14
Commission on Sales - Others	200.94	219.29
Freight and Forwarding Expenses	1,997.25	1,670.40
Fixed Assets Written Off	3.68	4.44
Bank Charges	75.07	64.23

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December 2014

		(₹ in lac)
Provision for Sales Tax	59.40	49.61
Foreign Exchange Loss (Net)	—	220.05
Net Loss on Sale of Current Investments	0.10	—
Miscellaneous Expenses	1,841.26	1,667.24
	14,231.12	13,453.68

\* Includes ₹ 88.89 lacs being professional fees incurred in respect of acquisition of Positive Packaging Industries Limited.

	31 December 2014	31 December 2013
<b>28.1 Payment to Auditors :</b>		
<b>Auditor's Remuneration</b>		
Audit Fees	66.45	57.58
<b>In other capacity</b>		
Certification Fees	1.57	1.35
<b>Reimbursement of Expenses</b>	1.62	5.92
	69.64	64.85

	31 December 2014	31 December 2013
<b>29 EARNINGS PER SHARE (EPS)</b>		
Profit after Tax Excluding Extraordinary and Exceptional Items	6,032.78	5,155.60
Profit after Tax Including Extraordinary and Exceptional Items	6,660.31	5,620.74
Weighted Average Number of Equity Shares	66,367,507	62,687,190
Basic and Diluted Earnings per Equity Share Excluding Extraordinary and Exceptional Items (in ₹)	9.09	8.23
Basic and Diluted Earnings per Equity Share Including Extraordinary and Exceptional Items (in ₹)	10.04	8.97
Nominal Value of Share (in ₹)	2.00	2.00

	31 December 2014	31 December 2013
<b>30 CONTINGENT LIABILITIES</b>		
<b>a Excise Duty</b>		
Matters in Appeal - Duty	5,016.95	5,202.50
- Penalties	419.52	147.01
Show Cause Notices - Duty	4,014.54	3,703.92
<b>b Service Tax</b>		
Show Cause Notices - Service Tax	64.40	49.47
- Penalties	3.26	—
Matters in Appeal - Service Tax	24.10	84.26
- Penalties	14.45	58.12
<b>c Income Tax Demands in Appeal</b>	67.32	—
<b>d Sales Tax Demands in Appeal</b>	178.96	76.91
<b>d Claims against the Company not acknowledged as debts</b>	65.18	65.18

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



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December 2014

(₹ in lac)		
	31 December 2014	31 December 2013
<b>31 CONTRACTS REMAINING TO BE EXECUTED ON CAPITAL ACCOUNT AND NOT PROVIDED FOR (NET OF ADVANCES).</b>	<b>583.46</b>	<b>4,064.48</b>

		31 December 2014	31 December 2013
	Currency	Foreign Currency in lac	Foreign Currency in lac
<b>32 DISCLOSURE OF DERIVATIVE INSTRUMENTS</b>			
<b>i Derivative Instruments Outstanding</b>			
Forward Exchange contracts for the foreign exchange exposures of receivables on account of export of goods.	USD	18.00	12.00
<b>ii Foreign Exchange Exposures</b>			
Foreign Exchange exposures not covered by a derivative contract for payments to be received on account of export of goods.	USD	60.36	61.06
	EUR	0.75	0.65
	AED	9.97	–
Foreign Exchange exposures not covered by a derivative contract for payments to be made against revenue imports and capital imports creditors.	USD	55.40	36.43
	EUR	3.55	0.66
	JPY	–	28.04
	GBP	0.09	0.13
	CHF	0.18	–
<b>iii Bank balance in Export Earners Foreign Currency account</b>	USD	–	0.93
<b>iv Derivatives taken to Cover Forecast Exposures</b>			
Forward Exchange contracts taken for the forecast exports receivables on account of export of goods & services.	USD	36.00	28.00
Forward Exchange contracts taken for the forecasted Capital imports.	Euro	–	9.62
<b>v Closing exchange rate at Balance Sheet date (In INR)</b>	USD	63.19	61.90
	EUR	76.72	85.37
	JPY	0.53	0.59
	GBP	98.50	102.39
	CHF	63.80	69.54
<b>vi Mark to market valuation loss on account of forward exchange contracts entered into to cover the forecast transactions pursuant to the ICAI announcement of 29th March 2008 on Accounting for Derivatives.</b>	₹	<b>27.68</b>	<b>76.51</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December 2014

## 33 SEGMENT REPORTING

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

Secondary segments for the Group are geographic, namely domestic and exports. Revenue from geographic segments is based on the domicile of customers.

	31 December 2014	31 December 2013
Net Sales Domestic Customers	98,782.35	86,172.19
Net Sales Export Customers	22,651.31	21,307.46
<b>Total Net Sales</b>	<b>121,433.66</b>	<b>107,479.65</b>
The entire business assets other than trade receivables are situated in India.		
Trade receivables outstanding in respect of domestic segment as at the year end	19,482.75	16,471.65
Trade receivables outstanding in respect of export segment as at the year end	5,094.77	4,396.92
		(₹ in lac)
	31 December 2014	31 December 2013

## 34 RELATED PARTY TRANSACTIONS

- a) Related party where control exists :
  - Ultimate Parent Company Huhtamaki Oyj., Finland
  - Holding Company Huhtavefa B.V., Netherlands
- b) Other Related Parties with whom transactions have taken place during the year :
  - Fellow Subsidiaries
    - Huhtamaki New Zealand Ltd., New Zealand.
    - Huhtamaki Australia Ltd., Australia
    - Huhtamki South Africa Pty Ltd., South Africa
    - Huhtamaki (Thailand) Ltd., Thailand
    - Huhtamaki Flexible Packaging Germany GmbH & Co. KG., Germany
    - Huhtamaki Finance B V, Netherlands
- c) Key Managerial Personnel
  - Mr. Suresh Gupta Chairman
  - Mr. A. Venkatrangan Managing Director (Designate)
- d) Relatives of Key Managerial Personnel
  - Mr. Suresh Gupta
    - Mrs. Kumkum Gupta-Wife, Ms. Ratna Gupta-Daughter,
    - Ms. Shivani Gupta-Daughter

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December 2014

	(₹ in lac)	
	31 December 2014	31 December 2013
e) Details of transactions with related parties that have taken place during the year :		
<b>1) Ultimate Parent Company</b>		
a) Software and Expense Reimbursements Charge	71.98	33.89
b) Remuneration paid by Huhtamaki Oyj to Mr.Suresh Gupta as EVP - Flexibles Packaging Global, Huhtamaki Group	24.24	222.25
c) Expense Reimbursements - Recovery	12.05	—
d) Due to Ultimate Parent Company	0.73	21.32
<b>2) Holding Company</b>		
Dividend Paid		
– Huhtavefa B.V., Netherlands	1,119.42	990.47
Issue of Share Capital including Share Premium		
– Huhtavefa B.V., Netherlands	13,441.17	—
<b>3) Fellow Subsidiaries</b>		
Purchase of Goods		
– Huhtamaki Flexible Packaging Germany GmbH & Co. KG., Germany	—	18.34
– Huhtamaki (Thailand) Ltd, Thailand	0.40	—
<b>Sale of Goods</b>		
– Huhtamaki New Zealand Ltd., New Zealand.	227.13	453.17
– Huhtamaki (Thailand) Ltd, Thailand	—	114.79
– Huhtamaki Australia Ltd., Australia	381.35	418.05
– Huhtamaki South Africa., South Africa	96.98	201.03
– Huhtamaki Flexible Packaging Germany GmbH & Co. KG., Germany	—	5.37
<b>Commission Expenses on Sales</b>		
– Huhtamaki South Africa Pty Ltd., South Africa	89.90	77.72
<b>Expense Reimbursements - Charge</b>		
– Huhtamaki Australia Ltd., Australia	—	0.11
– Huhtamaki (Thailand) Ltd. Thailand	—	3.56
– Huhtamaki Finance B V, Netherlands - Remuneration paid by fellow subsidiary to Mr.Suresh Gupta as Senior Advisor for Huhtamaki Group	96.04	—
<b>Expense Reimbursements - Recovery</b>		
– Huhtamaki Flexible Packaging Germany GmbH & Co. KG., Germany	0.15	0.91
– Huhtamaki Finance B V, Netherlands	79.15	—
<b>Balances due to</b>		
– Huhtamaki South Africa Pty Ltd., South Africa	8.50	43.10
– Huhtamaki Australia Ltd., Australia	—	0.11

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December 2014

			(₹ in lac)
	31 December 2014	31 December 2013	
- Huhtamaki Flexible Packaging Germany GmbH & Co. KG., Germany	-	8.60	
- Huhtamaki New Zealand Ltd., New Zealand.	7.18	-	
<b>Balances due from</b>			
- Huhtamaki New Zealand Ltd., New Zealand.	-	155.30	
- Huhtamaki Australia Ltd., Australia	73.15	61.74	
- Huhtamaki South Africa Pty Ltd., South Africa	-	49.16	
- Huhtamaki Finance B V, Netherlands	3.53	-	
<b>4) Payments to Key Managerial Personnel and their Relatives</b>			
Remuneration Paid to Key Managerial Personnel*			
Mr. Suresh Gupta	182.71	206.64	
Mr. A.Venkatrangan	208.45	146.22	352.86
<b>Dividend Paid to Key Managerial Personnel and their Relatives</b>			
Mr. Suresh Gupta	-	30.71	
Mrs. Kumkum Gupta	-	6.53	
Ms. Ratna Gupta	-	5.23	
Ms. Shivani Gupta	-	5.21	
Mr. A.Venkatrangan	014	0.13	47.81

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

	31 December 2014	31 December 2013
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## 35 DISCLOSURE PURSUANT TO ACCOUNTING STANDARD - 15 (REVISED) 'EMPLOYEE BENEFITS'

The Company has classified various employee benefit as under

### i) Defined Contribution Plans

Amount recognised as an expense and included in "Personnel costs" for Provident Fund & ESIC contributions in the

Profit and Loss account.

360.46

346.74

### i) Defined Benefit Plans

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

#### I Gratuity Plan

Gratuity is payable to all eligible employees of the Company on superannuation, death and resignation, in terms of the provisions of the Payment of Gratuity Act or as per the Company's Scheme whichever is more beneficial.

#### II Leave Plan

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

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December 2014

(₹ in lac)

	Gratuity - Funded		Leave Encashment - Non Funded	
	2014	2013	2014	2013
<b>I. Change in Benefit Obligation</b>				
Opening Defined Benefit Obligation	1,271.32	1,316.18	359.65	356.89
Interest cost	120.78	109.29	34.17	29.62
Current Service Cost	89.27	96.35	51.42	58.22
Benefit Paid	(50.53)	(115.94)	(28.51)	(34.72)
Actuarial (Gain)/ Loss on Obligations	33.56	(134.55)	12.88	(50.36)
Closing Defined Benefit Obligation	1,464.39	1,271.32	429.61	359.65
<b>II Fair Value of Plan Assets</b>				
Fair Value of Plan Assets at the beginning of the year	1,228.39	1,274.36	—	—
Expected Return on Plan Assets	116.70	105.77	—	—
Contributions	—	(139.01)	—	—
Benefit Paid	(43.33)	—	—	—
Actuarial Gain/(Loss) on Plan Assets	39.70	(12.73)	—	—
Fair Value of Plan Assets at the end of the year	1,341.46	1,228.39	—	—
<b>III. Actual Return on Plan Assets</b>				
Actual Return on Plan Assets	156.39	93.04	—	—
Expected Return on Plan Assets	116.70	105.77	—	—
Actuarial Gain/ (Loss) on Plan Assets	39.70	(12.73)	—	—
Actuarial Gain/ (Loss) on Obligation	(33.56)	134.55	(12.88)	50.36
<b>IV. Amount Recognised in the Balance Sheet</b>				
Defined Benefit Obligation	1,464.39	1,271.32	429.61	359.65
Fair Value of Plan Assets	1,341.46	1,228.39	—	—
Funded Status	(122.94)	(42.93)	(429.61)	(359.65)
Unrecognised Actuarial Gain/(Loss)	—	—	—	—
Net Asset /(Liability) Recognised in the Balance Sheet	(122.94)	(42.93)	(429.61)	(359.65)
<b>V. Expenses Recognised in the Profit &amp; Loss Account</b>				
Current Service Cost	89.27	96.35	51.42	58.22
Interest Cost	120.78	109.29	34.17	29.62
Expected Return on Plan Assets	(116.70)	(105.77)	—	—
Net Actuarial (Gain)/Loss to Be Recognised	(6.14)	(121.82)	12.88	(50.36)
Expense Recognised in Statement of Profit and Loss	87.21	(21.95)	98.47	37.48

The Company expects to contribute ₹ 157.05 Lacs to Gratuity in next year (31st December, 2013: ₹ Nil)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December 2014

The principal assumptions used in determining benefit obligations for the Company's plans are shown below.		
	31-Dec-14	31-Dec-13
Discount Rate	8.12%	9.50%
Rate of Return on Plan Assets	8.12%	9.50%
Salary Escalation	6.25%	7.25%
	<b>years</b>	<b>%</b>
Employee Turnover	0-2	12%
	3-4	5%
	5-9	2.5%
	10 & Above	1%

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

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows.				
Particulars	Gratuity		Gratuity	
	31 December 2014		31 December 2013	
	Amount in lac	%	Amount in lac	%
Investment Value in Unit Linked Plans	531.32	40%	243.90	20%
Investment Value in Non Unit Linked Plans	695.81	52%	879.31	71%
Investment Value in Special Deposit Scheme of Bank Of Baroda	114.33	8%	105.18	9%
Total	1341.46	100%	1228.39	100%

Amounts for the current and previous periods are as follows.

(₹ in lac)

Particulars	Gratuity		
	2014	2013	2012
Defined Benefit Obligation	1,464.39	1,271.32	1,316.18
Plan Assets	1,341.46	1,228.39	1,274.36
Excess of Defined Benefit Obligation over Fair Value of Plan Assets.	(122.94)	(42.93)	(41.82)
Experience Adjustment on Plan Assets	39.69	—	(77.19)
Experience Adjustment on Plan Liabilities	(31.97)	14.71	30.93
Particulars	Leave Encashment		
	2014	2013	2012
Defined Benefit Obligation	429.61	359.65	356.89
Plan Assets	—	—	—
Experience Adjustment	(0.71)	—	—
Excess of Defined Benefit Obligation over Fair Value of Plan Assets.	429.61	359.65	356.89

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December 2014

[illegible]

\* Revenue Expenditure of ₹ 189.74 lacs has been grouped under various expense heads of the Financial Statements.

\*\* Additions to Fixed Assets in Note no. 11 includes ₹ 2.85 lacs towards Capital Expenditure incurred for Group's in house R & D facilities.

## 38 WEBTECH REMUNERATION NOTE

The remuneration payable to the Managing Director of subsidiary is in excess of the limits specified in the Schedule V of the Companies Act, 2013 by ₹ 73.86 lacs. The subsidiary has filed an application with the Central Government for approval of remuneration to be paid to the Managing Director in excess to the limits prescribed under the Companies Act 2013.

### 39 EXCEPTIONAL ITEM

Exceptional Income in the previous year comprises of gain realised on sale of office property at Nariman Point, Mumbai of ₹ 704.66 Lacs ( Provision for Tax includes ₹239.51 lacs towards tax on this gain).

## 40 EXTRAORDINARY ITEM

Extra-Ordinary Item in the current year, represents Insurance claim for fire at Silvassa Plant during the year 2013. The claim has been settled in January 2015, resulting in surplus of ₹627.53 lacs (net of tax of ₹323.13 lacs). Out of the total claim an amount of ₹228.63 lacs (net of tax of ₹117.73 lacs) has been received subsequent to the year end.

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December 2014

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

- Issue of 10,024,744 Equity shares of ₹2 each (face value) to Huhtavefa B.V. ('Holding Company') on Preferential basis in August 2014 at a price of Rupees 134.08 per share. These funds as on 31st December 2014 were temporarily invested in liquid mutual funds.
- Issue of 7% Non-convertible Debentures of Rupees 38,500 lacs on 27th January 2015 on private placement basis to Huhtalux S A R L. ('Huhtamaki Group entity')

**42** Since the Company Secretary has resigned w.e.f.20 September 2014 and the Company is still in the process of appointing a new Company Secretary as required under Section 203 of the Companies Act, 2013, the financial statements have not been signed by a Company Secretary as required by section 215 of the Companies Act, 1956.

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

As per our report of even date

**For S.R. Batliboi & Co.LLP**

Chartered Accountants  
ICAI Firm Registration No. 301003E

**per Vijay Maniar**  
Partner  
Membership No. 36738

Mumbai  
6 February 2015

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

**Suresh Gupta**  
Chairman

**Parag Vyavahare**  
Chief Financial Officer

Mumbai  
6 February 2015

**A.Venkatrangan**  
Managing Director (Designate)

**S.K. Palekar**  
Director



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2014

### STATEMENT PURSUANT TO SECTION 212 (8) OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANY

In accordance with the General Circular No. 2/2011 dated 8 February 2011, issued by the Ministry of Corporate Affairs, Government of India, the Balance Sheet, the Statement of Profit and Loss and other documents of the subsidiary are not being attached with the Annual Accounts of the Company. This Annual Report contains Consolidated Financial Statement of the Company and its subsidiary in accordance with the relevant Accounting Standards and the same has been duly audited by Statutory Auditors. The annual Accounts of the subsidiary company and related information will be made available to the shareholders of the Company and its subsidiary company on request and will also be kept open for inspection by the shareholders at the Registered Office of the Company and the subsidiary.

(₹ in lac)

Name of Subsidiary Company	Issued & Subscribed Capital	Reserves	Total Assets	Total Liabilities	Investments	Turnover	Profit/ (Loss) before Tax	Provision for Tax	Profit/ (Loss) After Tax	Proposed Dividend
WEBTECH LABELS PRIVATE LIMITED	2.04	4,524.08	9,081.70	4,555.63	0.03	9,006.04	625.94	237.20	388.74	–

## NOTES

[illegible]

**Registered & Corporate office**

12 A - 06, B Wing, 13th Floor, Parinee CRESCENZO,  
C- 38/39, G - Block, Bandra Kurla Complex,  
Bandra (E), Mumbai - 400051.  
Tel: +91 22 261740 400  
Fax: +91 22 261740 401

**CUSTOMER SUPPORT OFFICES****Bengaluru**

#91, West Park Road, 17th Cross, Malleswaram,  
Bengaluru - 560055, Karnataka.  
Tel: +91 80 23568979/ 23342873  
Fax: +91 80 23342872

**Hyderabad**

139 & 148, Sri Venkateshwara Co-op, Indl. Estate,  
Bollarum - 502325, Telangana.  
Tel: +91 8458 279628 / 279616

**Kolkata**

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

**New Delhi**

508/510, Ansal Chamber II, 6 Bhikaji Cama Place,  
New Delhi - 110066.  
Tel: +91 11 26194795/ 26195641

**Subsidiaries**

**Webtech Labels Private Ltd.**

**MANUFACTURING LOCATIONS****Mahape**

A- 68, TTC-MIDC, Processing Zone,  
Mahape, Navi- Mumbai - 400 709,  
Thane, Maharashtra.  
Tel: +91 27780303 / 302

**Parwanoo**

Khasra No. 90/1, Village Amboli,  
Old Kasauli Road, Sec-4, Parwanoo 173 220,  
Dist - Solan , Himachal Pradesh.  
Tel: +91 0179 2234038 / 039

**Hyderabad**

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

**Central Headquarters**

L.B.S Marg, Majiwade, Thane (West) - 400601,  
Maharashtra.  
Tel: +91 22 21735551/ 2173 5591  
Fax: +91 22 2173 55 99 / 21735650

**MANUFACTURING LOCATIONS****Thane**

L.B.S Marg, Majiwade, Thane (West) - 400601,  
Maharashtra.  
Tel: +91 22 21735551/ 2173 5591  
Fax: +91 22 2173 55 99 / 21735650

**Silvassa**

Survey No.33/1, At post Umerkoi, Via Silvassa,  
U.T. of Dadra & Nagar Haveli- 396230.  
Tel: +91 9725025351

**Hyderabad**

139 & 148, Sri Venkateshwara Co-op, Indl. Estate,  
Bollarum - 502325, Telangana.  
Tel: +91 8458 279628 / 279616

**Rudrapur**

Plot No.70-33, Sector 4, IIE Pantanagar, Rudrapur,  
Udhamsingh Nagar - 263153, Uttarakhand.  
Tel: +91 5944 250183/84/ 85  
Fax: +91 5944 250186

**R&D - Thane**

L.B.S Marg, Majiwade, Thane (West) - 400601,  
Maharashtra.  
Tel: +91 22 21735551/ 2173 5591  
Fax: +91 22 2173 55 99 / 21735650

**Positive Packaging Industries Ltd, India**

**- with effect from 30th January ,2015**

**MANUFACTURING LOCATIONS****Khopoli**

Survey Nos 51, 52 & 53, Village Ransai,  
16 KMs, Khopoli-Pen Road,  
Taluka - Khalapur - 410 203,  
Dist. Raigad, Maharashtra.  
Tel: +91 02192 391300

**Taloja**

Plot No. V-26, MIDC,  
Taloja Industrial Area,  
Taluka Panvel- 410 208,  
Dist. Raigad, Maharashtra.  
Tel: +91 022 39211600

**Ambernath**

Plot no 21/1 MIDC , Ambernath Indl.  
Area, Chikhholi, Kalyan-Badlapur Road,  
Ambernath (West), Dist. Thane - 421505.  
Tel: +91 0251 2685300

**Bengaluru**

Plot no 155, Bommasandra-Jigani Link Road  
Industrial Area, Anekal Taluka,  
Bengaluru - 562 106 ,  
Karnataka.  
Tel: +91 080 30564700



**THANE**



**SILVASSA**



**HYDERABAD**



**RUDRAPUR**



**KHOPOLI**



**MAHAPE**

**आचारः प्रथमो धर्मः**

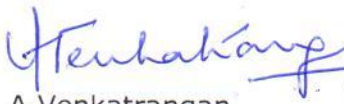
**BEING OF GOOD CHARACTER IS OF PARAMOUNT IMPORTANCE**

**FORM A**

**Format of covering letter of the annual audit report  
to be filed with the Stock Exchange**

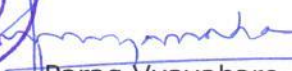
1.	Name of the company	Huhtamaki PPL Ltd.
2.	Annual financial statements for the year ended (Standalone & Consolidated)	31 <sup>st</sup> December, 2014
3.	Type of Audit observation	Un-qualified
4.	Frequency of observation	Not Applicable
5.	To be signed by- <ul style="list-style-type: none"><li>• Managing Director</li><li>• CFO</li><li>• Auditor of the Company</li><li>• Audit Committee Chairman</li></ul>	

For Huhtamaki PPL Ltd.



A. Venkatrangan  
Managing Director- Designate

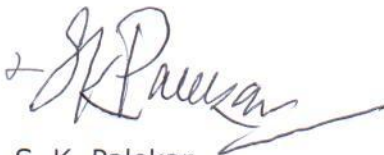




Parag Vyavahare  
Chief Financial Officer



For Huhtamaki PPL Ltd.



S. K. Palekar  
Chairman of Audit Committee  
(during the period under review)



For S. R. Batliboi & Co. LLP  
Chartered Accountants  
(Statutory Auditors)



per Vijay Maniar  
Partner

