

The Paper Products Ltd.

 **PPL - THE POWER OF FLEXIBLE PACKAGING**


HUHTAMAKI-PPL

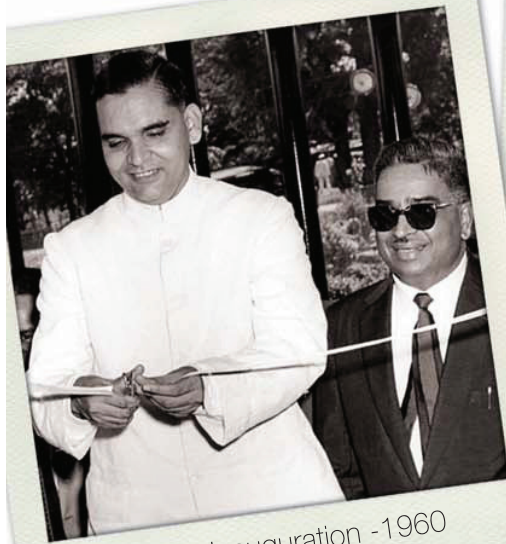
Excellence with Service



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60TH ANNUAL REPORT 2009



Thane Plant Inauguration - 1960



Thane Plant Inauguration



Thane Plant



PPL Silver Jubilee Celebrated
in 1960 at Thane Plant



Hyderabad Plant



Rudrapur Plant



Silvassa Plant

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. K. C. Narang *
Chairman

Mr. Suresh Gupta #
Managing Director & CEO

Mr. Jukka Moisio

Mr. Arunkumar R. Gandhi

Mr. Ramesh K. Dhir

Mr. P. V. Narayanan

Mr. Johann Sippel

Mr. C. N. Murthy
Executive Director & COO

Mr. Vibhu Talwar

Mr. Timo Salonen
(Alternate to Mr. Jukka Moisio)

Mr. Juha Salonen
(Alternate to Mr. Johann Sippel)

COMPANY SECRETARY

Mr. Sushil Kumar Agarwal

BANKERS

BNP Paribas

Punjab & Sindh Bank

Standard Chartered Bank

The Hongkong & Shanghai Banking Corporation Ltd

Union Bank of India

AUDITORS

B S R & Associates, Chartered Accountants



CORPORATE OFFICE

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Thane (W) – 400 601,
Maharashtra, India.

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Maharashtra, India.

Tel No: +91 22 2282 0969

Fax No: +91 22 2283 2860

Website: www.pplpack.com

* Chairman till 10th March 2010 and appointed as Chairman of the Audit Committee w.e.f. 10th March 2010

Redesignated as Chairman & Managing Director w.e.f. 10th March 2010

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PRODUCT PORTFOLIO

We believe that 'Packaging Solutions' is an exciting incessant journey with infinite potential. A journey, which fosters dynamism in innovative materials, applications, structures, products and processes.

Today, PPL offers a multi-dimensional portfolio of packaging solutions, with functionality, product protection as well as valuable shelf appeal. Our portfolio includes;

Flexible Packaging

Specialised Pouches

Package Protection & Decoration Technologies (Labelling Options)

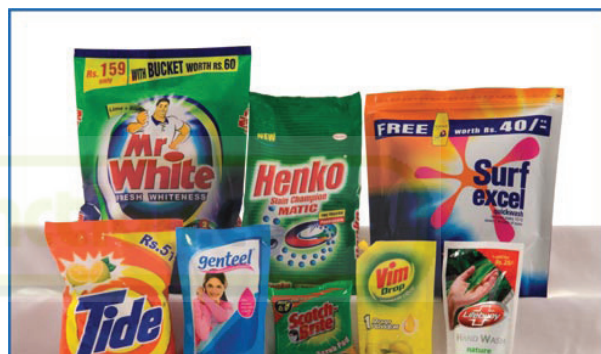
Specialised Cartons

Packaging Machines

Barrier Metallised & Holographic Options

Others - Cylinders, Blown Films, Webs

Our diverse product portfolio is developed through numerous meticulous processes of modern manufacturing. We harness a multitude of technologies under one roof, to service the demands of numerous customers, diverse in their expectations. With our imprints present accross India, we are strategically positioned to cover a wide spectrum of the Indian Packging Industry.



MESSAGE FROM THE MANAGING DIRECTOR



At the time of writing this letter we have begun celebrating our Platinum Jubilee Year! It was 75 years ago in 1935 that The Paper Products (PPL) started as a small manufacturing unit set up in a warehouse in Lahore to manufacture the then India's first machine made printed packaging from paper. Post partition PPL shifted location to Delhi, and began the task of setting up manufacturing facilities in Delhi, and in the then Bombay, and in Thane. To help our Founder achieve this purpose, PPL became a public limited company in 1950, and therefore this is our 60th Annual Report. I am happy to report that the 60 years have seen uninterrupted dividends.

We look back at our history with gratitude, with pride, with humility.

With gratitude to the Almighty to have given our Founder, Sardari Lal Talwar, the vision and entrepreneurship to set us up in 1935. With gratitude to all our stakeholders with whose support we continue as a strong leader of the packaging sector in India and in the surrounding region.

With pride that we pioneered Flexible Packaging in the Indian sub-continent.....that since inception virtually every form of modern flexible packaging was introduced by PPL into the Indian market.....that we have embedded a strong foundation of values and ethics into our operating DNA..... that our modern flexible packaging is helping reach products safely and healthily to the Indian consumer.....that today

we have a strong reputed parent in Huhtamaki Oyj, Finland, one of the world's leading consumer packaging specialists..... that we are proudly participating in Huhtamaki's 90th year celebrations !

We are humbled by the fact that there is yet so much we need to do, yet so much we need to improve, before we can truly say that yes we fully represent the very best in the world. And we humbly but firmly dedicate ourselves to this task.

In terms of performance the year 2009 was a bit of a mixed bag for PPL. On the bright side, in 2009 the underlying Profit before tax of almost Rs.500 million (mn) was a record in absolute terms. EPS increased by 75% to Rs. 5.96 from Rs.3.40 in 2008. The Board has recommended an increased dividend of Rs.2 per share (100%) from Rs.1.80 per share (90%) in 2008, plus, a One Time Platinum Jubilee dividend of Re.1.0 per share (50%). Regarding balance sheet, our Debt:Equity ratio is only 0.09:1.0.

On the negative side our sales fell by 5.6% to Rs.5777 mn. Only partially this is explained as an impact from slow market conditions in some products where we provide packaging. Ironically, our major business excellence project of ERP roll out created temporary serious blockages in our supply chain which seriously impacted sales. However, this is now behind us, and once the ERP system is functioning near potential then substantial efficiency benefits can be expected. The newly reconstructed Thane plant is now fully operational and looks in every way an absolute world class facility.

In 2010 we are committed to profitable and satisfactory sales growth. Company wide hard work is on towards ensuring this objective is achieved.

Taking a medium term outlook, we are fully conscious that we must take full advantage of the opportunities presented by an Indian market which is now clearly on a growth path. We are actively strengthening our people organization. We are working on improving and expanding our product portfolio, and we will invest as needed.

I take this opportunity to warmly thank our People, our Shareholders, Customers, Suppliers, Business Associates, our Board of Directors, and our Huhtamaki group colleagues for their efforts, kind support and encouragement.

Suresh Gupta
March 2010

WORLD STAR



Bayer Seeds Carton with Security Seal

AWARDS 2009

PFFCA STAR



Parachute Therapies
Metallic Sleeve

Haldiram's Kaju Barfi Carton

Britannia Bourbon
Relaunch Pack

Britannia Pure Magic
Canister Pack



Nature Nuts Cartons

Tilda Rice Specialised Laminates

Lacto Calamine Sleeves

BOARD OF DIRECTORS

1 Mr. K. C. Narang * Chairman

He is B.A., L.L.B and FCA. He is a former partner of Dalal Desai & Kurana and a past president of Bombay Chartered Accountants Society. He has been a Director of the Company since July 1981 and served as Chairman of the Board of Directors since April 2003.

* [Chairman till 10th March 2010 and appointed as Chairman of the Audit Committee w.e.f. 10th March 2010]

2 Mr. Suresh Gupta # MD & CEO

He did his Masters in Management (MMS) from Jamnalal Bajaj Institute of Management Studies, Mumbai. He has diverse management experience of over 36 years, including 22 years in the Company. He was appointed as Managing Director since May 1994. He also holds the position of EVP, Flexibles Global and member of the Group Executive Team of Huhtamaki Oyj., the ultimate holding Company.

[Re-designated as Chairman & Managing Director of the Company w.e.f. 10th March 2010]

3 Mr. Jukka Moisio, Director

He holds Masters degree in Science (Econ) and MBA and 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 PPL Board of Directors w.e.f. 23rd April 2008

4 Mr. Arun Gandhi, Director

He is a Fellow Member of both, the Institute of Chartered Accountants of England & Wales and the Institute of Chartered Accountants of India. Besides, He is an associate member of the Chartered Institute of Taxation,

London. He is on the Board of number of Tata Companies in India and abroad. He has been an Independent Director of the Company since March 2002.

5 Mr. Ramesh Kumar Dhir Director

He 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 37 years working with Peat Marwick, London and a US Multinational with operations in India and overseas. He is currently the President and on the Board of Council for Fair Business Practices. He has been an Independent Director of the Company since March 2002.

6 Mr. P. V. Narayanan Director

He is a Post-Graduate in Chemistry, and Diploma in Marketing Management. He has 42 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 of Institute of Packaging (F. Inst. Pkg) UK and Chartered Scientist (CS) by the Science Council, UK. He is the Chair Professor and Advisor of the SIES School of Packaging. He has been an Independent Director of the Company since March 2002.

7 Mr. Johann Sippel Director

He holds post graduate degree of Certified Accounting Specialist (CCI) from Germany. He has over 24 years of experience including 20 years in Huhtamaki Group companies in different roles. He currently holds position of Vice President Finance, Flexibles Packaging, leading the

finance function for this segment of Huhtamaki Oyj since 1st Jan 10. He has been nominated as Director by Huhtavefa B. V. on PPL Board of Directors w.e.f. 27th January 2010.

8 Mr. C.N. Murthy, ED & COO

He is a B.Tech (Hons) in Mechanical Engineering from IIT Kharapur. He has been Wholtime Director of the Company since February 2005. He has diverse experience of over 35 years in the field of packaging including 14 years in the Company.

9 Mr. Vibhu Talwar, Director

He graduated with honours in mathematics and economics from Oberlin College. He is the COO of The Moolchand Healthcare Group, which is viewed to be a leader in the healthcare services space in India. Prior to assuming his current role in 2002, he was associated with Salomon Smith Barney (real estate Merger & Acquisitions) and JP Morgan, London and Singapore for over 6 years. He has been a Director of the Company since April 2003.

10 Mr. Timo Salonen

Alternate to Mr. Jukka Moisio

He holds Masters degree in Science (Econ) and Masters degree in Law. His career at Huhtamaki Oyj started in the year 1991 and he has held several different roles. He is currently the Chief Financial Officer of Huhtamaki Oyj. Prior to joining Huhtamaki Oyj he worked with Partek Corporation (1983 – 1991), with several different roles, the last position held was of a Division Controller, Partek Concrete International, Belgium.

11 Mr. Juha Salonen, Alternate to Mr. Johann Sippel

He holds Masters degree in Law and B.Sc (Econ). He joined Huhtamaki Oyj in the year 1983 and since then held several dif-

ferent roles. He is currently the Senior Vice President, Administration and General Counsel and also the Secretary of the Board of Directors of Huhtamaki Oyj.



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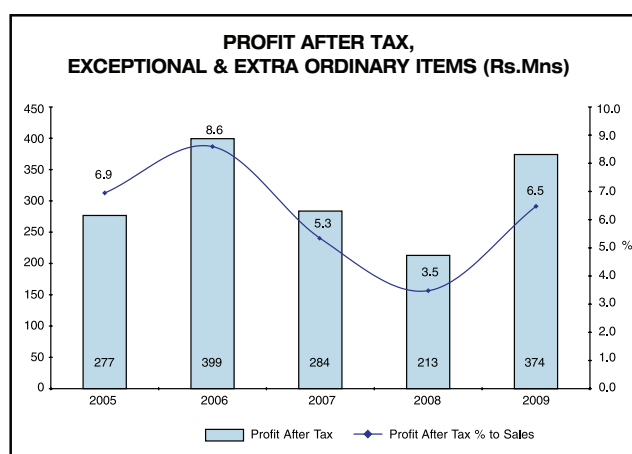
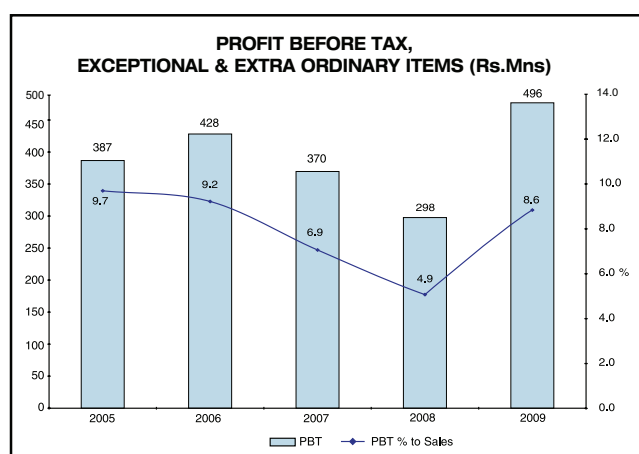
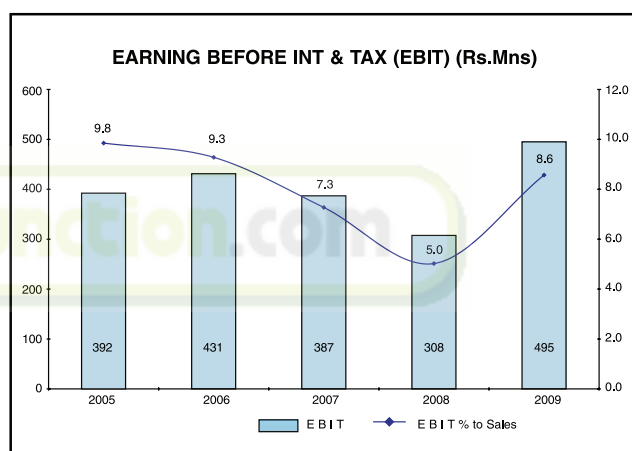
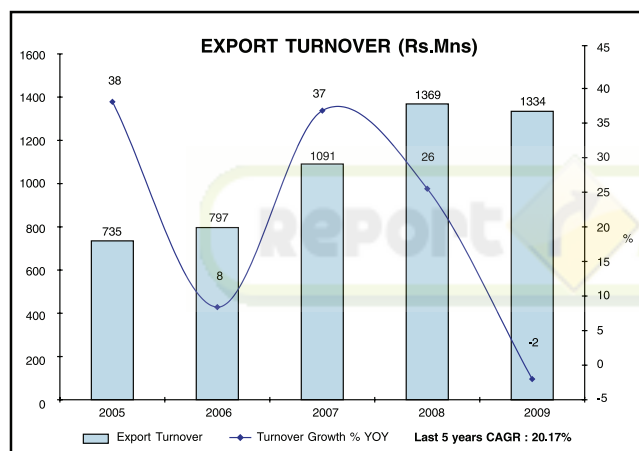
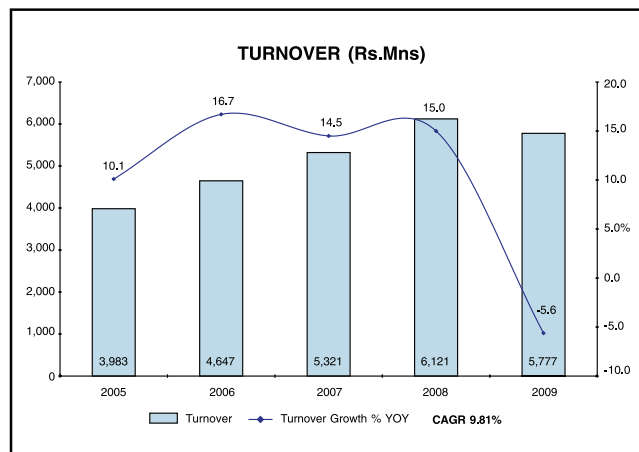


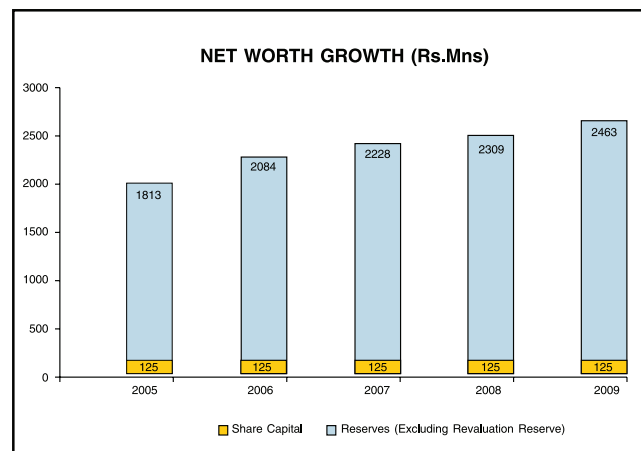
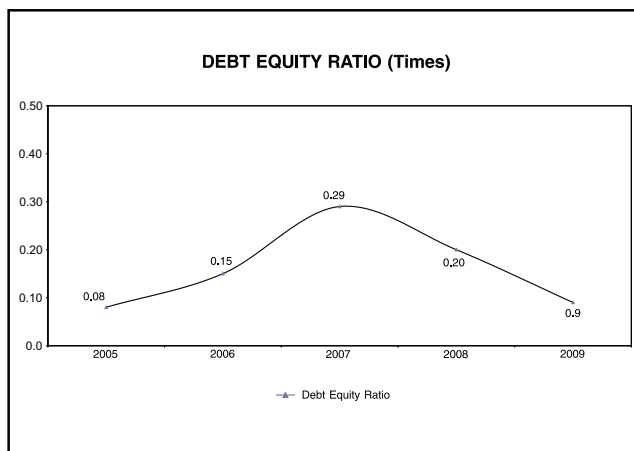
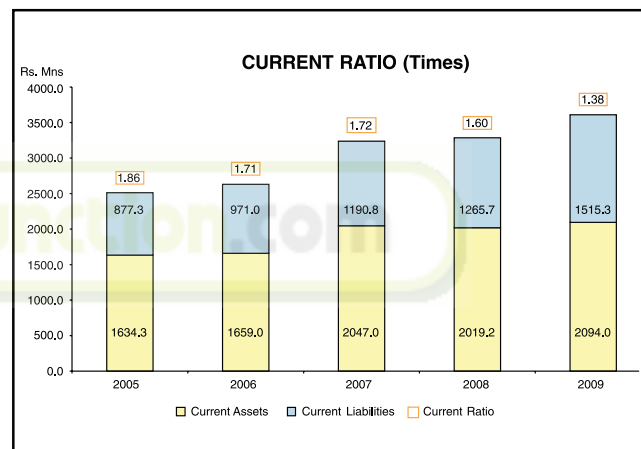
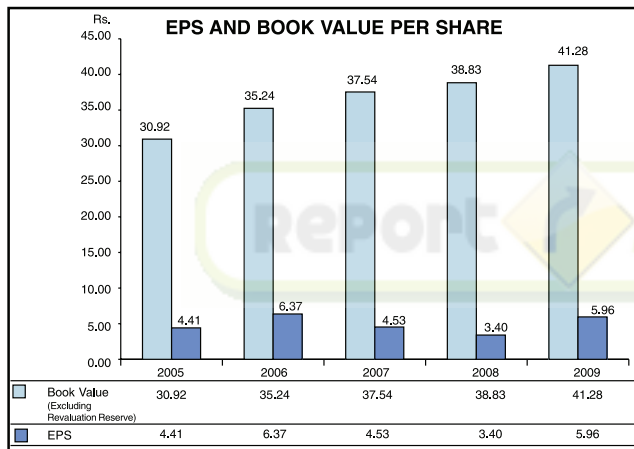
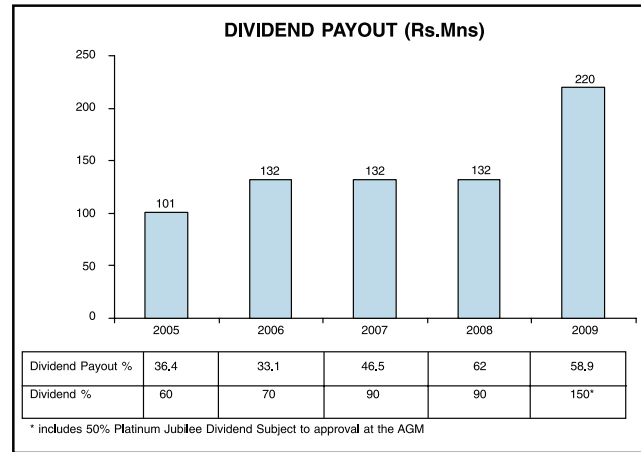
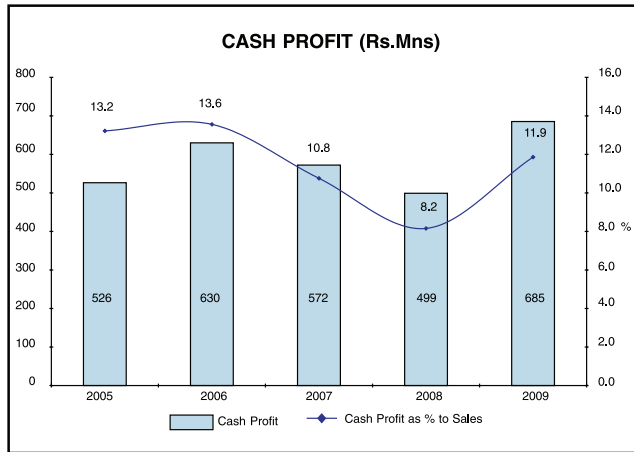
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FINANCIAL PERFORMANCE INDICATORS





FINANCIAL HIGHLIGHTS

(Rs. in Million)

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
OPERATING RESULTS										
Net Sales	5776.9	6120.9	5320.6	4646.7	3982.9	3617.8	3525.3	2988.9	2511.6	2423.2
Other Income	79.0	102.0	106.2	111.6	94.9	55.1	37.6	18.8	20.0	30.8
Operating Expenses	5049.4	5629.2	4751.2	4096.5	3435.8	3105.5	2954.4	2415.2	2090.1	2093.1
EBDIT	806.5	593.7	675.6	661.8	642.0	567.4	608.5	592.5	441.5	360.9
Depreciation & Amortisation	311.5	286.2	288.6	230.7	249.8	224.7	223.5	211.1	201.1	179.5
EBIT	495.0	307.5	387.0	431.1	392.2	342.7	385.0	381.4	240.4	181.4
Interest (Net)	(0.7)	9.8	17.3	3.0	5.4	6.2	5.8	23.7	45.7	64.6
Profit before Tax & Extraordinary Items	495.7	297.7	369.7	428.1	386.8	336.5	379.2	357.7	194.7	116.8
Extraordinary/Exceptional Items	—	—	(31.8)	120.8	(8.0)	—	—	—	(3.6)	—
Profit before Tax & after Extraordinary/Exceptional Items	495.7	297.7	337.8	548.9	378.8	336.50	379.20	357.70	191.1	116.80
Provision for Tax	122.0	84.8	54.1	149.7	102.1	95.4	100.0	106.2	39.4	8.3
Profit after Tax	373.7	212.9	283.7	399.2	276.7	241.1	279.2	251.5	151.7	108.5
EBDIT to Sales %	13.96%	9.70%	12.70%	14.24%	16.12%	15.68%	17.26%	19.82%	17.58%	14.89%
EBIT to Sales %	8.57%	5.02%	7.27%	9.28%	9.85%	9.47%	10.92%	12.76%	9.57%	7.49%
PBT to Sales % (before Extraordinary/Exceptional Items)	8.58%	4.86%	6.95%	9.21%	9.71%	9.30%	10.76%	11.97%	7.75%	4.82%
Earning Per Share	5.96	3.40	4.53	6.37	4.41	3.85	4.45	4.01	2.29	1.48
Cash Earning Per Share	10.93	7.96	9.13	10.05	8.39	7.37	7.89	7.17	5.34	4.24
Preference Dividend %	—	—	—	—	—	—	—	—	*12	12
Equity Dividend %	***150	90	90	90	70	60	**150	50	35	35
FINANCIAL POSITION										
Equity Share Capital	125.4	125.4	125.4	125.4	125.4	125.4	125.4	125.4	125.4	125.4
Preference Share Capital	—	—	—	—	—	—	—	—	—	70.0
Reserves & Surplus	2490.1	2336.3	2257.3	2113.1	1842.4	1669.8	1514.2	1499.7	1242.8	1263.2
Shareholders Funds	2615.5	2461.7	2382.7	2238.5	1967.8	1795.2	1639.6	1625.1	1368.2	1458.6
Loan Funds	239.3	498.1	671.5	337.8	162.9	130.2	102.6	91.8	284.2	384.2
Deferred Tax Liability (Net)	67.7	69.0	85.2	83.9	60.2	89.9	96.2	75.0	133.5	—
Gross Fixed Assets	4546.1	3993.9	3890.3	3112.0	2968.6	2936.7	2489.5	2259.3	2222.7	2149.2
Net Fixed Assets	1987.8	1636.6	1778.1	1100.6	1166.5	1337.8	1093.6	1078.5	1233.4	1334.9
Capital Work in Progress	45.7	468.9	367.0	866.4	185.0	27.2	48.5	199.4	6.0	21.9
Investments	310.3	169.8	138.1	5.2	82.5	98.0	311.0	3.6	2.0	6.1
Current Assets	2094.0	2019.2	2056.1	1659.0	1634.3	1353.6	1188.8	1109.3	1050.0	949.2
Current Liabilities	1515.3	1265.7	1199.9	971.0	877.3	801.8	807.6	626.5	546.2	499.7
Net Current Assets	578.7	753.5	856.2	688.0	757.0	551.8	381.2	482.8	503.8	449.5
Miscellaneous Expenditure	—	—	—	—	—	0.5	4.2	27.6	40.5	30.5
Capital Employed	2922.6	3028.8	3139.4	2660.2	2191.0	2015.3	1838.5	1791.9	1785.7	1842.8

*** Includes One Time Platinum Jubilee Dividend @ 50%

** Includes One Time Dividend @ 100%

* Prorata