



Specialised Pouches

Personal Care



Product Portfolio



Specialised Cartons

Package Protection & Decoration Technologies



CORPORATE INFORMATION

BOARD OF DIRECTORS

Chairman & Managing Director Mr. Suresh Gupta
 Mr. Arunkumar Gandhi
 Mr. P. V. Narayanan
 Mr. Jukka Moisio
 Mr. Johann Sippel
 Mr. R. K. Dhir
 Mr. S. K. Palekar
 Mr. Nripjit Singh Chawla
 Executive Director Mr. A. Venkatrangan

Company Secretary & Head - Legal Mr. Anand Daga



BANKERS

Standard Chartered Bank
 The Hongkong and Shanghai
 Banking Corporation Ltd.

AUDITORS

S.R. Batliboi & Co. LLP
 Chartered Accountants

REGISTERED 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 2653 1320
 Fax No: +91 22 2653 1310
 Website: www.pplpack.com

CORPORATE OFFICE

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

CONTENT

OVERVIEW		STANDALONE FINANCIAL STATEMENTS		CONSOLIDATED FINANCIAL STATEMENTS	
Board of Directors	02	Auditors' Report	30	Auditors' Report	63
Financial Performance Indicators	03	Balance Sheet	34	Balance Sheet	64
Directors' Report	06	Statement of Profit & Loss	35	Statement of Profit & Loss	65
Corporate Governance Report	11	Cash Flow Statement	36	Cash Flow Statement	66
Management Discussion & Analysis	26	Notes	38	Notes	68
		Statement Pursuant to Section 212	62		

BOARD OF DIRECTORS

MR. SURESH GUPTA - CHAIRMAN & MANAGING DIRECTOR

Mr. Suresh Gupta did his Masters in Management (MMS) from Jamnalal Bajaj Institute of Management Studies, Mumbai. He has diverse management experience of over 40 years, including 26 years in the Company. He was appointed as Managing Director since May, 1994, and designated as the Chairman & Managing Director of the Company w.e.f. 10th March, 2010. He also holds position of Executive Vice President, Flexible Packaging Global and a member of the Group Executive Team of Huhtamaki Oyj., the ultimate holding Company.

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.

MR. P. V. NARAYANAN - DIRECTOR

Mr. P. V. Narayanan is a Post-Graduate in Chemistry and holds Diploma in Marketing Management. He has 47 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. Mr. Narayanan is a member of the Board of APEDA (Agricultural & Processed Food Products Export Development Authority), Ministry of Commerce, Government of India. He has been an Independent Director of the Company since March, 2002.

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. JOHANN SIPPEL - DIRECTOR

Mr. Johann Sippel holds Post Graduate degree of Certified Accounting Specialist (CCI) from Germany. He has over 28 years of experience including 24 years in Huhtamaki Group companies in different roles. He currently holds position of Vice President Finance, Flexible Packaging Global, leading the finance function for this segment of Huhtamaki Oyj since January, 2010. He has Finance & Accounts related expertise.

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 41 years working with Peat Marwick, London and a US Multinational with operations in India and overseas. He is a past President and on the Board of Council for Fair Business Practices. He is also a member of Maharashtra State General Committee of the Indian Red Cross Society. He has been an Independent Director of the Company since March, 2002.

MR. S. K. PALEKAR - DIRECTOR

Mr. S. K. Palekar did his M.Sc. (Physics) from Mumbai University and 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 37 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 and 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 joined as an Independent Director of the Company on 16th March, 2011.

MR. NRIPJIT SINGH CHAWLA - DIRECTOR

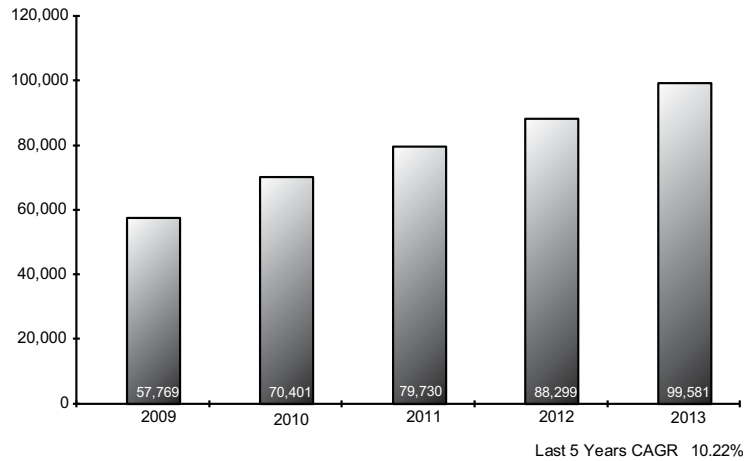
Mr. Nripjit Singh Chawla did his MBA from Indian Institute of Management, Calcutta. He has wide corporate management experience of over 44 years working with ITC Ltd., Korn/Ferry International, Max India Ltd. He is currently acting as Independent Management Consultant to Commercial organizations and 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 joined as an Independent Director of the Company on 12th March, 2013.

MR. A. VENKATRANGAN - EXECUTIVE DIRECTOR

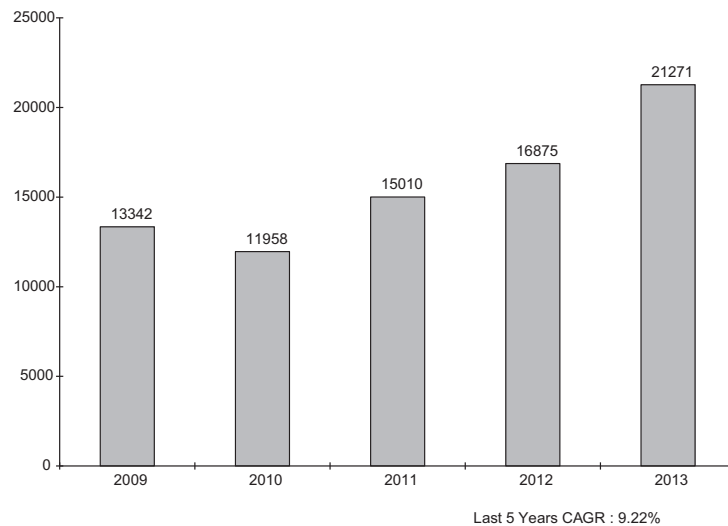
Mr. A. Venkatrangan is Graduate in Commerce and MBA in Finance and Marketing and having a total experience of 33 years, wherein he has worked in Corporate Planning, Costing, MIS, Budget Control, Operations, Internal Audit and Commercial functions at various levels with Murugappa Group and Essar Group. He joined the Company in January, 1999. He was appointed as an Additional Director of the Company on 4th June, 2012 and designated as the Executive Director of the Company w.e.f. 1st July, 2012.

FINANCIAL PERFORMANCE INDICATORS

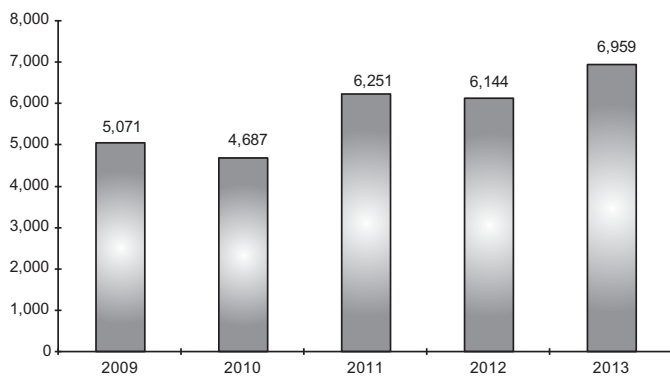
TURNOVER (₹ in lac)



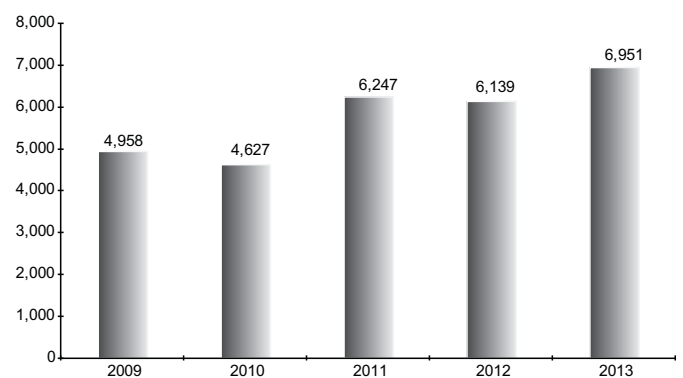
EXPORT TURNOVER (₹ in lac)



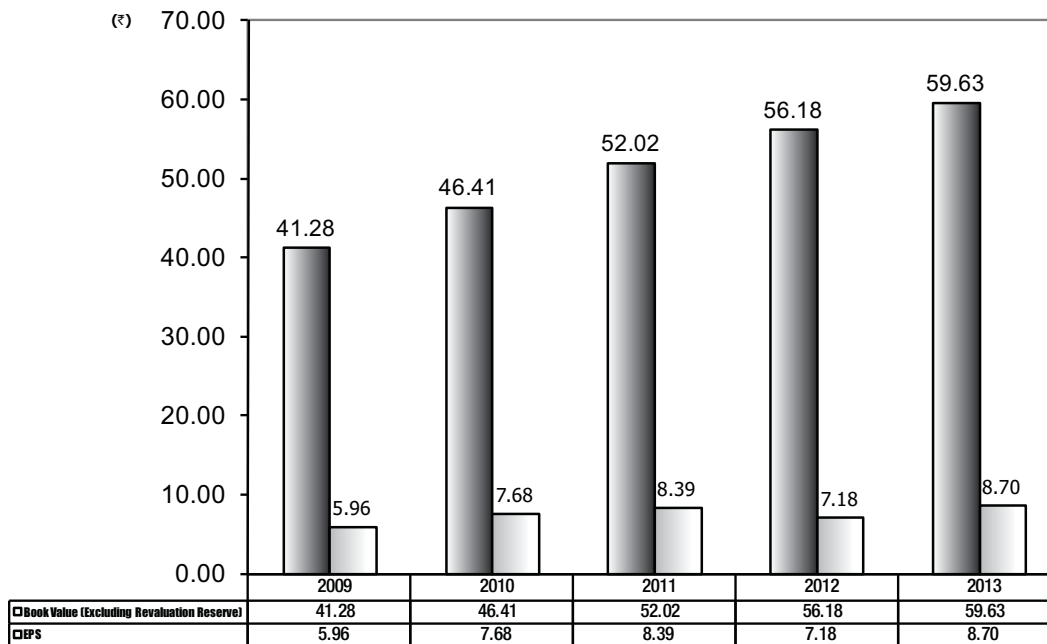
**EARNING BEFORE INT & TAX (EBIT) BEFORE
EXCEPTIONAL & EXTRAORDINARY ITEMS
(₹ in lac)**



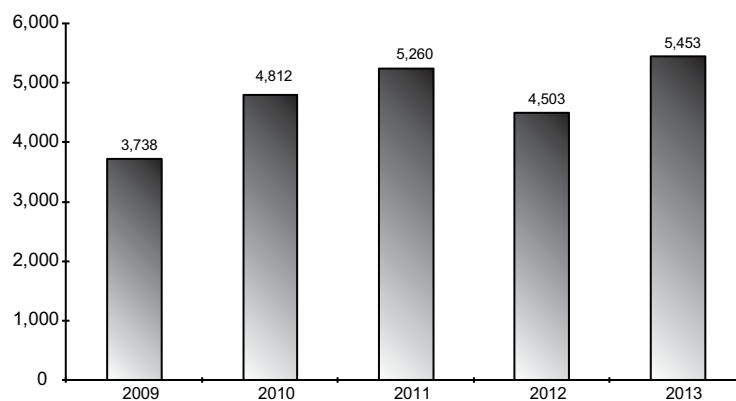
**PROFIT BEFORE TAX, EXCEPTIONAL &
EXTRAORDINARY ITEMS (₹ in lac)**



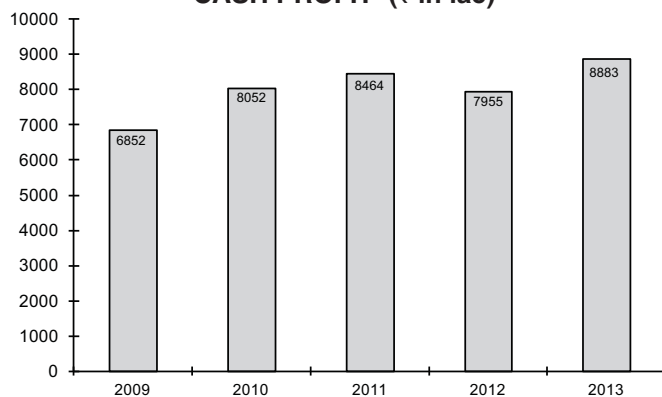
EPS AND BOOK VALUE PER SHARE



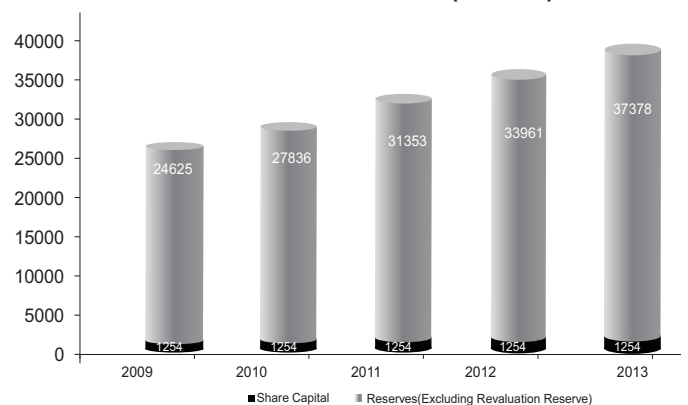
PROFIT AFTER TAX, EXCEPTIONAL & EXTRAORDINARY ITEMS (₹ in lac)



CASH PROFIT (₹ in lac)



NET WORTH GROWTH (₹ in lac)



FINANCIAL HIGHLIGHTS

(₹ in lac)

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
OPERATING RESULTS										
Net Sales	99581	88299	79730	70401	57769	61209	53206	46467	39829	36178
Other Income	1550	1567	1426	832	911	1173	1074	1148	966	566
EBDIT	10389	9596	9455	7927	8186	6090	6768	6650	6437	5689
Depreciation & Amortisation	3430	3452	3204	3240	3115	2862	2886	2307	2498	2247
EBIT	6959	6144	6251	4687	5071	3228	3882	4343	3939	3442
Profit before Tax	6951	6139	6247	4627	4958	2977	3697	4281	3868	3365
Exceptional Items & Extraordinary - Net of Tax	705	—	294	1533	—	—	(318)	1208	(80)	—
Provision for Tax	2203	1636	1281	1348	1220	848	541	1497	1021	954
Profit after Tax	5453	4503	5260	4812	3738	2129	2837	3992	2767	2411
EBDIT to Sales %	10.43%	10.87%	11.86%	11.26%	14.17%	9.95%	12.72%	14.31%	16.16%	15.72%
EBIT to Sales %	6.99%	6.96%	7.84%	6.66%	8.78%	5.27%	7.30%	9.35%	9.89%	9.51%
PBT to Sales %	7.69%	6.95%	8.20%	8.75%	8.58%	4.86%	6.35%	11.81%	9.51%	9.30%
Earning Per Share	8.70	7.18	8.39	7.68	5.96	3.40	4.53	6.37	4.41	3.85
Earning Per Share (Excluding Exceptional & Extraordinary items)	7.96	7.18	7.92	5.60	5.96	3.40	4.53	5.35	4.54	3.85
Cash Earning Per Share	14.17	12.69	13.50	12.84	10.93	7.96	9.13	10.05	8.39	7.37
Equity Dividend %	140	130	120	110	***150	90	90	90	70	60
FINANCIAL POSITION										
Equity Share Capital	1254	1254	1254	1254	1254	1254	1254	1254	1254	1254
Reserves & Surplus	37654	34237	31629	28112	24901	23363	22573	21131	18424	16698
Shareholders Funds	38908	35491	32883	29366	26155	24617	23827	22385	19678	17952
Loan Funds	1921	2061	2159	2253	2393	4981	6715	3378	1629	1302
Deferred Tax Liability (Net)	(3)	40	252	526	677	690	852	839	602	899
Net Fixed Assets (Incl.Capital work in Progress)	16861	17568	18230	17869	20335	21055	21451	19670	13515	13650
Investments	9358	9916	6338	3945	3103	1698	1381	52	825	980
Net Assets (Current & Non Current)	14607	10108	10726	10332	5787	7535	8562	6880	7570	5518
Miscellaneous Expenditure	—	—	—	—	—	—	—	—	—	5
Capital Employed	40826	37592	35294	32146	29225	30288	31394	26602	21910	20153

*** Includes One Time Dividend @ 50%

DIRECTORS' REPORT

Your Directors have pleasure in presenting the 64th Annual Report along with the Audited Statements of Accounts for the year ended 31st December, 2013.

PERFORMANCE DURING THE YEAR (STANDALONE)

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

(₹ in lac)

	2013	2012
Net Sales	99,581	88,299
Profit before Tax & Exceptional Item	6,951	6,139
Profit before Tax	7,656	6,139
Less: Provision for Current Tax	2,247	1,848
Provision for Deferred Tax	(44)	(212)
Profit after Tax	5,453	4,503
Add: balance of profit for earlier years	17,542	15,383
Profit available for appropriation	22,995	19,886
Transfer to General Reserve	545	450
Proposed Dividend on Equity Shares & Dividend Tax thereon	2,066	1,894
Balance Carried forward	20,384	17,542

During the year under review, the net sales grew by 12.8%. PBT margin improved from 6.95% to 6.98% despite increase in input and energy cost. PBT margin (including exceptional item) is 7.68%. Exceptional Income comprises gain on sale of office property at Nariman Point, Mumbai of ₹ 705 lac (provision for tax includes ₹ 239 lac towards tax on this gain).

After providing for Income Tax of ₹ 2,203 lac, Net Profit after Tax & Exceptional Items was ₹ 5,453 lac. After transferring an amount of ₹ 545 lac to General Reserve, the amount available for appropriation was ₹ 22,450 lac including amount brought forward of ₹ 17,542 lac of previous year. The Earning per Equity Share (EPS) including Exceptional Items was ₹ 8.70 & excluding exceptional items was ₹ 7.96.

DIVIDEND

Your Directors recommend payment of dividend of ₹ 2.80 per equity share i.e. @ 140% on the Equity Capital for the year ended 31st December, 2013. The said dividend will absorb ₹ 2,066 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, 2013, there was no fixed deposit pending with the Company.

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 1.

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' REPORT (contd.)

DIRECTORS

Mr. Arun Kumar Gandhi and Mr. Johann Sippel, retire by rotation at this Annual General Meeting and being eligible have offered themselves for re-appointment.

Mr. A. Venkatrangan was re-appointed as an Executive Director for a period of three years w.e.f. 1st July, 2013.

Mr. Suresh Gupta was re-appointed as the Chairman & Managing Director for a period of three years w.e.f. 1st January, 2014.

Mr. Nripjit Singh Chawla was appointed as an Additional Director of the Company w.e.f. 12th March, 2013 and was subsequently appointed as Non-Executive, Independent Director on 7th May, 2013.

Mr. Timo Salonen who was an Alternate Director to Mr. Jukka Moisio, Director of the Company has resigned w.e.f. 7th August, 2013.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm that:

- i) In the preparation of the annual accounts for the year ended 31st December, 2013 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 and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year ended 31st December, 2013 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, 2013 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, 2013.

AUDITORS' REPORT

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

AUDITORS

M/s. S. R. Batliboi & Co. LLP, Chartered Accountants, Statutory Auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting and have furnished a certificate under Section 224 of the Companies Act, 1956 regarding their eligibility for re-appointment. The Audit Committee and the Board recommended their re-appointment.

COST AUDITORS

The Board of Directors have appointed M/s. R. Nanabhoy & Co., Cost Accountants, for conducting the audit of the cost accounting records maintained by the Company. The Cost Audit Report and Cost Compliance Report for the calendar year 2012 were filed by the Company on 8th June, 2013, well within the prescribed time limit. The Cost Audit Report and Cost Compliance Report for the calendar year 2013 is expected to be filed within the prescribed time.

DIRECTORS' REPORT (contd.)

CHANGE IN THE NAME OF THE COMPANY

At the request of Huhtavefa B.V., the Board of Directors have recommended the change in the name of the Company from "The Paper Products Limited" to "Huhtamaki PPL Limited". The Registrar of Companies, Maharashtra, Mumbai, has made the aforesaid name, viz., "Huhtamaki PPL Limited" available to the Company for adoption.

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, 2013 have not been annexed. A statement pursuant to Section 212 of the Companies Act, 1956 relating to the subsidiary is attached to the Accounts.

Further, The Annual Accounts and related documents of the Subsidiary company shall be kept open for inspection at the Registered Office of the Company. The Company will also make available these documents upon 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 Accountant of India, Consolidated Financial Statements presented by the Company in this Annual Report includes 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 HARRASMENT 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 a Committee to look into complaints relating to sexual harassment at work place of any women employee.

In view of the said Act being notified on 9th December, 2013, the Company is in the process of setting up the requisite Committee and putting other Compliance requirements in place.

The Company has not received any complaints relating to sexual harassment at work place from any women employee, during the year.

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 **THE PAPER PRODUCTS LIMITED**

Mumbai
21st March, 2014

SURESH GUPTA
Chairman & Managing Director

