

## Textual information (1)

### Disclosure in board of directors report explanatory [Text Block]

#### BOARD'S REPORT

Dear Shareholders,

Your Directors have pleasure in presenting their 20th Annual Report on the business and operations of the Company and the Audited Financial Statements for the Financial Year ended March 31, 2018.

#### PERFORMANCE HIGHLIGHTS (Standalone)

Particulars	(Rs. In million)	
	FY2018	FY2017
Operating income	13,068.13	13,802.62
Other income	285.51	318.43
Total Income	13,353.63	14,121.05
EBIDTA excluding FOREX impact	2,485.77	3,150.78
Foreign Exchange Gain / (Loss)	150.24	146.12
EBIDTA	2,636.01	3,296.90
% margin	19.74%	23.35%
Less:		
Interest Expenses	375.04	533.50
Depreciation	1,493.45	972.37
Profit before Exceptional items and tax	767.52	1,791.03
Exceptional Items	-	-
Profit before tax	767.52	1,791.03
Less:		

Income Tax provision		
- Current	354.26	353.76
- Deferred	(99.64)	221.28
- MAT Credit Entitlement	-	-
Profit / (Loss) After Tax	512.89	1,215.99
% margin	3.84%	8.61%
Total Other Comprehensive income	(14.69)	(2.23)
Profit/ ( Loss) After Other Comprehensive income	498.21	1,213.76
Profit brought forward from previous year	2,659.94	1,550.87
Profit available for appropriation	3,158.15	2,764.63
Appropriation:		
Proposed dividend on Equity Shares	-	-
Dividend Distribution Tax thereon	-	86.23
Transfer to Capital Redemption Reserves	-	18.45
Balance carried to Balance Sheet	3,158.15	2,659.95
Earnings Per Share (Basic / Diluted) (Rs.)	6.49	15.07

Note: Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

#### DIVIDEND

In order to conserve resources of the Company, your Board of Directors has not recommended any dividend for the year ended March 31, 2018.

#### OPERATIONS REVIEW

Piramal Glass Limited manufactures glass containers for Cosmetics & Perfumery (C&P), Specialty Food & Beverages (SF&B) and Pharmaceuticals industries. C&P continues to accounts for 37% of the total revenue of the Company. During the year, market slowdown in major regions like USA & Europe led this segment (mainly premium Nail Polish) to de-grow by 3% from Rs. 7,875 million to Rs. 7,681 million. However, the outlook for Perfume segment has been very positive since second half of the year.

We continue to maintain our leadership position in domestic market of Pharmaceuticals segment. During the year, this segment witnessed a growth of 5% and the revenue grew from Rs. 7,841 million to Rs. 8,233 million.

Subdued demand scenario in Sri Lanka local market impacted SF&B division performance. The revenue of this segment de-grew from Rs. 5,274

million to Rs. 4,913 million.

Double digit growth in Crude oil prices internationally, led to higher Energy and Freight cost scenario. This had a huge impact on our bottom-line.

#### CONVERSION OF THE COMPANY FROM A PUBLIC LIMITED COMPANY TO A PRIVATE LIMITED COMPANY

During the year, the Company was converted into a Private Limited Company and consequently the name of the of the Company was changed from Piramal Glass Limited to Piramal Glass Private Limited vide the new certificate of incorporation dated 7th December, 2017 granted by the Registrar of Companies, Maharashtra, Mumbai.

On conversion of the Company to a Private Limited Company, the provisions of Section 177 of the Companies Act, 2013 pertaining to constitution of the Audit Committee and Nomination and Remuneration Committee are not applicable to the Company. In view of this the Company has dissolved the Audit Committee and Nomination and Remuneration Committee w.e.f. 12th December, 2017.

#### SUBSIDIARY COMPANIES

Our Company has seven subsidiaries viz. Piramal Glass Ceylon PLC, Piramal Glass International Inc., USA, Piramal Glass (UK) Limited, Piramal Glass Europe SARL, Piramal Glass - USA Inc., and its two subsidiaries, Piramal Glass Flat River, LLC and Piramal Glass Williamstown LLC, which are also consequently the subsidiaries of the Company.

Operations of these Companies are discussed below:

##### Piramal Glass Ceylon PLC

The turnover of Piramal Glass Ceylon PLC has remained flat with a marginal growth of 0.81% from SLR 6,678 million to SLR 6,732 million. This was impacted mainly due to subdued demand scenario in local market. Export market however showed a significant growth in USA & Canada regions.

##### Piramal Glass International, Inc. (USA)

This is a wholly owned subsidiary of the Company. The turnover of this subsidiary was USD NIL (Previous year USD NIL million).

##### Piramal Glass - USA, Inc.

Piramal Glass USA Inc. is the Company's wholly owned subsidiary. Post an unfortunate fire incidence happened in previous year, though majority of repair/ reinstallation work was completed in previous year itself, non-availability of some of the critical tools impacted the manufacturing operation of current year. In spite of this adverse impact, Sales grew by 6% from USD 102.94 million in the previous year to USD 109.18 million in FY2018.

The insurance claim for fire was settled during the current Financial Year and Company received a sum of USD 18.8 million towards the property damage as well as loss of business income

##### Piramal Glass Flat River, LLC

Piramal Glass Flat River, LLC, is a wholly owned subsidiary of Piramal Glass - USA, Inc. This Company earns its income by leasing its property to Piramal Glass - USA, Inc. It has reported an income of USD 0.26 million in the year under review, which is the same as the previous year.

##### Piramal Glass Williamstown, LLC

Piramal Glass -Williamstown, LLC, is also a wholly owned subsidiary of Piramal Glass - USA, Inc. This Company earns its income by leasing its property to Piramal Glass – USA, Inc. It has reported an income of USD 0.18 million in the year under review, which is the same as the previous year.

##### Piramal Glass (UK) Limited

Piramal Glass (UK) Limited is a wholly owned subsidiary of the Company. Its turnover during the year was GBP 0.81 million as compared to GBP 0.74 million in the previous year.

##### Piramal Glass Europe SARL

Piramal Glass Europe SARL, is a wholly owned subsidiary of the Company based in France. Its revenue during the year was Euro 15.65 million as compared to Euro 14.44 million in the previous year reflecting a growth of 8.4%.

Further, no company has become or ceased to be a Subsidiary, Joint Venture or Associate of the Company during the year under review.

#### ADEQUACY OF INTERNAL FINANCIAL CONTROLS

The Company has a sound internal control system, commensurate with the size, scale and complexity of its operation. The internal control systems are further supplemented by internal audit carried out by M/s. Aneja and Associates, Chartered Accountants, Mumbai, the internal auditors of the Company.

The Internal Auditor monitors and evaluates the effectiveness and adequacy of the control systems, its compliance with operating systems, accounting procedures and policies at all locations of the Company. The Board reviews the adequacy and effectiveness of the internal control system and suggests improvement to strengthen the same.

#### STATUTORY AUDITORS

The Auditors Report does not contain any qualification, reservation or adverse remark on the financial statements for the year ended March 31, 2018. The Notes on financial statement referred to in the Auditors' Report are self-explanatory and do not call for any further comments. In accordance with Section 139 of the Companies Act, 2013, M/s. Lodha & Co, Chartered Accountants (Firm Registration No. 301051E), were appointed by the shareholders of the Company at the Annual General Meeting held on August 18, 2017, as Statutory Auditors for a period of 5 years to hold office until the conclusion of the 24th Annual General Meeting of the Company in calendar year 2022. The Ministry of Corporate Affairs vide its Notification dated May 7, 2018, has dispensed with the requirement of ratification of Auditor's appointment by the shareholders, every year. Hence, approval of the Members for the ratification of Auditor's appointment is not being sought at the ensuing Annual General Meeting.

#### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Particulars regarding Conservation of energy, technology absorption and foreign exchange earnings and outgo are given as Annexure A to this Report.

#### EXTRACT OF ANNUAL RETURN

The extract of the Annual Return in form MGT 9 is annexed herewith as Annexure B.

#### CORPORATE SOCIAL RESPONSIBILITY

The Annual Report on Corporate Social Responsibility activities for FY2018 is enclosed as Annexure C.

#### DIRECTORS AND KEY MANAGERIAL PERSONNEL

During the year under review, following changes took place in the Board Composition:

The following mentioned Independent Directors were ceased to be associated with the Company on account of their resignations from the position of Independent Directors of the Company:

- a. Mr. Vimal Bhandari resigned w.e.f. 30th November, 2017;
- b. Mr. Dharendra Chadha resigned w.e.f. 5th December, 2017;
- c. Mr. Jiten Doshi resigned w.e.f. 1st December, 2017;
- d. Mr. Shitin Desai resigned w.e.f. 7th December, 2017;
- e. Mr. Suhail Nathani resigned w.e.f. 21st November, 2017;

The Board places on records its appreciation for the services rendered by the above mentioned Independent Directors during their tenure as Independent Director of the Company.

Following changes in the Key Managerial Personnel took place during the year:

- a. Ms. Ruchi Sheth resigned as Company Secretary w.e.f. 31st May, 2017.
- b. Mr. Vikas Tarekar was appointed as Company Secretary w.e.f. 19th June, 2017.

#### NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS

During the year, 8 (Eight) Board Meetings were held and the gap between two Board Meetings was not more than one hundred and twenty days, thereby complying with applicable statutory requirements.

#### VIGIL MECHANISM / WHISTLE BLOWER POLICY FOR DIRECTORS AND EMPLOYEES

The Company has established a Vigil Mechanism, which includes a Whistle Blower Policy, for its Directors and Employees, to provide a framework to facilitate responsible and secure reporting of concerns of unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct & Ethics. The details of establishment of Vigil Mechanism / Whistle Blower Policy are posted on the website of the Company and the weblink to the same is

<http://www.piramalglass.com/corporate/investors-news/policies.html> .

#### PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Details of investments and loans are given in the financial statements at note no. 2 and 3, respectively. Guarantees provided by the Company in connection with loans availed by wholly owned subsidiaries and outstanding as on March 31, 2018, amounted to Rs. 2,801.19 million, details of which is provided in note no. 30 of the financial statements.

#### RELATED PARTY TRANSACTIONS

All contracts/arrangements/transactions entered by the Company during the financial year with related parties were in ordinary course of business and on arm's length basis. During the year, the Company had not entered into any material contract/arrangement/ transaction with related parties. Accordingly, the disclosure of Related Party Transactions as required under Section 134(3)(h) of the Companies Act, 2013 in Form AOC 2 is not applicable.

#### RISK MANAGEMENT POLICY

The Company has a robust Risk Management framework to identify, measure and mitigate business risks and opportunities. This framework seeks to create transparency, minimize adverse impact on the business objective and enhance the Company's competitive advantage. This risk

framework thus helps in managing market, credit and operations risks.

#### DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors state that:

- a) in the preparation of the annual financial statements for the year ended March 31, 2018, the applicable accounting standards have been followed along with no material departures;
- b) the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2018 and of the profit of the Company for the year ended on that date;
- c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the Directors have prepared the annual financial statements on a going concern basis;
- e) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and operating effectively; and
- f) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

#### OTHERS

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

1. The details relating to deposits covered under Chapter V of the Act, since neither has the Company accepted deposits during the year under review nor were there any deposits outstanding during the year.
2. Details relating to issue of equity shares including sweat equity shares and shares with differential rights as to dividend, voting or otherwise, since there was no such issue of shares.
3. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.

Your Directors further state that during the year under review, there were no cases filed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

#### ACKNOWLEDGEMENTS

We take this opportunity to thank the employees for their dedicated service and co-operation in the functioning of the Company. We also thank the Shareholders and Company's Bankers for their continued support to the Company.

For and on behalf of the Board of Directors  
Ajay G. Piramal  
Chairman

Place: Mumbai  
Dated: June 11, 2018

#### ANNEXURE A

Particulars of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo required under the Companies (Accounts) Rules, 2014 for the year ended March 31, 2018

##### A. Conservation of Energy

###### (1) Steps taken for conservation of energy

The manufacturing units in India have always energy conservation through a systematic approach. The cross functional teams have energy conservation objectives and these are reviewed systematically for continuous improvement.

During the year, the units implemented the following measures to conserve energy.

- a. Replacement of centrifugal compressors air end part for energy conservation
- b. Improved specific compressor energy conservation by replacing inefficient compressors with efficient ones
- c. Installation of VFD in compressor's dryers
- d. Use of energy efficient burners in annealing lehr
- e. VFD installation in cooling tower, pumps, dedusting blowers etc
- f. Compressed Air Measurement and Management for optimization.
- g. Replacement of inefficient mould cooling blowers on sample basis
- h. Online calorific value meter for Natural gas for optimised consumption
- i. Energy efficient pumps, motors installed
- j. Use of LEDs, Light pipe, Motion sensors in offices & shopfloor
- k. Centralized energy management system installed
- l. KPIs related to energy usage being taken up by cross functional teams