

BOARD'S REPORT

Dear Shareholders,

Your Directors have pleasure in presenting their 71st 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	₹ in Crores	
	FY 2017-18	FY 2016-17
Revenue from operations	3,296.95	3,809.31
Other Income (including Foreign Exchange gain/(loss) – net)	639.79	357.15
Total Income	3,936.74	4,166.46
R&D Expenses	63.42	64.91
Other Expenses (including Foreign Exchange gain/(loss) – net)	2,018.74	1,908.79
EBIDTA excluding FOREX impact	1,603.01	2,305.09
Foreign Exchange Gain / (Loss)	251.57	(112.33)
EBIDTA	1,854.58	2,192.76
% margin	47.1	52.6
Less:		
Finance Costs	989.55	1,178.34
Depreciation	111.58	94.49
Profit before Tax	753.45	919.93
Less:		
Income Tax provision		
– Current	175.38	195.42
– Deferred	59.60	(52.27)
Profit for the year	518.47	776.78
% margin	13.17	18.64
Other Comprehensive Income/(Expense) for the year, net of tax expense	640.42	845.21
Total Comprehensive Income / (Expense) for the year	1,158.89	1,621.99
Earnings Per Share (Basic / Diluted) (₹)	28.52	44.83
Transfer to Debenture Redemption Reserve	34.44	131.79

Note: Basic and diluted earnings per share for the year ended March 31, 2017 has been retrospectively adjusted for effect of Rights Issue.

DIVIDEND

The Board has recommended equity dividend of ₹ 25 (Rupees Twenty five only) per equity share i.e. @ 1,250 % on the outstanding equity shares of ₹ 2 each for the financial year ended March 31, 2018.

The above dividend will be paid to eligible members within a period of five days from the date of the forthcoming Annual General Meeting, after approval of Members (i.e. from July 31, 2018 to August 4, 2018).

As per Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as 'Listing Regulations'), your Company has formulated a Dividend Distribution Policy which is available on the website of the Company and the weblink to the same is <http://www.piramal.com/investors/policies-codes>.

SHARE CAPITAL

During the year, the Company has:

- issued and allotted 464,330 Compulsorily Convertible Debentures (CCDs) of face value of ₹ 107,600 each for cash at a price of ₹ 107,600 per CCD. These CCDs are convertible into 40 equity shares of face value of ₹ 2 each on April 19, 2019 or at any time prior to that at the option of the CCD holder.
- issued and allotted 225,000 Equity shares pursuant to conversion of 5,625 CCDs of the Company.
- issued 8,310,275 Equity shares under Rights Issue at a price of ₹ 2,380 per share (including premium of ₹ 2,378 per share). Out of the aforesaid issue, 7,485,574 equity shares were allotted by the

Company on March 8, 2018 and 797,748 Rights Equity shares have been Reserved for CCD Holders [as per Regulation 53 of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009] & 26,953 Rights Equity Shares have been kept in abeyance.

UTILISATION OF ISSUE PROCEEDS

There has been no deviation in the utilisation of issue proceeds of Qualified Institutional Placement of CCDs, from the Objects as stated in the Placement Document dated October 17, 2017.

Further, there has been no deviation in the utilisation of Rights Issue proceeds from the Objects as stated in the Letter of Offer dated February 1, 2018.

CHANGES IN SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

Changes in subsidiaries, joint ventures or associate companies during the year under review are listed in Annexure A to this Report.

FINANCIAL DETAILS OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

Pursuant to the provisions of Section 129(3) of the Companies Act, 2013, a statement containing salient features of financial statements of subsidiaries, associates and joint venture companies in Form AOC-1 is attached to the Accounts. The separate audited financial statements of the subsidiaries shall be kept open for inspection at the Registered Office of the Company during working hours for a period of 21 days before the date of the Annual General Meeting.

The separate financial statements of the subsidiaries are also available on the website of your Company at <https://bit.ly/2tWglei> www.piramal.com/investors/financial-reports#parentVerticalTab2 and will also be made available upon request of any Member of the Company who is interested in obtaining the same.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR 2018

Entered Emerging Corporate Lending business by initially committing ~₹ 400 crores in emerging & mid-market space across eight deals

In July 2017, Piramal Finance Limited (PFL), a subsidiary of the Company (now merged into Piramal Housing Finance Limited), sanctioned ~₹ 400 crores through its recently launched vertical – Emerging Corporate Lending (ECL). Within its first few months of operations, ECL provided funding to sectors as diverse as automotive dealerships, auto ancillaries, manufacturing, pharmaceuticals, electronic surveillance and IT services.

Launched Piramal Housing Finance

In September 2017, Piramal Finance Limited (now merged into Piramal Housing Finance Limited) forayed into the retail housing finance business through a wholly owned subsidiary, Piramal Housing Finance Limited [name is envisaged to be changed to Piramal Capital and Housing Finance Limited]. Under a license received from the National Housing Bank to operate, the housing finance vertical offers home loans as well as loans against property and construction finance to small developers.

Announced expansion of API manufacturing facilities

In October 2017, Piramal Pharma Solutions (PPS), a leading Contract Development and Manufacturing Organisation (CDMO) and a step-down wholly-owned subsidiary of the Company, announced investments of USD 55 million across its sites in North America & Asia, to expand its API manufacturing capabilities and capacities.

Fund raising of ₹ 4,996 Crores through Qualified Institutional Placement (QIP) of Compulsorily Convertible Debentures (CCDs)

In October, 2017, the Company raised ₹ 4,996 Crores through QIP of 464,330 CCDs of face value ₹ 107,600 each with a coupon of 7.8% p.a. Each CCD is convertible into 40 equity shares of face value ₹ 2 each, with a maturity period of 18 months, with an option to the CCD holders to convert all or part of the CCDs held by them into equity shares at any time before the maturity date.

Acquired Digeplex and associated brands

In November 2017, the Company's Consumer Products division acquired Digeplex and associated brands from Shreya Lifesciences. The acquisition strengthened PEL's position in the Gastro-Intestinal (GI) segment and is complementary to its existing brands - Polycrol and Naturolox, in the GI segment.

Forayed into Hospitality sector

In January 2018, Piramal Finance Limited, a subsidiary of the Company (now merged into Piramal Housing Finance Limited), forayed into the hospitality sector with multiple transactions done in quick succession. The platform committed ₹ 650 Crores towards two marquee hotel assets in North India, followed by another ₹ 550+ Crores across other two assets in Bangalore and Pune, respectively.

Fund raising of upto ~₹ 2,000 Crores through Rights Issue

The Company raised ~₹ 1,781.57 Crores through allotment of 7,485,574 Equity Shares having face value of ₹ 2 each for cash price of ₹ 2,380 per Equity Share (including a premium of ₹ 2,378 per Equity Share) on a rights basis, which excludes 797,748 Equity shares reserved in favour of Compulsorily Convertible Debenture holders ('CCD holders') and 26,953 Equity shares kept in abeyance. Pursuant to Regulation 53 of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, the CCD Holders have the right to participate in the Issue, in proportion to the CCDs held by them.

SIGNIFICANT EVENTS AFTER BALANCE SHEET DATE

Merger of Piramal Finance and Piramal Capital with Piramal Housing Finance

In April 2018, the Mumbai bench of NCLT approved the Scheme of Amalgamation of the Company's wholly owned subsidiaries, Piramal Finance Limited (PFL) and Piramal Capital Limited with the step down subsidiary Piramal Housing Finance Limited (subsidiary of PFL) [name is envisaged to be changed to Piramal Capital and Housing Finance Limited] and their respective shareholders. The merger got effective on May 23, 2018.

Approved scheme of Amalgamation between Piramal Enterprises Ltd. (PEL) and Piramal Phytocare Ltd. (PPL)

In May 2018, the Board of Directors has approved the draft scheme of Amalgamation between PPL (Transferor Company) and PEL (Transferee Company) and their respective shareholders. PEL will issue and allot 1 (one) fully paid up equity share having face value of ₹ 2 each to the equity shareholders of PPL on record date, for every 70 (seventy) fully paid up equity shares having face value of ₹ 10 each held by them. The scheme is subject to the approval of the shareholders, creditors and regulatory authorities.

OPERATIONS REVIEW

Total income from operations on a standalone basis for the year degrew by 13.45% to ₹ 3,296.95 Crores as compared to ₹ 3,809.31 Crores in FY 2017. Profit before interest, depreciation and tax (PBITDA) for FY2018 on a standalone basis degrew by 15.42% to ₹ 1,854.58 Crores as compared to ₹ 2,192.76 Crores in FY2017. Net Profit for the year was ₹ 518.47 Crores as compared to ₹ 776.78 Crores in FY2017. Earnings per share were ₹ 28.52 for the year as compared to ₹ 44.83 per share during the previous year.

A detailed discussion of operations for the year ended March 31, 2018 is provided in the Management Discussion and Analysis Report, which is presented in a separate section forming part of this Annual Report.

SUBSIDIARY COMPANIES

Piramal Healthcare Inc. [Consolidated]

Piramal Healthcare Inc. [consolidated] includes financials of its wholly owned subsidiaries Piramal Critical Care Inc and Piramal Pharma Inc. Net sales of Piramal Healthcare Inc. [consolidated] for FY 2018 were at ₹ 1,040.30 crores. Profit before interest, depreciation and tax for the year was at ₹ 383.10 crores. Piramal Healthcare Inc. [consolidated] reported a net profit of ₹ 199.36 crores for the year.

PEL Pharma Inc. [Consolidated]

PEL Pharma Inc [consolidated] includes financials of its wholly owned subsidiaries Piramal Pharma Solutions Inc and Ash Stevens LLC. Net sales of PEL Pharma Inc [consolidated] for FY 2018 were at ₹ 297.34 crores. Profit before interest, depreciation and tax for the year was at ₹ 34.62 crores. PEL Pharma Inc [consolidated] reported a net loss of ₹ 33.78 crores for the year.

Piramal Dutch IM Holdco B.V. [Consolidated]

Piramal Dutch IM Holdco B.V. [Consolidated] includes financials of its wholly owned subsidiaries PEL-DRG Dutch Holdco B.V. and Decision Resources group. Net sales of this group for FY 2018 were at ₹ 1,205.88 Crores. Profit before interest, depreciation and tax for the year was at ₹ 168.86 Crores. Net loss for the year was at ₹ 206.93 Crores for the year.

Piramal Healthcare UK Limited

Net sales of Piramal Healthcare UK Limited for FY 2018 were at ₹ 723.40 Crores. Profit before interest, depreciation and tax for the year was at ₹ 78.13 Crores. Piramal Healthcare UK Limited reported a net profit of ₹ 96.44 Crores for the year.

Piramal Healthcare (Canada) Limited

Net sales of Piramal Healthcare (Canada) Limited for FY 2018 were at ₹ 172.60 Crores. Profit before interest, depreciation and tax for the year was at ₹ 49.26 Crores. Piramal Healthcare (Canada) Limited reported a net profit of ₹ 44.17 Crores for the year.

Piramal Critical Care Limited [Consolidated]

Piramal Critical Care Limited (consolidated) includes financials of its wholly owned subsidiary Piramal Critical Care South Africa (Pty) Ltd.

Net sales of Piramal Critical Care Limited (consolidated) for FY 2018 were at ₹ 487.44 Crores. Profit before interest, depreciation and tax for the year was at ₹ 226.34 Crores. Piramal Critical Care Limited (consolidated) reported a net profit of ₹ 33.43 Crores for the year.

Piramal Critical Care Italia SPA

Net sales of Piramal Critical Care Italia SPA for FY 2018 were at ₹ 30.83 Crores. Loss before interest, depreciation and tax for the year was at ₹ 3.96 Crores. Piramal Critical Care Italia SPA reported a net loss of ₹ 5.75 Crores for the year.

Piramal Critical Care Deutschland GmbH

Net sales of Piramal Critical Care Deutschland GmbH for FY 2018 were at ₹ 6.58 Crores. Loss before interest, depreciation and tax for the year was at ₹ 5.75 Crores. Piramal Critical Care Deutschland GmbH reported a net loss of ₹ 7.10 Crores for the year.

Piramal Imaging SA [Consolidated]

Piramal Imaging SA (consolidated) includes financials of its wholly-owned subsidiaries Piramal Imaging GmbH and Piramal Imaging Limited. Net sales of Piramal Imaging SA (consolidated) for FY2018 were at ₹ 127.48 Crores. Loss before interest, depreciation and tax for the year was at ₹ 30.31 Crores. Piramal Imaging SA (consolidated) reported a net loss of ₹ 123.99 Crores for the year.

Piramal Housing Finance Limited

Income from operations for FY 2018 was at ₹ 3,706.15 Crores. Profit before depreciation and tax for the year was at ₹ 1,545.89 Crores. Piramal Housing Finance Limited reported a net profit of ₹ 1,004.14 Crores for the year.

This includes the effect of merger of Piramal Capital Limited and Piramal Finance Limited with Piramal Housing Finance Limited.

Piramal Fund Management Private Limited [Consolidated]

Piramal Fund Management Private Limited (consolidated) includes financials of Indiareit Investment Management Co., Piramal Asset Management Private Limited and Asset Resurgence Mauritius Manager. Income from operations for FY 2018 was at ₹ 94.31 Crores. Profit before depreciation and tax for the year was at ₹ 17.88 Crores. Piramal Fund Management Private Limited (consolidated) reported a net profit of ₹ 17.81 Crores for the year.

JOINT VENTURES AND ASSOCIATE COMPANIES

Investment in Joint ventures and Associates are accounted for using the equity method of accounting. Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise PEL's share of post acquisition profits or losses and other comprehensive income of joint ventures and associates. Dividends received or receivable from associates or joint ventures are recognised as a reduction in the carrying amount of the investment.

Convergence Chemicals Private Limited is a 51:49 joint venture between PEL and Navin Fluorine International Limited set up to develop, manufacture and sell speciality fluorochemicals. Share of Loss (including consolidation adjustments) considered in consolidation for FY 2018 amounts to ₹ 6.16 crores.

PEL has an effective 20% equity stake in Shriram Capital Limited. Share of profit of Shriram Capital Limited considered in consolidation for FY 2018 amounts to ₹ 242.50 crores.

PEL owns 49% equity stake in Allergan India Private Limited. Share of profit of Allergan India Private Limited considered in consolidation for FY 2018 amounts to ₹ 46.86 crores.

PEL's share of loss of ₹ 1.50 crores and ₹ 0.88 crores in Bluebird Aero Systems Limited and Piramal Phytocare Limited respectively have been considered in consolidation for FY 2018.

India Resurgence ARC Private Limited was a wholly owned subsidiary of the Company till July 18, 2017. On July 19, 2017, it became a joint venture between PEL and Bain Capital Credit India Investments (a company existing under the laws of the Republic of Mauritius). The Share of profit of India Resurgence ARC Private Limited has been considered in consolidation at ₹ 0.03 crores in FY 2018.

India Resurgence Asset Management Business Private Limited was a wholly owned subsidiary of the Company till February 6, 2018. On February 7, 2018, it became a joint venture between PEL and Bain Capital Credit India Investments (a company existing under the laws of the Republic of Mauritius). The Share of loss for India Resurgence Asset Management Business Private Limited reported has been considered in consolidation to ₹ 0.76 crores in FY 2018.

DEPOSITS

Your Company has not accepted any deposits from the public and as such, no amount of principal or interest was outstanding as on the balance sheet date.

STATUTORY AUDITORS AND AUDITORS' REPORT

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 Sec 139 of the Companies Act, 2013, M/s Deloitte Haskins & Sells LLP, Chartered Accountants (Firm Registration Number 117366W/W-100018), were appointed by the shareholders of the Company at the Annual General Meeting held on August 1, 2017, as Statutory Auditors for a period of 5 years to hold office until the conclusion of the 75th 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.

CORPORATE SOCIAL RESPONSIBILITY

The Annual Report on Corporate Social Responsibility activities for FY 2018 is enclosed as Annexure B to this report.

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 C to this Report.

EXTRACT OF ANNUAL RETURN

The extract of the Annual Return in Form MGT-9 is annexed herewith as Annexure D to this report.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Mr. Rajesh Laddha ceased to be the Chief Financial Officer w.e.f. June 30, 2017 and Mr. Vivek Valsaraj has been appointed as the Chief Financial Officer w.e.f. December 1, 2017 at the Board Meeting held on December 1, 2017.

In accordance with the provisions of the Companies Act, 2013 and Articles of Association of the Company, Ms. Nandini Piramal retires by rotation at the ensuing Annual General Meeting and is eligible for re-appointment.

Approval of shareholders is also being sought for the re-appointment of Dr. (Mrs.) Swati A. Piramal, Vice-Chairperson and Mr. Vijay Shah, Executive Director for a further period of 5 years and 3 years with effect from November 20, 2017 and January 1, 2018, respectively, which the Board recommends.

The Independent Directors of the Company viz. Mr. S. Ramadorai, Mr. Narayanan Vaghul, Dr. R.A. Mashelkar, Prof. Goverdhan Mehta, Mr. Keki Dadiseth, Mr. Deepak Satwalekar, Mr. Gautam Banerjee and Mr. Siddharth Mehta were appointed at the Annual General Meeting of the Company held on July 25, 2014 to hold office for a term of five consecutive years up to March 31, 2019, in line with the provisions of Section 149 and other applicable provisions of the Companies Act, 2013 including the rules made thereunder and the erstwhile Listing

Agreement. It is proposed that these Independent Directors be re-appointed for a second term of 5 (Five) consecutive years to hold office up to March 31, 2024, which the Board recommends.

The Company has received declarations from all its Independent Directors, confirming that they meet the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

BOARD EVALUATION

Evaluation of performance of all Directors is undertaken annually. The Company has implemented a system of evaluating performance of the Board of Directors and of its Committees and Directors on the basis of a structured questionnaire which comprises evaluation criteria taking into consideration various performance related aspects.

The Board of Directors has expressed their satisfaction with the evaluation process.

NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS

During the year, Eight Board Meetings were convened and held, details of which are given in the Report on Corporate Governance forming part of the Annual Report.

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.piramal.com/investors/policies-codes>.

AUDIT & RISK MANAGEMENT COMMITTEE

The Audit & Risk Management Committee comprises three members, all of whom are Independent Directors.

1. Mr. N. Vaghul – Chairman
2. Mr. Keki Dadiseth
3. Dr. R.A. Mashelkar

Further details on the Audit & Risk Management Committee are provided in the Report on Corporate Governance forming part of the Annual Report.

NOMINATION AND REMUNERATION POLICIES

The Board of Directors has approved a Policy which lays down a framework for selection and appointment of Directors and Senior Management and for determining qualifications, positive attributes and independence of Directors.

The Board has also approved a Policy relating to remuneration of Directors, members of Senior Management and Key Managerial Personnel.

Details of the Nomination Policy and the Remuneration Policy are given in Annexure E to this report.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Reference may be made to Note nos. 6 and 13 of the financial statements for loans to bodies corporate and to Note no. 38(3) for guarantees provided by the Company.

As regards details of Investments in bodies corporate, details of the same are given in Note no. 4 of the financial statements.

RELATED PARTY TRANSACTIONS

During the year, the Company had entered into contract/arrangement/ transaction with related parties which were on arms' length basis but which were considered material in accordance with the definition of materiality as included in the policy of the Company on Related Party Transaction. Accordingly, the disclosure of Related Party Transactions as required under Section 134(3)(h) of the Companies Act, 2013 in Form AOC-2 is enclosed as Annexure F to this report.

Systems are in place for obtaining prior omnibus approval of the Audit & Risk Management Committee on an annual basis for transactions with related parties which are of a foreseeable and repetitive nature. The transactions entered into pursuant to the omnibus approval so granted and a statement giving details of all transactions with related parties are placed before the Audit & Risk Management Committee for their review on a periodic basis.

Your Company has formulated a policy for dealing with related party transactions which is also available on website of the Company at <http://www.piramal.com/investors/policies-codes>.

MANAGERIAL REMUNERATION

A) Remuneration to Directors and Key Managerial Personnel

- i. The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during FY 2018, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for FY 2018 are as under:

Sr. No.	Name of Director / KMP and Designation	Remuneration of Director/ KMP for FY 2018 (₹ in Lakhs)	% increase / decrease in Remuneration in FY 2018	Ratio of remuneration of each Whole – Time Director to median remuneration of employees
1.	Ajay G. Piramal Chairman	1,207.48	8.00%	312.69
2.	Swati A. Piramal Vice - Chairperson	553.43	8.00%	143.31
3.	Nandini Piramal Executive Director	402.49	8.00%	104.23
4.	Vijay Shah Executive Director	650.44	(0.70%)	168.43
5.	Anand Piramal [§]	N.A.	N.A.	N.A.
6.	Gautam Banerjee Independent Director	36.00	N.A.	N.A.
7.	Keki Dadiseth Independent Director	44.50	N.A.	N.A.
8.	S. Ramadorai Independent Director	37.50	N.A.	N.A.
9.	Deepak Satwalekar Independent Director	44.50	N.A.	N.A.
10.	R. A. Mashelkar Independent Director	38.00	N.A.	N.A.
11.	Goverdhan Mehta Independent Director	34.50	N.A.	N.A.
12.	Siddharth Mehta Independent Director	35.00	N.A.	N.A.
13.	N. Vaghul Independent Director	50.00	N.A.	N.A.
14.	Rajesh Laddha* Chief Financial Officer	85.89	-	N.A.
15.	Vivek Valsaraj# Chief Financial Officer	161.11	-	N.A.
16.	Leonard D'Souza Company Secretary	100.82	6.32%	N.A.

Note:

- Independent Directors are entitled to sitting fees and commission as per the statutory provisions and within the limits approved by shareholders. Remuneration details for Independent Directors, in the above table, comprises sitting fees and commission. Details in the corresponding columns are applicable for Whole-time Directors and KMPs.
- Mr. Vijay Shah, Mr. Vivek Valsaraj and Mr. Leonard D'Souza also receive ESOPs under the Company's ESOP Scheme.
- Mr. Rajesh Laddha also received ESOPs during his employment under the Company's ESOP Scheme.
- Mr. Anand Piramal, Non-Executive Director does not receive any sitting fees or any other remuneration.
- § Appointed as an Additional Director (Non - Executive) w.e.f May 12, 2017 and re-appointed as Non- Executive Director w.e.f August 1, 2017 at AGM held on that date.
- * Ceased to be Chief Financial Officer w.e.f June 30, 2017, Therefore, the percentage increase in remuneration for FY 2018 is not applicable in his case.
- # Appointed as Chief Financial Officer w.e.f December 1, 2017, Therefore, the percentage increase in remuneration for FY 2018 is not applicable in his case while Remuneration details are mentioned for entire FY 2017-18.

- The median remuneration of employees of the Company during FY 2018 was ₹ 386,163;
- In the financial year, there was no increase in the median remuneration of employees;
- There were 3,832 permanent employees on the rolls of the Company as on March 31, 2018;
- Average percentage increase made in the salaries of employees other than the managerial personnel in the last financial year i.e. FY 2018 was 10%. As regards comparison of Managerial Remuneration of FY 2018 over FY 2017, details of the same are given in the above table at sr. no. (i);
- It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.

B) Employee Particulars

Details of employee remuneration as required under the provisions of Section 197 of the Companies Act, 2013 and Rule 5(2) & 5(3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is provided in a separate statement and forms part of the Annual Report. Further, this report is being sent to the Members excluding the said statement. The said statement is available for inspection of members at the Registered Office of the Company during working hours upto the date of the Annual General Meeting and shall be made available to any shareholder on request. The said statement is also available on your Company's website, the weblink to which is <https://bit.ly/2tWglei> www.piramal.com/investors/financial-reports#parentVerticalTab2.

- I) None of the Whole-Time Directors received any commission nor any remuneration from any of the Company's subsidiaries.
- II) The following details are given in the Report on Corporate Governance forming part of this Annual Report:
 - (i) all elements of remuneration package of all the Directors;
 - (ii) details of fixed component and performance linked incentives of Whole-Time Directors along with the performance criteria;
 - (iii) service contracts, notice period, severance fees of Whole-Time Directors;
 - (iv) stock option details of Whole-Time Director;
- III) Requisite details relating to ESOPs are available on your Company's website, the weblink to which is <https://bit.ly/2tWglei> www.piramal.com/investors/financial-reports#parentVerticalTab2.

SECRETARIAL AUDIT REPORT

Pursuant to the provisions of Section 204 of the Companies Act, 2013, and the Rules made thereunder, the Company has appointed M/s. N. L. Bhatia & Associates, Practicing Company Secretaries as the Secretarial Auditor of the Company. The Secretarial Audit Report is annexed as Annexure G and forms an integral part of this Report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

CORPORATE GOVERNANCE CERTIFICATE

The Report on Corporate Governance as stipulated in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 forms part of the Annual Report. The requisite Certificate from M/s. N.L. Bhatia & Associates, Practicing Company Secretaries, confirming compliance with the conditions of Corporate Governance as stipulated under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is annexed hereto as Annexure H and forms part of this Report.

RISK MANAGEMENT FRAMEWORK

The Company has a robust Risk Management framework to identify, measure, manage and mitigate business risks and opportunities. This framework seeks to create transparency, minimize adverse impact on the business strategy and enhance the Company's competitive advantage. This risk framework thus helps in managing market, credit and operational risks and quantifies potential impact at a Company level.

COMPLIANCE WITH SECRETARIAL STANDARDS

The Company complies with applicable secretarial standards.

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 with no material departures;
- (b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 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.

COST AUDIT

M/s. G.R. Kulkarni & Associates, Cost Accountants have been duly appointed as Cost Auditors for conducting Cost Audit in respect of products manufactured by the Company which are covered under the Cost Audit Rules for current financial year ending March 31, 2019. They were also the cost auditors for the previous year ended March 31, 2018. As required by Section 148 of the Companies Act, 2013, necessary resolution has been included in the Notice convening the Annual General Meeting, seeking ratification by Members to the remuneration proposed to be paid to the Cost Auditors for the financial year ending March 31, 2019.

BUSINESS RESPONSIBILITY REPORT

The 'Business Responsibility Report' of your Company for the year 2017-18 as required under Regulation 34(2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is enclosed as Annexure I to this report.

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

Your Company has always believed in providing a safe and harassment free workplace for every individual working in Company's premises through various interventions and practices. The Company always endeavors to create and provide an environment that is free from discrimination and harassment including sexual harassment.

The Company has in place robust policy on prevention of sexual harassment at workplace which is in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Internal Complaints Committee ('ICC') has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this Policy. ICC has its presence at corporate office as well as at site locations.

The Policy is gender neutral. During the year under review, 1 (One) complaint with allegation of sexual harassment was filed with ICC, detailed investigation was carried out and same was disposed-off as per the provisions of The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

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. Details relating to issue of sweat equity shares and shares with differential rights as to dividend, voting or otherwise, since there was no such issue of shares.
2. 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.

ACKNOWLEDGEMENT

We take this opportunity to thank the employees for their dedicated service and contribution to the Company.

We also thank our banks, business associates and our shareholders for their continued support to the Company.

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

Place: Mumbai

Date: May 28, 2018

Chairman