

BOARD'S REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the 72nd Annual Report on the business and operations of the Company and the Audited Financial Statements for the financial year ended March 31, 2019.

(₹ in Crores)

Particulars	Consolidated		Standalone	
	FY2019	FY2018	FY2019	FY2018
Net Sales	13,215.34	10,639.35	3,671.40	3,296.95
Non-operating other income	312.80	259.53	446.32	639.79
Total income	13,528.14	10,898.88	4,117.72	3,936.74
Other Expenses	6,120.74	5,479.48	1,993.55	2,082.16
OPBIDTA	7,407.40	5,419.40	2,124.17	1,854.58
Interest Expenses	4,409.74	2,978.30	1,496.61	989.55
Depreciation	520.15	477.33	131.18	111.58
Profit before tax & exceptional items	2,477.51	1,963.77	496.38	753.45
Exceptional items expenses	465.64	-	1,287.96	-
Income tax	861.13	(2,876.42)	70.40	234.98
Net Profit/ (Loss) after tax	1,150.74	4,840.19	(861.98)	518.47
Share of Net profit of Associates and Joint ventures	319.38	280.09		
Net Profit/ (Loss) after tax and after Share of Net profit of Associates and Joint ventures	1,470.12	5,120.28	(861.98)	518.47
Net Profit/ (Loss) Margin %	11.12%	48.12%	(23.48%)	15.72%
Normalised Net Profit ¹	1,935.76	1,551.10	425.98	518.47
Normalised Net Profit Margin %	14.65%	14.58%	11.60%	15.72%
Basic EPS	74.16	281.75	(43.40)	28.52
Diluted EPS (₹/share) ²	73.86	281.67	(43.40)	28.51
Normalised Basic EPS (₹/share) ¹	97.61	85.40	21.45	28.52
Normalised Diluted EPS (₹/share) ¹	97.21	85.37	21.36	28.51

Notes:

1. FY2019 normalised net profit excludes non-recurring and non-cash accounting charge towards sale of the Imaging business & non-recurring exceptional item. FY2018 normalised net profit after tax excludes synergies on account of merger of subsidiaries in the financial services segment.
2. Diluted EPS for March 31, 2019 and March 31, 2018 have been restated for effect of Rights Issue.

DIVIDEND

The Board has recommended dividend of ₹ 28 (Rupees Twenty Eight only) i.e. @ 1400% per equity share of the face value of ₹ 2 each for the financial year ended March 31, 2019.

The dividend declared by the Company for the financial year ended March 31, 2019 is in compliance with the Dividend Distribution Policy of the Company.

As per Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), the Company has adopted a Dividend Distribution Policy which is enclosed as Annexure A to this Report and is also available on the website of the Company at www.piramal.com.

SHARE CAPITAL

During the year under review, the Company had:

1. issued and allotted 41,62,000 equity shares of the face value of ₹ 2 each pursuant to conversion of 1,04,050 Compulsorily Convertible Debentures ('CCDs'). The CCDs were convertible

into equity shares in the ratio of 40 equity shares of the face value of ₹ 2 each per CCD;

2. allotted 11,298 equity shares of the face value of ₹ 2 each at an issue price of ₹ 2,380 per share (including premium of ₹ 2,378 per share) out of the Rights equity shares reserved for CCD holders [as per Regulation 53 of erstwhile SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 ('SEBI ICDR')] and the Rights equity shares were kept in abeyance under the Rights Issue made by the Company vide Letter of Offer dated February 1, 2018. As on March 31, 2019, 7,88,764 Rights equity shares were reserved for the CCD Holders [as per Regulation 53 of SEBI ICDR] and 24,639 Rights equity shares were in abeyance.

Subsequent to the year end, the Company had issued and allotted 1,42,03,785 equity shares of face value of ₹ 2 each upon conversion of CCDs and issue of Rights equity shares. Accordingly, the issued share capital of the Company stood at ₹ 39,88,93,150 made up of 19,94,46,575 equity shares of ₹ 2 each and the subscribed and paid – up share capital of the Company was at ₹ 39,73,01,514 made up of 19,86,50,757 equity shares of ₹ 2 each.

UTILISATION OF ISSUE PROCEEDS

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

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

CHANGES IN SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

Changes in subsidiaries, joint ventures and/ or associate companies during the year under review are listed in Annexure B 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 (the 'Act'), a statement containing salient features of the financial statements of subsidiaries, associates and joint venture companies in Form AOC-1 is attached to the financial statements. 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 the Company at www.piramal.com 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 2019

Sold Piramal Imaging SA to Alliance Medical Group

In June 2018, relevant agreements were executed by Piramal Holdings (Suisse) SA (wholly-owned subsidiary of the Company) concluding the sale of the Imaging business comprising of Piramal Imaging SA and its subsidiaries Piramal Imaging Ltd. and Piramal Imaging GmbH to Alliance Medical Group (AMG). The sale of the business resulted in a non-recurring and non-cash accounting charge of ₹ 452 crores towards Imaging Assets.

Supreme Court exempted Saridon from the list of banned FDCs

In February 2019, the Supreme Court of India ruled in favour of Saridon, a heritage brand from the healthcare product portfolio of the Company, exempting its formulation from the list of banned FDCs (Fixed Dose Combinations). Saridon is amongst India's most widely distributed analgesic tablets with a strong distribution network across 9 lakh outlets in India.

Launch of Cinacalcet by the Company's partner, Slate Run Pharmaceuticals, in USA

In March 2019, one of the Company's partners for its global pharma businesses - Slate Run Pharmaceuticals LLC., launched generic Cinacalcet Hydrochloride tablets (30mg, 60mg and 90mg) in the United States of America. Cinacalcet tablets are indicated for treatment of secondary hyperthyroidism (HPT) in adult chronic kidney disease patients on dialysis and hypercalcemia in adult patients with parathyroid carcinoma.

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

In May 2018, the Board of Directors of the Company had approved the draft Scheme of Amalgamation between PPL ('Transferor Company') and PEL ('Transferee Company') and their respective shareholders ('the Scheme'). Upon the Scheme being approved by the National Company Law Tribunal ('NCLT'), PEL will issue and allot 1 (one) fully paid up equity share of face value of ₹ 2 each for every 70 (seventy) fully paid up equity shares having face value of ₹ 10 each held by the equity shareholders of PPL, as on the Record Date which will be determined for this purpose.

The Scheme was approved by the requisite majority of the equity shareholders of the Company (including public shareholders) at the NCLT convened meeting of the shareholders held on April 2, 2019. The details are provided under the Report on Corporate Governance forming part of this Annual Report.

Apart from the updates mentioned above, there were no significant events after the balance sheet date.

OPERATIONS REVIEW

Standalone

Total income from operations on a standalone basis for the year grew by 11.36% to ₹ 3,671.40 Crores as compared to ₹ 3,296.95 Crores in FY2018. Profit before interest, depreciation and tax for FY2019 on a standalone basis grew by 14.54% to ₹ 2,124.17 Crores as compared to ₹ 1,854.58 Crores in FY2018. In June 2018, the Company's wholly owned subsidiary, Piramal Holdings (Suisse) SA ('PHSA') sold its entire ownership interest in its wholly owned subsidiary Piramal Imaging SA and its subsidiaries. Consequently, the Company's cost of equity investment in PHSA amounting to ₹ 1,287.96 Crores has been provided for. Net Loss for the year was ₹ 861.98 Crores as compared to Net Profit of ₹ 518.47 Crores in FY2018.

Consolidated

The Company's consolidated revenue grew by 24% to ₹ 13,215 Crores in FY2019 as compared with ₹ 10,639 Crores in FY2018. The rise in revenue is primarily driven by growth in Financial Services segment. Revenue generated in foreign currencies is 40% of the Company's FY2019 revenue.

BOARD'S REPORT

A detailed discussion on operations for the year ended March 31, 2019 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 FY2019 were at ₹ 1,189.04 Crores. Profit before interest, depreciation and tax for the year was at ₹ 342.16 Crores. Piramal Healthcare Inc. [consolidated] reported a net profit of ₹ 167.56 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 FY2019 were at ₹ 371.80 Crores. Loss before interest, depreciation and tax for the year was at ₹ 12.52 Crores. PEL Pharma Inc. [consolidated] reported a net loss of ₹ 79.95 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 the Decision Resources Group. Net sales of this group for FY2019 were at ₹ 1,330.74 Crores. Profit before interest, depreciation and tax for the year was at ₹ 233.96 Crores. Net loss for the year was at ₹ 217.98 Crores for the year.

Piramal Healthcare UK Limited

Net sales of Piramal Healthcare UK Limited for FY2019 were at ₹ 789.01 Crores. Profit before interest, depreciation and tax for the year was at ₹ 98.62 Crores. Piramal Healthcare UK Limited reported a net profit of ₹ 65.36 Crores for the year.

Piramal Healthcare (Canada) Limited

Net sales of Piramal Healthcare (Canada) Limited for FY2019 were at ₹ 251.26 Crores. Profit before interest, depreciation and tax for the year was at ₹ 75.55 Crores. Piramal Healthcare (Canada) Limited reported a net profit of ₹ 68.88 Crores for the year.

Piramal Critical Care Limited

Net sales of Piramal Critical Care Limited for FY2019 were at ₹ 678.58 Crores. Profit before interest, depreciation and tax for the year was at ₹ 283.34 Crores. Piramal Critical Care Limited reported a net profit of ₹ 10.42 Crores for the year.

Piramal Critical Care Italia SPA

Net sales of Piramal Critical Care Italia SPA for FY2019 were at ₹ 38.56 Crores. Profit before interest, depreciation and tax for the year was at ₹ 2.90 Crores. Piramal Critical Care Italia SPA reported a net profit of ₹ 0.97 Crores for the year.

Piramal Critical Care South Africa (Pty.) Ltd.

Net sales of Piramal Critical Care South Africa for FY2019 were at ₹ 12.26 Crores. Profit before interest, depreciation and tax for the year was at ₹ 0.68 Crores. Piramal Critical Care Italia SPA reported a net profit of ₹ 1.17 Crores for the year.

Piramal Critical Care Deutschland GmbH

Net sales of Piramal Critical Care Deutschland GmbH for FY2019 were at ₹ 17.14 Crores. Loss before interest, depreciation and tax for the year was at ₹ 9.50 Crores. Piramal Critical Care Deutschland GmbH reported a net loss of ₹ 10.79 Crores for the year.

Piramal Critical Care BV

Net sales of Piramal Critical Care BV for FY2019 were at ₹ 1.62 Crores and the entity reported a net loss of ₹ 4.34 Crores for the year.

Piramal Capital & Housing Finance Limited

Income from operations for FY2019 was at ₹ 5,454.84 Crores. Profit before depreciation and tax for the year was at ₹ 2,218.32 Crores. Piramal Capital & Housing Finance Limited reported a net profit of ₹ 1,442.56 Crores for the year.

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 FY2019 was at ₹ 51.68 Crores. Loss before depreciation and tax for the year was at ₹ 47.36 Crores. Piramal Fund Management Private Limited [consolidated] reported a net loss of ₹ 41.62 Crores for the year.

Piramal Securities Limited

Piramal Securities Limited has received its merchant banking license from SEBI in January 2019. It had no Income from operations for FY2019. Loss before depreciation and tax for the year was at ₹ 15.24 Crores. Piramal Securities Limited reported a net loss of ₹ 15.27 Crores for the year.

PHL Fininvest Private Limited

Income from operations for FY2019 was at ₹ 571.03 Crores. Profit before depreciation and tax for the year was at ₹ 88.91 Crores. PHL Fininvest Private Limited reported a net profit ₹ 78.00 Crores for the year.

Searchlight Health Private Limited

Income from operations for FY2019 was at ₹ 1.45 Crores. Loss before Finance cost, depreciation and tax for the year was at ₹ 5.91 Crores. Searchlight Health Private Limited reported a net loss of ₹ 6.07 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 the Company'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 the Company and Navin Fluorine International Limited set up to develop, manufacture and sell speciality fluorochemicals. Share of profit (including consolidation adjustments) considered in consolidation for FY2019 amounts to ₹ 1.79 Crores.

The Company has an effective 20% equity stake in Shriram Capital Limited. Share of profit of Shriram Capital Limited considered in consolidation for FY2019 amounts to ₹ 274.62 Crores.

The Company owns 49% equity stake in Allergan India Private Limited. Share of profit of Allergan India Private Limited considered in consolidation for FY2019 amounts to ₹ 50.99 Crores.

The Company's share of profit of ₹ 1.00 Crore in Bluebird Aero Systems Limited (Associate Company) has been considered in consolidation for FY2019.

India Resurgence ARC Private Limited is a 50:50 joint venture between the Company and Bain Capital Credit India Investments (a company existing under the laws of the Republic of Mauritius). The share of loss of India Resurgence ARC Private Limited has been considered in consolidation for FY2019 and amounts to ₹ 0.32 Crores.

India Resurgence Asset Management Business Private Limited is a 50:50 joint venture between the Company and Bain Capital Credit India Investments. The share of loss of India Resurgence Asset Management Business Private Limited has been considered in consolidation for FY2019 and amounts to ₹ 9.87 Crores.

DEPOSITS FROM PUBLIC

The 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, 2019. The Notes on financial statements referred to in the Auditors' Report are self-explanatory and do not call for any further comments.

In accordance with Section 139 of the Act, M/s Deloitte Haskins & Sells LLP ('Deloitte'), 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 ('AGM') of the Company to be held in the 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 Shareholders for the ratification of Auditor's appointment is not being sought at the ensuing AGM.

Deloitte has furnished a certificate of their eligibility and consent under Sections 139(1) and 141 of the Act and the Rules framed thereunder for their continuance as Statutory Auditors of the Company for the financial year 2019-20.

CORPORATE SOCIAL RESPONSIBILITY

The annual report on Corporate Social Responsibility (CSR) including a brief outline of the CSR Policy and the activities undertaken during the FY2019 is enclosed as Annexure C to this Report. The CSR policy is available on the website of the Company at www.piramal.com.

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 D to this Report.

EXTRACT OF ANNUAL RETURN

The extract of the Annual Return for FY2019 is given in Annexure E in the prescribed Form No. MGT-9, which is a part of this Report. The same is also available on <http://www.piramal.com/investor/overview>.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

In accordance with the provisions of the Act and the Articles of Association of the Company, Dr. (Mrs.) Swati A. Piramal (DIN: 00067125) retires by rotation at the ensuing AGM and being eligible offers herself for re-appointment. The Board recommends her re-appointment for the consideration of the Members of the Company at the ensuing AGM.

The Board of Directors had, on the recommendation of Nomination and Remuneration Committee, appointed Mrs. Arundhati Bhattacharya (DIN: 02011213) as an Additional Director of the Company and also as an Independent Director, not liable to retire by rotation, for a term of 5 years i.e. from October 25, 2018 to October 24, 2023, subject to approval of the Members. In line with the Act and the Articles of Association of the Company, Mrs. Bhattacharya is eligible to be appointed as an Independent Director at the ensuing AGM.

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 Act and Regulation 16(1)(b) of the 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 the Non-Executive Directors on the basis of a structured questionnaire which comprises evaluation criteria taking into consideration various performance related aspects. The performance of the Executive Directors is evaluated on the basis of achievement of their Key Result Areas.

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

NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS

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

BOARD'S 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/investor/overview>.

AUDIT & RISK MANAGEMENT COMMITTEE

The Audit & Risk Management Committee comprises of the following 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.

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 FY2019 and the ratio of the remuneration of each Director to the median remuneration of the employees of the Company for FY2019 are as under:

Sr. No.	Name of Director/ KMP and Designation	Remuneration of Director/ KMP for FY2019 (₹ in Lakhs)	% increase/ decrease in Remuneration in FY2019	Ratio of remuneration of each Whole – Time Director to median remuneration of employees
1.	Ajay G. Piramal Chairman	1,214.98	8.01%	291.34
2.	Swati A. Piramal Vice – Chairperson	544.97	8.02%	130.68
3.	Nandini Piramal Executive Director	409.42	8.06%	98.18
4.	Vijay Shah Executive Director	649.12	2.71%	155.66
5.	Anand Piramal Non – Executive Director	N.A.	N.A.	N.A.
6.	Gautam Banerjee Independent Director	31	N.A.	N.A.
7.	Keki Dadiseth Independent Director	35	N.A.	N.A.

Details of the Nomination Policy and the Remuneration Policy are given in Annexure F to this Report and the weblink to the same is <http://www.piramal.com/investor/overview>.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Reference may be made to Note nos. 6 and 13 of the standalone financial statements for loans to bodies corporate and Note no. 39 for guarantees provided by the Company.

As regards details of Investments in bodies corporate are given in Note no. 4 of the standalone 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 Act in Form AOC-2 is enclosed as Annexure G 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.

The 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/investor/overview>.

Sr. No.	Name of Director/ KMP and Designation	Remuneration of Director/ KMP for FY2019 (₹ in Lakhs)	% increase/ decrease in Remuneration in FY2019	Ratio of remuneration of each Whole – Time Director to median remuneration of employees
8.	S. Ramadorai Independent Director	31	N.A.	N.A.
9.	Deepak Satwalekar Independent Director	36.5	N.A.	N.A.
10.	R. A. Mashelkar Independent Director	37	N.A.	N.A.
11.	Goverdhan Mehta Independent Director	33	N.A.	N.A.
12.	Siddharth Mehta Independent Director	31.5	N.A.	N.A.
13.	N. Vaghul Independent Director	38	N.A.	N.A.
14.	Arundhati Bhattacharya [§] Independent Director	2.5	N.A.	N.A.
15.	Vivek Valsaraj Chief Financial Officer	179.57	22.64%	N.A.
16.	Leonard D'Souza Company Secretary	100.88	6.64%	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, is comprised of 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. Anand Piramal, Non-Executive Director does not receive any sitting fees or any other remuneration.
- Remuneration details have been provided on the basis of remuneration/ commission paid during FY2019 and sitting fees for meetings attended during FY2019.
- Appointed as an Additional Director (Non-Executive, Independent) w.e.f. October 25, 2018.

- The median remuneration of employees of the Company during FY2019 was ₹ 4,17,024;
- In the financial year, there was 8% increase in the median remuneration of employees;
- There were 4,017 permanent employees on the rolls of the Company as on March 31, 2019;
- Average percentage increase made in the salaries of employees other than the managerial personnel in the last financial year i.e. FY2019 was 11%. As regards comparison of Managerial Remuneration of FY2019 over FY2018, 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.

- None of the Whole-Time Directors received any commission nor any remuneration from any of the Company's subsidiaries.
- The following details are given in the Report on Corporate Governance forming part of this Annual Report:
 - all elements of remuneration package of all the Directors;
 - details of fixed component and performance linked incentives of Whole-Time Directors along with the performance criteria;
 - service contracts, notice period, severance fees of Whole- Time Directors;
 - stock option details of Whole-Time Director;
- Requisite details relating to ESOPs are available on the Company's website, the weblink to which is <http://www.piramal.com/investor/overview>.

B) Employee Particulars

Details of employee remuneration as required under the provisions of Section 197 of the Act 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 by Members at the Registered Office of the Company during working hours upto the date of the AGM and shall be made available to any Member on request. The said statement is also available on the Company's website, the weblink to which is <http://www.piramal.com/investor/overview>.

SECRETARIAL AUDIT REPORT

Pursuant to the provisions of Section 204 of the Act and the Rules made thereunder, the Company has appointed M/s. N. L. Bhatia & Associates, Practising Company Secretaries as the Secretarial

BOARD'S REPORT

Auditor of the Company. The Secretarial Audit Report is annexed as Annexure H and forms an integral part of this Report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

As per the requirements of the Listing Regulations, the material subsidiary of the Company viz. Piramal Capital and Housing Finance Limited has undertaken secretarial audit for the Financial Year 2018-19.

CORPORATE GOVERNANCE CERTIFICATE

The Report on Corporate Governance as stipulated in the Listing Regulations 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 Listing Regulations is annexed hereto as Annexure I 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. Further information on the risk management process of the Company is contained in the Management Discussion & Analysis Report which forms part of this Annual Report.

COMPLIANCE WITH SECRETARIAL STANDARDS

The Company complies with applicable secretarial standards.

DIRECTORS' RESPONSIBILITY STATEMENT

Based on the framework of internal financial controls and systems of compliance which are established and maintained by the Company, audits conducted by the Internal, Statutory and Secretarial Auditors including audit of internal financial controls over financial reporting by the Statutory Auditors and reviews by the Management and the relevant Board Committees, including the Audit & Risk Management Committee, the Board is of the opinion that the Company's internal financial controls were adequate and effective during FY2019.

The Directors confirm to the best of their knowledge and ability, that:

- (a) in the preparation of the annual financial statements for the year ended March 31, 2019, 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, 2019 and of the loss 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 Act 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 the financial year ending March 31, 2020. They were also the cost auditors for the financial year ended March 31, 2019. As required by Section 148 of the Act, necessary resolution has been included in the Notice convening the AGM, seeking ratification by Members to the remuneration proposed to be paid to the Cost Auditors for the financial year ending March 31, 2020.

The Company is required to maintain cost records as specified by the Central Government under Section 148(1) of the Act and accordingly such accounts and records are made and maintained by the Company in the prescribed manner.

BUSINESS RESPONSIBILITY REPORT

The Business Responsibility Report of the Company for FY2019 as required under Regulation 34(2)(f) of the Listing Regulations is enclosed as Annexure J to this Report.

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

The 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 a 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

The Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions related to 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.

During the year under review, none of the Auditors of the Company have reported any fraud as specified under Section 143(12) of the Act.

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 shareholders and other stakeholders for their continued support to the Company.

For and on behalf of the
Board of Directors

Place: Mumbai
Date: April 26, 2019

Chairman