

BOARD'S REPORT

Dear Shareholders,

Your Directors have pleasure in presenting their 69th Annual Report on the business and operations of the Company and the Audited Financial Statements for the financial year ended March 31, 2016.

PERFORMANCE HIGHLIGHTS (STANDALONE)

Particulars	(₹ in Crores)	
	FY2016	FY2015
Revenue from operations	3,516.53	2,401.41
Other Income	305.38	250.18
Total Revenue	3,821.91	2,651.59
R&D Expenses	60.82	183.12
Other Expenses	1,988.06	1,773.63
EBIDTA excluding FOREX impact	1,773.03	694.84
Foreign Exchange Gain / (Loss)	119.71	48.41
EBIDTA	1,892.74	743.25
% margin	49.52	28.03
Less:		
Finance Costs	792.21	306.91
Depreciation	79.62	88.84
Profit before tax and Exceptional Income	1,020.91	347.50
Add: Exceptional Income / (Expenses) - (Net)	70.19	298.88
Profit before Tax	1,091.10	646.38
Less:		
Income Tax provision	29.95	273.64
– Current	29.95	273.61
– Deferred	0.00	0.03
Profit for the year	1,061.15	372.74
% margin	27.76	14.06
Add:		
Profit brought forward from previous year	3,104.15	3,182.64
Credited on Merger	-	27.23
Depreciation charged to Reserves	-	(7.65)
Profit available for appropriation	4,165.30	3,574.96
Appropriation:		
Proposed dividend		
– Equity Shares	-	345.13
– Dividend Distribution Tax thereon	-	70.26
Interim dividend		
– Equity Shares	301.99	-
– Dividend Distribution Tax thereon	61.48	-
Transfer to Debenture Redemption Reserve	438.58	55.42
Balance carried to Balance Sheet	3,363.25	3,104.15
Earnings Per Share (Basic / Diluted) (₹)	61.49	21.60

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

DIVIDEND

The Company paid an interim dividend of ₹ 17.50 per equity share i.e. @ 875% on 17,25,63,100 equity shares having face value of ₹ 2 each in the month of March, 2016 to all its members as on the record date March 19, 2016 for the financial year 2016.

The total cash outflow on account of dividend payment including dividend distribution tax thereon was ₹ 363.47 Crores (FY2015 ₹ 415.39 Crores).

It is proposed that this interim dividend be declared as final dividend for the Financial Year ended March 31, 2016.

CHANGES IN SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

During the year under review, companies listed in Annexure A to this Report have become or ceased to become subsidiaries, joint ventures or associate companies.

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 (herein collectively referred to as 'Group Companies') in Form AOC 1 is attached to the Accounts. The separate audited financial statements of the Group Companies 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.

Your Company will also make available these documents upon request by any Member of the Company interested in obtaining the same. The separate audited financial statements of the Group Companies are also available on the website of your Company at <http://www.piramal.com/investors/financial-reports#parentVerticalTab2>.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR 2016

Sale of Piramal Clinical Research

In April 2015, the Company sold its clinical research division known as 'Piramal Clinical Research' (formerly known as Wellquest), to Indoco Remedies Limited.

Acquisition of Healthcare Business Insights (HBI)

In May 2015, the Company's wholly owned subsidiary in the US, Decision Resources Inc., which is engaged in the Information Management business, acquired HBI, a trusted provider of best practice research, training and services to more than 1,400 hospitals across the US. This acquisition marked the Company's entry into the provider space.

Entered into a co-promotion agreement with Cumberland Pharmaceuticals Inc.

In November 2015, the Company's wholly owned subsidiary, Piramal Critical Care Inc., entered into a co-promotion agreement with Cumberland

Pharmaceuticals Inc., a specialty pharmaceutical company focused on hospital acute care and gastroenterology, for two of Cumberland's branded hospital products, Caldolor® and Vaprisol® in the United States.

Acquisition of baby-care brand "Little's"

In November 2015, the Company acquired baby-care brand "Little's", which includes the entire product range across six categories. Little's is present across a wide range of products including feeding bottles, skin-care, grooming accessories, apparels and toys for babies.

Acquisition of five trademark rights for India

In December 2015, the Company acquired five trademark rights for India from Organon India Pvt. Ltd. and MSD BV. The main brands acquired through this acquisition are Naturolox, Lactobacil and Farizym brands. With this acquisition, PEL intends to expand in the Gastro-Intestinal (GI) segment through the over-the-counter (OTC) route.

Sale of Canada-based cartilage repair product, BST-CarGel®

In January 2016, the Company sold its Canada-based cartilage repair product, BST-CarGel® to Smith & Nephew, the global medical technology business.

Launch of 'Stop AllerG'

In January 2016, the Company launched 'Stop AllerG', an anti-allergy OTC brand. Stop AllerG is a non-drowsy formulation, which provides relief in minutes, from the symptoms of allergy.

Acquisition of Adaptive Software

In February 2016, the Company's wholly owned subsidiary in the US, Decision Resources Inc., which is engaged in the Information Management business, acquired Adaptive Software, developers of market-leading pharmacy benefit and formulary management software platforms. This acquisition marked the Company's entry into Payer Market.

Launch of Benzocaine based throat spray – 'Throatsil'

In March 2016, the Company launched India's first ever Benzocaine based throat spray – 'Throatsil', a sore throat pain relief product. It has been launched in two markets of Southern India namely – Chennai and Coimbatore.

OPERATIONS REVIEW

Total income from operations on a standalone basis for the year grew by 46.4% to ₹ 3,516.53 Crores as compared with ₹ 2,401.41 Crores in FY2015. Profit before interest, depreciation and tax (PBITDA) for FY2016 on a standalone basis grew by 154.7% to ₹ 1,892.74 Crores as compared with ₹ 743.25 Crores in FY2015. Growth in PBITDA was driven by strong revenue performance across most of the businesses. Net profit for the year was ₹ 1,061.15 Crores as compared with ₹ 372.74 Crores in FY2015. Earnings per share were ₹ 61.49 for the year as compared with ₹ 21.60 per share during the previous year.

BOARD'S REPORT

A detailed discussion of operations for the year ended March 31, 2016 is provided in the Management Discussion and Analysis Report, which is presented in a separate section forming part of this Annual Report.

RESEARCH & DEVELOPMENT

During FY2016, the Company through its marketing partner received approval for the commercial production and market supply of Neuraceq™ (florbetaben F18 injection) in Korea. In addition to the doses which are sold in Germany, France, Austria, Spain, Netherlands, Poland, Czech Republic, United Kingdom, Belgium and Italy, sales of Neuraceq™ showed an upward trend mainly on account of Imaging Dementia – Evidence for Amyloid Scanning (IDEAS) trial supply in USA and various supply agreements signed with pharmaceutical companies developing disease-modifying drug for Alzheimer's disease.

SUBSIDIARY COMPANIES

Piramal Healthcare Inc.

Piramal Healthcare Inc. includes financials of its wholly owned subsidiaries Decision Resources Group (upto December 2015), Piramal Critical Care Inc, Piramal Pharma Inc. and Coldstream Laboratories Inc. Net sales of Piramal Healthcare Inc. for FY2016 were at ₹ 1,808.7 Crores. Profit before interest, depreciation and tax for the year was at ₹ 374.4 Crores. Piramal Healthcare Inc. reported a net profit of ₹ 26.9 Crores for the year.

DRG Holdco Inc.

DRG Holdco Inc. includes financials of its wholly owned subsidiaries Piramal IPP Holdings LLC and the Decision Resources Group (from December 2015). Net sales of DRG Holdco Inc. for FY2016 were at ₹ 262.4 Crores. Loss before interest, depreciation and tax for the year was at ₹ 16.7 Crores. DRG Holdco Inc. reported a net loss of ₹ 122.6 Crores for the year.

Piramal Healthcare UK Limited

Net sales of Piramal Healthcare UK Limited for FY2016 were at ₹ 742.4 Crores. Profit before interest, depreciation and tax for the year was at ₹ 76.9 Crores. Piramal Healthcare UK Limited reported a net profit of ₹ 28.2 Crores for the year.

Piramal Healthcare (Canada) Limited

Net sales of Piramal Healthcare (Canada) Limited for FY2016 were at ₹ 164.2 Crores. Profit before interest, depreciation and tax for the year was at ₹ 47.1 Crores. Piramal Healthcare (Canada) Limited reported a net profit of ₹ 35.8 Crores for the year.

Piramal Critical Care Italia SPA

Net sales of Piramal Critical Care Italia SPA for FY2016 were at ₹ 23.3 Crores. Loss before interest, depreciation and tax for the year was at ₹ 5.2 Crores. Piramal Critical Care Italia SPA reported a net loss of ₹ 23.1 Crores for the year.

Piramal Imaging SA

Piramal Imaging SA includes financials of its wholly-owned subsidiaries Piramal Imaging GmbH and Piramal Imaging Limited. Net sales of Piramal Imaging SA for FY2016 were at ₹ 15.2 Crores. Loss before interest, depreciation and tax for the year was at ₹ 178.6 Crores. Piramal Imaging SA reported a net loss of ₹ 254.1 Crores for the year.

Piramal Finance Private Limited

Income from operations of Piramal Finance Private Limited for FY2016 was at ₹ 136.1 Crores. Profit before depreciation and tax for the year was at ₹ 86.5 Crores. Piramal Finance Private Limited reported a net profit of ₹ 37.2 Crores for the year.

Piramal Fund Management Private Limited

Piramal Fund Management Private Limited includes financials of Indiareit Investment Management Co. and Piramal Asset Management Private Limited. Income from operations for FY2016 was at ₹ 88.1 Crores. Profit before depreciation and tax for the year was at ₹ 26.0 Crores. Piramal Fund Management Private Limited reported a net profit of ₹ 9.7 Crores for the year.

Convergence Chemicals Private Limited

Convergence Chemicals Private Limited is a 51:49 Joint Venture, between PEL and Navin Fluorine International Limited, for developing, manufacturing and selling speciality fluorochemicals. Convergence Chemicals Private Limited was incorporated last year and reported a net loss of ₹ 0.7 Crores during FY2016.

JOINT VENTURES AND ASSOCIATE COMPANIES

Allergan India Private Limited (AIL) is a 51:49 Joint Venture, between Allergan Pharmaceuticals (Ireland) Ltd Inc and PEL, for ophthalmic products. Total FY2016 revenues of AIL were ₹ 337.3 Crores. Profit before interest, depreciation and tax for the year was at ₹ 115.1 Crores. AIL reported a net profit of ₹ 73.1 Crores for the year.

Shrilekha Financial Services is a partnership firm jointly owned by PEL (74.95%) and Shriram Ownership Trust. During FY2015, PEL has acquired an effective 20% equity stake in Shriram Capital Limited for an aggregate consideration of ₹ 2,146.2 Crores. PEL's share of profit / loss of associates include share of profit of Shriram Capital Limited amounting to ₹ 153.0 Crores.

Piramal Enterprises Limited (directly or through its subsidiaries) had acquired 27.83% stake in Bluebird Aero Systems Ltd, Israel for a consideration of USD 7 million in 2012. Profits of ₹ 6.3 Crores have been considered for consolidation in the year ended March 31, 2016.

SIGNIFICANT EVENTS AFTER BALANCE SHEET DATE

Entered an agreement to acquire four brands from Pfizer Limited

In May 2016, the Company entered into an agreement to acquire four brands from Pfizer Limited. The acquisition includes brands namely: Ferradol, Neko, Sloan's and Waterbury's Compound. Additionally

the agreement also includes the trademark rights for Ferradol and Waterbury's Compound in Bangladesh and Sri Lanka.

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 AUDITOR'S REPORT

In accordance with Section 139 of the Companies Act, 2013, M/s Price Waterhouse, Chartered Accountants, were re-appointed by the shareholders of the Company at the Annual General Meeting held on July 25, 2014, as Statutory Auditors for a period of 3 years to hold office until the conclusion of the 70th Annual General Meeting of the Company in calendar year 2017.

In accordance with the provisions of Section 139, 142 and other applicable provisions of the Companies Act, 2013 and of the Companies (Audit and Auditors) Rules, 2014, the appointment of the Statutory Auditors is required to be ratified by the shareholders at every Annual General Meeting during their tenure.

M/s Price Waterhouse, Chartered Accountants, have confirmed that they are eligible for having their appointment as Statutory Auditors ratified at this Annual General Meeting (AGM). Accordingly, approval of shareholders is being sought at this AGM for ratification of their appointment.

The Auditors Report does not contain any qualification, reservation or adverse remark on the financial statements for the year ended March 31, 2016 except in respect of fraud on the Company committed by an erstwhile employee resulting in losses to the Company amounting ₹ 3.18 Crores in the current year, for which Management has taken appropriate remedial measures. The statements made by the Auditors in their Report are self-explanatory and do not call for any further comments.

CORPORATE SOCIAL RESPONSIBILITY

The Annual Report on Corporate Social Responsibility activities for FY2016 is enclosed as Annexure B.

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.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Mr. Amit Chandra, Independent Director, stepped down as a Director of the Company with effect from December 21, 2015, in view of his other professional commitments. The Company places on record its appreciation and gratitude for the invaluable contributions made by Mr. Chandra during his tenure as a member of the Board of Directors.

There were no other changes in Directors or Key Managerial Personnel.

The Company has received declarations from all its Independent Directors, confirming that they meet the criteria of independence as prescribed under the Companies Act, 2013 and Regulation 16(1)(b) of the Listing Regulations.

In accordance with the provisions of the Companies Act, 2013, Dr. (Mrs.) Swati A. Piramal retires by rotation at the ensuing Annual General Meeting and is eligible for re-appointment.

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 individual 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 seven 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 COMMITTEE

The Audit & Risk Committee comprises three members, all of whom are independent directors.

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

BOARD'S REPORT

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

NOMINATION AND REMUNERATION POLICIES

The Board of Directors has formulated 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 formulated 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.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Reference may be made to Note nos. 14 and 20 of the financial statements for loans to bodies corporate and to Note no. 22(A)(2) for guarantees provided by the Company.

As regards details of Investments in bodies corporate, details of the same are given in Note nos. 13 and 16 of the financial statements.

RELATED PARTY TRANSACTIONS

During the year, the Company had not entered into any contract/arrangement/transaction with related parties which were not on arm's

length basis or which could be considered material in accordance with the policy of the Company on materiality of related party transactions. 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.

Systems are in place for obtaining prior omnibus approval of the Audit 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 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 FY2016, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for FY2016 and the comparison of remuneration of each Key Managerial Personnel (KMP) against the performance of the Company are as under:

Sr. No.	Name of Director/KMP and Designation	Remuneration of Director/KMP for FY2016 (₹ in Lakhs)	% increase/decrease in Remuneration in FY2016	Ratio of remuneration of each Whole-Time Director to median remuneration of employees	Comparison of the Remuneration of KMP against Company's performance
1	Ajay G. Piramal Chairman	1,016.40	-13%	194.8	Profit After Tax for FY2016 was ₹ 1,061.15 Crores as against Profit After Tax of ₹ 372.74 Crores for FY2015
2	Swati A. Piramal Vice Chairperson	465.85	2%	89.28	
3	Nandini Piramal Executive Director	338.80	-5%	64.93	
4	Vijay Shah Executive Director	563.50	-14%	108	
5	Gautam Banerjee Independent Director	27.00	N.A.	N.A.	N.A.
6	Keki Dadiseth Independent Director	28.50	N.A.	N.A.	N.A.
7	S. Ramadorai Independent Director	29.00	N.A.	N.A.	N.A.
8	Deepak Satwalekar Independent Director	36.50	N.A.	N.A.	N.A.
9	R. A. Mashelkar Independent Director	32.00	N.A.	N.A.	N.A.
10	Govardhan Mehta Independent Director	26.00	N.A.	N.A.	N.A.

Sr. No.	Name of Director/KMP and Designation	Remuneration of Director/KMP for FY2016 (₹ in Lakhs)	% increase/decrease in Remuneration in FY2016	Ratio of remuneration of each Whole-Time Director to median remuneration of employees	Comparison of the Remuneration of KMP against Company's performance
11	Siddharth Mehta Independent Director	27.00	N.A.	N.A.	N.A.
12	N. Vaghul Independent Director	36.00	N.A.	N.A.	N.A.
13	Amit Chandra Independent Director (ceased to be Director w.e.f. December 21, 2015)	25.50	N.A.	N.A.	N.A.
14	Rajesh Laddha Chief Financial Officer	394.33	19.27%	N.A.	Profit After Tax for FY2016 was ₹ 1,061.15 Crores as against Profit After Tax of ₹ 372.74 Crores for FY2015
15	Leonard D'Souza Company Secretary	82.21	12.91%	N.A.	

Note: Independent Directors are entitled to sitting fees and commission as per the statutory provisions and within the limits approved by shareholders. Details in the corresponding columns are applicable for Whole-time Directors and KMPs.

- ii. The median remuneration of employees of the Company during FY2016 was ₹ 5,21,766;
- iii. In the financial year, there was an increase of 8.2% in the median remuneration of employees;
- iv. There were 3,783 permanent employees on the rolls of the Company as on March 31, 2016.

v. Relationship between average increase in remuneration and Company's performance:

The increase in median remuneration of employees was 8.2%. As regards Company's performance, its Profit after Tax for the current FY2015-16 was ₹ 1,061.15 Crores as against Profit of ₹ 372.74 Crores for the FY2014-15.

Remuneration to Employees is as per the HR Policy of the Company in force from time to time and in compliance with applicable regulatory requirements. Total remuneration comprises fixed pay, perquisites, retiral benefits and performance pay. Key Managerial Personnel and Senior Management are also provided Employee Stock Options (ESOPs) by the ESOP Trust. Performance Pay, which is the variable component of remuneration and comprises a significant portion of total remuneration is, amongst other factors, linked to Company's performance.

- vi. (a) **Variations in the market capitalisation of the Company**
The market capitalisation as on March 31, 2016 was ₹ 17,885 Crores (₹ 15,029 Crores as on March 31, 2015).
- (b) Price Earnings Ratio of the Company was 16.86 as at March 31, 2016 and was 40.32 as at March 31, 2015.

vii. Percent increase over/decrease in the market quotations of the shares of the Company as compared to the price at which the last public offer was made

The last offer of shares to the public was made in August 2005, which was the Rights Issue of 19,001,601 equity shares of ₹ 2 each at a price of ₹ 175 per share. As against this, the average closing price of the Company's equity shares on the National Stock Exchange for FY2016 was ₹ 941.18.

- viii. Average percentage increase made in the salaries of employees other than the managerial personnel in the last financial year i.e. FY2016 was 9.6%. As regards comparison of Managerial Remuneration of FY2016 over FY2015, details of the same are given in the above table at sr. no. (i).

ix. Key parameters for the variable component of remuneration availed by Directors

The variable component of remuneration for Executive Directors are determined on the basis of several criteria including their individual performance as measured by achievement of their respective Key Result Areas (KRAs), strategic initiatives taken and being implemented, their respective roles in the organisation, fulfillment of their responsibilities and performance of the Company. This is in accordance with the Company's Remuneration Policy.

x. The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year

Not Applicable.

BOARD'S REPORT

- xi. 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 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 forming part of this 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 <http://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 <http://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 F 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 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 G and forms part of this Report.

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, minimise 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 and quantifies exposure and potential impact at a Company level.

DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors state that:

- (a) in the preparation of the annual financial statements for the year ended March 31, 2016, 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, 2016 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, 2017. They were also the cost auditors for the previous year ended March 31, 2016. 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, 2017.

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. None of the Whole-Time Directors of the Company received any remuneration or commission from any of its subsidiaries.
4. 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 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**

Chairman

Mumbai
May 16, 2016