

REPORT ON CORPORATE GOVERNANCE

A report for the financial year ended March 31, 2016 on the compliance by the Company with the Corporate Governance requirements under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as 'Listing Regulations'), is furnished below.

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate Governance is the combination of voluntary practices and compliance with laws and regulations leading to effective control and management of the organisation. Good Corporate Governance leads to long-term stakeholder value and enhances interests of all stakeholders. It brings into focus the fiduciary and trusteeship role of the Board to align and direct the actions of the organisation towards creating wealth and stakeholder value.

The Company's essential character is shaped by the values of transparency, customer satisfaction, integrity, professionalism and accountability. The Company continuously endeavours to improve on these aspects. The Board views Corporate Governance in its widest sense. The main objective is to create and adhere to a corporate culture of integrity and consciousness. Corporate Governance is a journey for constantly improving sustainable

B. Composition and Size of the Board

The Company's policy is to maintain an optimum combination of Executive and Non-Executive/ Independent Directors. The composition of your Company's Board, which comprises 12 Directors, is given in the table below and is in conformity with Regulation 17(1) of the Listing Regulations and other applicable regulatory requirements. About 67% of the Company's Board comprises Independent Directors. There are no Nominee Directors representing any institution on the Board of the Company.

Name of Director	Other Directorships ¹		Membership of other Board Committees ²	
	as Member	as Chairman	as Member	as Chairman
Executive Directors – Promoter Group				
Mr. Ajay G. Piramal – Chairman	6	2	1	-
Dr. (Mrs.) Swati A. Piramal – Vice Chairperson	7	1	-	-
Ms. Nandini Piramal	3	-	1	-
Executive Director – Non Promoter Group				
Mr. Vijay Shah	4	-	1	-
Non-Executive, Independent Directors				
Mr. Gautam Banerjee	2	-	-	-
Mr. Keki Dadiseth	9	1	4	4
Dr. R.A. Mashelkar	8	-	2	-
Prof. Goverdhan Mehta	1	-	2	-
Mr. Siddharth Mehta	-	-	-	-
Mr. S. Ramadorai	3	5	1	-
Mr. Deepak Satwalekar	6	-	1	-
Mr. N. Vaghul	5	1	1	2

Notes:

- This excludes directorships in foreign companies and companies licensed under Section 8 of the Companies Act, 2013 / Section 25 of the Companies Act, 1956.
- This relates to membership of Committees referred to in Regulation 26(1) of the Listing Regulations, viz. Audit Committee and Stakeholders Relationship Committee of all public limited companies, whether listed or not and excludes private limited companies, foreign companies and companies licensed under Section 8 of the Companies Act, 2013 / Section 25 of the Companies Act, 1956.

value creation and is an upward moving target. The Company's philosophy on Corporate Governance is guided by the Company's philosophy of Knowledge, Action and Care.

The Board of Directors fully supports and endorses Corporate Governance practices in accordance with the provisions of the erstwhile Clause 49 of the Listing Agreement and Chapter IV of the Listing Regulations.

2. BOARD OF DIRECTORS

As can be seen from the following paragraphs, your Company's Board comprises individuals who are reputed in respective fields of science, finance, business and management. From time to time, members of the Board receive recognition from the Government, industry bodies and business associations.

A. Changes in the Board of Directors

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 contribution made by Mr. Chandra during his tenure as a member of the Board of Directors.

- Role of Non-Executive / Independent Directors**

Non-Executive / Independent Directors play a key role in the decision-making process of the Board and in shaping various strategic initiatives of the Company. These Directors are committed to act in what they believe to be in the best interest of the Company and its stakeholders. These Directors are professionals, with expertise and experience in general corporate management, science and innovation, public policy, finance, financial services and other allied fields. This wide knowledge of their respective fields of expertise and best-in-class boardroom practices helps foster varied, unbiased, independent and experienced perspective. The Company benefits immensely from their inputs in achieving its strategic direction.

Your Company has several subsidiaries, both in India and overseas. In order to leverage the experience of Non-Executive / Independent Directors of the Company for the benefit of and for improved Corporate Governance and better reporting to the Board, some of the Non-Executive / Independent Directors also serve on the Boards of subsidiary companies.

An Independent Director is the Chairman of each of the Audit & Risk Committee, Nomination & Remuneration Committee, Corporate Social Responsibility Committee and Stakeholders Relationship Committee.

- Meeting of Independent Directors**

The Company's Independent Directors met on November 21, 2015 without the presence of Executive Directors or members of management. At this meeting the Independent Directors reviewed the following:

- Performance of the Chairman;
- Performance of the non-independent directors;
- Performance of the Board as a whole and Committees.

The Independent Directors also set out the process for Performance Evaluation for FY 2016 and assessed the quality, quantity and timeliness of flow of information between the Company Management and the Board. All the Independent Directors attended the meeting, except for Mr. Keki Dadiseth and Prof. Goverdhan Mehta who could not attend the meeting owing to compelling personal reasons.

- Familiarization Programme for Independent Directors**

The Company has established a Familiarization Programme for Independent Directors. The framework together with the details of the Familiarization Programme conducted has been uploaded on the website of the Company. The web-link to this is <http://www.piramal.com/investors/policies-codes>.

- Inter-se relationships among Directors**

Mr. Ajay G. Piramal and Dr. (Mrs.) Swati A. Piramal are the parents of Ms. Nandini Piramal. Except for this, there are no inter-se relationships among the Directors.

- 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.

- C. Board Meetings and Procedures**

There are a minimum of six Board Meetings held every year. The yearly calendar for the board / committee meetings is fixed well in advance and is in confirmation with the availability of the directors, so as to facilitate active and consistent participation of all directors in the board / committee meetings. Apart from these, additional Board Meetings are convened to address the specific needs of the Company. In case of business exigencies or matters of urgency, resolutions are passed by circulation, as permitted by law. Video conferencing facilities are provided to enable Directors who are unable to attend the meetings in person to participate in the meeting via video conferencing.

The Board has unrestricted access to all Company related information. Detailed presentations are made to the Board covering operations, business performance, finance, sales, marketing, global and domestic business environment and related details. All necessary information including but not limited to those mentioned in Part A of Schedule II to the Listing Regulations, are placed before the Board of Directors. The Members of the Board are at liberty to bring up any matter for discussions at the Board Meetings and the functioning is democratic. Members of the senior management team are invited to attend the Board Meetings, which provides additional inputs to the items being discussed by the Board. The Company has a well-established process in place for reporting compliance status of various laws applicable to the Company.

- I. Meetings Held**

Seven Board Meetings were held during the year, as against the minimum statutory requirement of four meetings and the gap between any two Board Meetings was not more than one hundred and twenty days, thereby complying with applicable statutory requirements. The meetings were held on the following dates:

April 1, 2015	May 7, 2015	August 6, 2015
November 2, 2015	November 20 - 22, 2015	February 8, 2016
March 9, 2016		

REPORT ON CORPORATE GOVERNANCE

II. Details of Directors attendance at Board Meetings and at the last Annual General Meeting (AGM) held on August 6, 2015 are given in the following table:

Name of Director	Board Meetings		
	Held during tenure	Attended	Attended last AGM
Mr. Ajay G. Piramal	7	7	Yes
Dr. (Mrs.) Swati A. Piramal	7	7	Yes
Ms. Nandini Piramal	7	6	Yes
Mr. Vijay Shah	7	5	Yes
Mr. Gautam Banerjee	7	6	Yes
Mr. Amit Chandra (upto December 21, 2015)	5	4	Yes
Mr. Keki Dadiseth	7	4	Yes
Dr. R.A. Mashelkar	7	6	Yes
Prof. Goverdhan Mehta	7	5	Yes
Mr. Siddharth Mehta	7	6	Yes
Mr. S. Ramadorai	7	7	Yes
Mr. Deepak Satwalekar	7	6	Yes
Mr. N. Vaghul	7	7	Yes

D. Shareholding of Non-Executive Directors

The individual shareholding of Non-Executive Directors (including shareholding as joint holder) as on March 31, 2016 is given below:

Name of Director	No. of shares held
Mr. Keki Dadiseth	5,000
Dr. R.A. Mashelkar	8,125
Prof. Goverdhan Mehta	5,000
Mr. S. Ramadorai	5,000
Mr. Deepak Satwalekar	10,000
Mr. N. Vaghul	10,000

E. Details of Director seeking re-appointment at the forthcoming Annual General Meeting:

Dr. (Mrs.) Swati A. Piramal is retiring by rotation at the ensuing Annual General Meeting and is eligible for re-appointment.

The profile of Dr. (Mrs.) Swati A. Piramal is given below:

Dr. (Mrs.) Swati A. Piramal

Dr. (Mrs.) Swati A. Piramal is the Vice Chairperson of your Company and a Whole-time Director. She earned her medical degree from Mumbai University and completed her Masters in Public Health from the Harvard School of Public Health. She has used her background in medicine, public health and business to change the trajectory of healthcare, education and public policy in India. She is one of India's leading scientists and industrialists and is involved in public health and innovation. Dr. Piramal is also a member of the Harvard Board of Overseers and Dean's Advisor to Harvard Business School & Public Health.

In addition to her other commitments, Dr. Piramal is deeply committed to Corporate Social Responsibility activities. She's involved in projects across healthcare, education, livelihood creation and youth empowerment. She aims to resolve issues that are critical roadblocks towards unlocking India's economic potential by finding innovative solutions. She also looks at avenues for promoting health in rural India with mobile health services, women's empowerment projects and supporting community education that create young leaders.

As the first woman president of India's Apex Chamber of Commerce, ASSOCHAM in 90 years, she helped influence important public policies and governance. She served as an adviser to the Indian Prime Minister in science, technology and economic policy (2006-2014).

Dr. Piramal is a leader who makes a positive difference to the community and the world. Her contributions in innovations, new medicines and public health services have touched thousands of lives.

Following are some of her achievements:

- a) Nominated as one of the 25 Most Powerful Women in India, eight times in succession, from 2003 till 2011 by Business Today Publication;
- b) Awarded the BMA Management Woman Achiever of the Year Award during 2004-05;
- c) Recipient of the Lakshmi Pat Singhania-IIM, Lucknow National Leadership Award;
- d) Recipient of one of France's highest honours - "Chevalier de l'Ordre National du Merite" (Knight of the Order of Merit), for medicine and trade in 2006;
- e) In 2006, she also received an award in the field of Science and Technology from the Prime Minister of India, and was the recipient of the Chemtech Pharma Award for biotech Industries;
- f) Received the Rajiv Gandhi Award for Outstanding Woman Achiever, from the Rajiv Gandhi Foundation in 2007;
- g) President of ASSOCHAM and was the first woman to be elected in 90 years of the history of ASSOCHAM during 2009-10;
- h) In 2010, she was conferred with the Distinguished Industrialist Award for outstanding contributions to the Pharmaceutical Industry by VIT (Vellore Institute of Technology);
- i) In 2011, she was nominated to the Hall of Fame as the Most Powerful Women in Business by Business Today Publication;
- j) During 2011, she was also awarded by the Hon'ble President of India, for contribution to better Corporate Governance, and is the recipient of the Global Empowerment Award - UK, from Her Royal Highness, the Duchess of Kent;
- k) In 2012, she was honoured with the Padma Shri, by the Hon'ble President of India;
- l) During 2012, she was also elected as the Member of the Harvard Board of Overseers. She also received the Alumni Merit Award from Harvard, which is the highest award bestowed on an Alumni;
- m) In 2014, she received the Kelvinator Stree Shakti Award;
- n) In 2015, she featured in the LinkedIn Power Profile 2015 list for most viewed CEOs on LinkedIn, India;

The other listed entity on which Dr. Piramal is a Director is Nestle India Limited.

3. STATUTORY BOARD COMMITTEES

A. Audit & Risk Committee

I. Constitution of the Committee

The Audit & Risk Committee comprises three Non - Executive Independent Directors, viz:

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

All the members of the Committee have sound knowledge of finance, accounts and business management. The Chairman of the Committee, Mr. N. Vaghul has extensive accounting and related financial management expertise.

The composition of this Committee is in compliance with the requirements of Section 177 of the Companies Act, 2013 and Regulation 18 of the Listing Regulations. Mr. Leonard D'Souza, Company Secretary, is the Secretary to the Committee.

II. Terms of Reference

The terms of reference of the Audit & Risk Committee are aligned with the terms of reference provided under Section 177(4) of the Companies Act, 2013 and Part C of Schedule II of the Listing Regulations.

III. Meetings Held & Attendance

The Audit & Risk Committee met five times during the financial year 2015-16, on the following dates, including before finalisation of annual accounts and adoption of quarterly financial results by the Board:

May 6, 2015	August 6, 2015	October 7, 2015
November 2, 2015	February 8, 2016	

It can be seen from the above table that the frequency of the Committee Meetings was more than the minimum limit prescribed under applicable regulatory requirements and the gap between two Committee Meetings was not more than one hundred and twenty days.

The Statutory Auditors are invited to attend the meetings of the Committee. The functional / business representatives also attend the meetings periodically and provide such information and clarifications as required by the Committee, which gives a deeper insight into the respective business and functional areas of operations. The Cost Auditors and the Internal Auditors attend the respective Audit & Risk Committee Meetings, where cost audit reports / internal audit reports are discussed.

REPORT ON CORPORATE GOVERNANCE

The attendance of each member of the Committee is given below:

Name	Committee Meetings	
	Held during tenure	Attended
Mr. N. Vaghul	5	5
Mr. Keki Dadiseth	5	4
Dr. R.A. Mashelkar	5	5

Mr. N. Vaghul, Chairman of the Audit & Risk Committee was present at the last AGM.

B. Nomination & Remuneration Committee

I. Constitution of the Committee

The Nomination & Remuneration Committee ('NRC') comprises four members as per details in the following table:

Name	Category
Mr. N. Vaghul – Chairman	Non – Executive, Independent
Mr. Keki Dadiseth	Non – Executive, Independent
Mr. S. Ramadorai	Non – Executive, Independent
Mr. Ajay G. Piramal	Executive, Promoter

The composition of this Committee is in compliance with the requirements of Section 178 of the Companies Act, 2013 and Regulation 19 of the Listing Regulations.

II. Terms of Reference

The terms of reference of the NRC are aligned with the terms of reference provided under Section 178 of the Companies Act, 2013 and Para A of Part D of Schedule II of the Listing Regulations.

III. Meetings Held & Attendance

The Committee met twice during the financial year 2015-16 on May 7, 2015 and August 6, 2015. The attendance of each member of the Committee is given below:

Name	Committee Meetings	
	Held during tenure	Attended
Mr. N. Vaghul	2	2
Mr. Keki Dadiseth	2	1
Mr. S. Ramadorai	2	2
Mr. Ajay G. Piramal	2	2

Mr. N. Vaghul, Chairman of the Nomination & Remuneration Committee was present at the last AGM.

C. Stakeholders Relationship Committee

I. Constitution of the Committee

The Stakeholders Relationship Committee comprises two members, as per details in the following table:

Name	Category
Mr. Deepak Satwalekar – Chairman	Non – Executive, Independent
Mr. Vijay Shah	Executive

The composition of this Committee is in compliance with the requirements of Section 178 of Companies Act, 2013 and Regulation 20 of the Listing Regulations.

II. Terms of Reference

The Stakeholders Relationship Committee reviews and ensures the existence of a proper system for timely resolution of grievances of the security holders of the Company including complaints related to transfer of shares, non receipt of balance sheet and declared dividends.

The terms of reference of the Committee are aligned with the terms of reference provided under Section 178 of the Companies Act, 2013 and Para B of Part D of Schedule II of the Listing Regulations.

III. Meetings Held & Attendance

The Committee met four times during the financial year 2015-16, on the following dates:

June 1, 2015	August 6, 2015
November 2, 2015	February 4, 2016

All the four meetings were attended by both the members of the Committee.

Mr. Deepak Satwalekar, Chairman of the Stakeholders Relationship Committee was present at the last AGM.

IV. Stakeholders Grievance Redressal

The total number of complaints redressed to the satisfaction of shareholders during the year under review was 14. There was 1 outstanding complaint as on March 31, 2016 (which has since been redressed). No requests for transfer and dematerialization were pending for approval as on March 31, 2016.

The Registrar and Share Transfer Agents (RTA), M/s. Link Intime India Private Limited, attend to all grievances of shareholders received directly or through SEBI, Stock Exchanges or the Ministry of Corporate Affairs. Most of the grievances / correspondences are attended within a period of 7 days from the date of receipt of such grievances.

The Company maintains continuous interaction with the RTA and takes proactive steps and actions for resolving shareholder complaints / queries. Likewise, the Company also has regular interaction with the Debenture Trustees to ascertain the grievances, if any, of the Debenture holders. There was no grievance received from the Debenture Trustee or from any of the Debenture holders during FY 2016.

V. Compliance Officer

Mr. Leonard D'Souza, Company Secretary, is the Compliance Officer. The Company has designated the email ID complianceofficer.pel@piramal.com to enable stakeholders to email their grievances.

D. Corporate Social Responsibility Committee

I. Constitution of the Committee

The Corporate Social Responsibility Committee comprises three members, as per details in the following table:

Name	Category
Prof. Goverdhan Mehta – Chairman	Non - Executive, Independent
Ms. Nandini Piramal	Executive, Promoter
Mr. Vijay Shah	Executive

The composition of the Committee is in compliance with Section 135 of the Companies Act, 2013.

II. Terms of Reference

The terms of reference of the Corporate Social Responsibility Committee are aligned with the terms of reference provided under Section 135 of the Companies Act, 2013.

III. Meetings Held & Attendance

The Committee met twice during the financial year 2015-16 on August 5, 2015 and March 8, 2016. The attendance of each member of the Committee is given below:

Name	Committee Meetings	
	Held during tenure	Attended
Prof. Goverdhan Mehta – Chairman	2	2
Mr. Amit Chandra (upto December 21, 2015)	1	1
Ms. Nandini Piramal	2	2
Mr. Vijay Shah (w.e.f. February 8, 2016)	1	-

4. REMUNERATION OF DIRECTORS

A. Remuneration to Executive Directors:

Remuneration paid to the Executive Directors is recommended by the Nomination & Remuneration Committee, approved by the Board and is subject to the overall limits as approved by the shareholders.

Details of remuneration paid / payable to the Executive Directors for the year ended March 31, 2016 are given below:

Name of Director	Designation	Salary & Perquisites	Performance Linked Incentive	Total
Mr. Ajay G. Piramal	Chairman	7,26,00,000	2,90,40,000	10,16,40,000
Dr. (Mrs.) Swati A. Piramal	Vice Chairperson	3,32,75,000	1,33,10,000	4,65,85,000
Ms. Nandini Piramal	Executive Director	2,42,00,000	96,80,000	3,38,80,000
Mr. Vijay Shah	Executive Director	4,02,50,000	1,61,00,000	5,63,50,000

REPORT ON CORPORATE GOVERNANCE

The variable component of remuneration (Performance Linked Incentive) 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 organization, fulfillment of their responsibilities and performance of the Company. This is in accordance with the Company's Remuneration Policy.

B. Sitting fees and commission paid to Independent Directors

Details of sitting fees and commission paid / payable to the Independent Directors for the financial year 2015-16 are given below. These are within the limits prescribed under the Companies Act, 2013:

Name	Sitting Fees	Commission	Total
Mr. Gautam Banerjee	7,00,000	20,00,000	27,00,000
Mr. Amit Chandra	5,50,000	20,00,000	25,50,000
Mr. Keki Dadiseth	8,50,000	20,00,000	28,50,000
Mr. S. Ramadorai	9,00,000	20,00,000	29,00,000
Mr. Deepak Satwalekar	16,50,000	20,00,000	36,50,000
Dr. R.A. Mashelkar	12,00,000	20,00,000	32,00,000
Prof. Goverdhan Mehta	6,00,000	20,00,000	26,00,000
Mr. Siddharth Mehta	7,00,000	20,00,000	27,00,000
Mr. N. Vaghul	16,00,000	20,00,000	36,00,000

Notes for Directors Remuneration:

- a. The terms of appointment of Executive Directors as approved by shareholders, are contained in their respective Agreements entered into with the Company. The tenure of office of the Whole-Time Directors is between three to five years from their respective dates of appointments. The Agreements also contain clauses relating to termination of appointment in different circumstances, including for breach of terms, the notice period for which is three months. While there is no specific provision for payment of severance fees for any of the Executive Directors, the Board is empowered to consider the same at its discretion, taking into account attendant facts and circumstances.
- b. No amount by way of loan or advance has been given by the Company to any of its Directors.
- c. During the year ended March 31, 2016, 32,000 Stock Options were granted to Mr. Vijay Shah, Executive Director at an exercise price of ₹ 550 per Option. In addition to the exercise price, applicable TDS would also be payable at the time of exercising the Stock Options. Out of the Options so granted, the Nomination and Remuneration Committee / Board of Directors would determine the actual number of stock options that would vest, after considering performance and other factors.

It may be noted in this regard that since the Company's ESOP Scheme is implemented through the ESOP Trust and the shares given by the ESOP Trust against exercise of Stock Options are those that have been acquired by the ESOP Trust from the secondary market and no new shares are issued by the Company, there will not be any increase in the share capital of the Company, nor will there be any impact on the Earnings Per Share or other ratios relating to share capital, as a result of exercise of the Stock Options.

There was no pecuniary relationship or transactions with Non – Executive Directors vis-à-vis the Company other than sitting fees and commission.

- d. During the financial year ended March 31, 2016, Non – Executive members of the Board were paid sitting fees at the rate of ₹ 1,00,000 per meeting of the Board, Audit & Risk Committee and Independent Directors attended by them. The sitting fees paid to Non – Executive Directors for attending meetings of all other Committees is ₹ 50,000 per meeting. As regards commission to Non – Executive Independent Directors are concerned, the same is determined by the Board on the basis of performance based criteria and other factors.

5. GENERAL BODY MEETINGS

A. Details of the Annual General Meetings held during the preceding 3 years and Special Resolutions passed thereat are given below:

Annual General Meeting (AGM)	Date	Time	Venue	Details of Special Resolutions passed
66 th AGM	July 25, 2013	11.00 a.m.	Walchand Hirachand Hall, Indian Merchants' Chamber Building, IMC Marg, Churchgate, Mumbai - 400 020.	None
67 th AGM	July 25, 2014	3.00 p.m.	Birla Matushri Sabhagriha, 19, New Marine Lines, Mumbai - 400 020.	(i) Borrowings (₹ 1,500 Crores over and above the applicable regulatory limit) (ii) Creation of Charge for Borrowings / Financial Assistance availed (iii) Issue of Non-Convertible Debentures on Private Placement basis
68 th AGM	August 6, 2015	3.00 p.m.	Yashwantrao Chavan Pratisthan, General Jagannath Bhosale Marg, Opposite Mantralaya, Nariman Point, Mumbai - 400 021	(i) Re-appointment of Mr. Vijay Shah as Executive Director (ii) Issue of Non-Convertible Debentures on Private Placement basis (iii) Approval under Section 188 of the Companies Act, 2013 for holding office by Mr. Peter DeYoung in the Company

B. Postal Ballot

I. Details of Special Resolutions passed through Postal Ballot during FY 2015-16

Date of Notice	Proposal	No. & % of votes cast in favour	No. & % of votes cast against	Date of passing of the resolutions
October 5, 2015	Special Resolution under Section 186(3) of the Companies Act, 2013 for giving Loan(s), Guarantee(s) and/or making Investment(s) not exceeding ₹ 11,500 Crores over and above the applicable regulatory limit.	11,73,23,572 (93.17%)	85,96,912 (6.83%)	November 14, 2015
	Special Resolution under Section 180(1)(c) of the Companies Act, 2013 for increasing the Borrowing powers of the Company to ₹ 9,000 Crores over and above the applicable regulatory limit.	12,58,99,914 (99.99%)	14,797 (0.01%)	

As will be seen from the above table, the above mentioned resolutions were passed by overwhelming requisite majority.

II. Person who conducted the Postal Ballot exercise

Mr. N.L. Bhatia, Practicing Company Secretary, was appointed as Scrutinizer for the above mentioned Postal Ballot process.

Ballot were declared by the Chairman. The same were filed with the stock exchanges and posted on the website of the Company and at its Registered Office.

III. Procedure for Postal Ballot

The Notice, Explanatory Statement along with the Postal Ballot Form and self-addressed, postage pre-paid envelope, were dispatched to the members to enable them to consider and vote for or against the proposals within a period of 30 days from the date of dispatch. After the last date of receipt of Postal Ballots, the Scrutinizer, after due verification, submitted his report. Thereafter, the results of the Postal

IV. E-voting facility

E-voting facility was offered to all the members to enable them to cast their votes electronically, instead of dispatching the Postal Ballot Form by post.

V. Whether any special resolution is proposed to be conducted through Postal Ballot

At present there is no proposal to pass any resolution through postal ballot.

REPORT ON CORPORATE GOVERNANCE

6. DISCLOSURES

o **Related Party Transactions**

- a. All transactions entered into with Related Parties as defined under the Companies Act, 2013 and Regulation 23 of the Listing Regulations during the financial year 2015-16 were undertaken in compliance with the aforesaid regulatory provisions;
 - b. There were no materially significant transactions with related parties during the financial year which were in conflict with the interest of the Company;
 - c. Suitable disclosure as required by the Accounting Standards (AS18) has been made in the notes to the Financial Statements;
 - d. The Board has approved a policy for related party transactions which has been uploaded on the website of the Company and can be accessed at <http://www.piramal.com/investors/policies-codes/>;
 - e. The Register of Contracts / statement of related party transactions, is placed before the Board / Audit & Risk Committee regularly;
 - f. Transactions with related parties are disclosed in Note No. 36 of the Statement of Accounts, which forms part of this Annual Report;
- o There has been no non compliance by the Company on any matter related to capital markets. Hence, the question of penalties or strictures being imposed by SEBI or the Stock Exchanges or any other statutory authority does not arise;
 - o Listing fees for FY 2016-17 have been paid to the Stock Exchanges on which the shares of the Company are listed.

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 behaviour, actual or suspected fraud or violation of the Company's Code of Conduct & Ethics. The details of establishment of Vigil Mechanism / Whistle Blower Policy is posted on the website of the

Company and the weblink to the same is

<http://www.piramal.com/investors/policies-codes>. No Director / employee has been denied access to the Audit & Risk Committee.

COMPLIANCE WITH MANDATORY / NON MANDATORY REQUIREMENTS

- o The Company has complied with all the applicable mandatory requirements of the Listing Regulations.
- o The Company has also adopted the non mandatory requirement as specified in the Listing Regulations regarding unmodified financial statements.

7. MEANS OF COMMUNICATION

The Company recognizes the importance of two way communication with shareholders and of giving a balanced reporting of results and progress and responds to questions and issues raised in a timely and consistent manner. Shareholders seeking information may contact the Company directly throughout the year. They also have an opportunity to ask questions in person at the Annual General Meeting. Some of the modes of communication are mentioned below:

A. Quarterly Results:

The approved financial results are forthwith sent to the Stock Exchanges where the shares are listed and are displayed on the Company's website www.piramal.com and are generally published in Business Standard (all editions) (English) and Mumbai Lakshadweep (Marathi), within forty eight hours of approval thereof.

B. Presentations:

Presentations made to the institutional investors / analysts are intimated to the Stock Exchanges within the prescribed time period under the Listing Regulations and are simultaneously hosted on the website.

C. Website:

The Company's website www.piramal.com contains a separate dedicated section for Investors, the link to which is <http://www.piramal.com/investors/shareholder-services> where all information and relevant policies to be provided under applicable regulatory requirements, are available on the website in a user friendly form.

D. Annual Report:

The Annual Report containing inter-alia the Audited Annual Accounts, Consolidated Financial Statements, Board's Report, Auditors' Report, Corporate Governance Report and other important information is circulated to Members and others entitled thereto. The Management Discussion and Analysis Report forms part of the Annual Report.

E. Designated Exclusive Email ID:

The Company has designated the Email ID complianceofficer.pel@piramal.com exclusively for investor servicing.

This Email ID has been displayed on the Company's website www.piramal.com.

F. Reminder to Investors to claim unclaimed dividend:

Reminders to claim unclaimed dividend are sent to the shareholders periodically every year.

G. SEBI Complaints Redress System (SCORES):

SCORES is a system implemented by SEBI which enables investors to lodge their complaints electronically on the SEBI website. The investor complaints are processed in a centralized web based complaints redressal system. The salient features of this system are centralised database of all complaints, online uploading of Action Taken Reports (ATRs) by the concerned companies and online viewing by investors of actions taken on the complaint and its current status.

All complaints received through SCORES are resolved in a timely manner by the Company, similar to other complaints.

H. NSE Electronic Application Processing System (NEAPS) and BSE Corporate Compliance & Listing Centre (BSE Listing Centre)

NEAPS and BSE Listing Centre are web based application systems for enabling corporates to undertake electronic filing of various periodic compliance related filings like shareholding pattern, results, press releases, etc.

8. GENERAL INFORMATION FOR SHAREHOLDERS**A. Company Registration Details:**

The Company is registered in the State of Maharashtra, India. The Corporate Identification Number (CIN) allotted to the Company by the Ministry of Corporate Affairs (MCA) is L24110MH1947PLC005719.

B. Annual General Meeting**Day, Date and Time:**

Monday, August 1, 2016 at 3.00 p.m.

Venue: Walchand Hirachand Hall, Indian Merchants' Chamber Building, 4th Floor, IMC Marg, Churchgate, Mumbai - 400 020.

The Company shall also provide facility of e-voting and ballot voting for the ensuing Annual General Meeting.

C. Financial Calendar**Financial reporting for:**

Quarter ending June 30, 2016	August 1, 2016
Half year ending September 30, 2016	October 27, 2016
Quarter ending December 31, 2016	February 13, 2017
Year ending March 31, 2017	May 12, 2017
Annual General Meeting for the year ending March 31, 2017	July / August, 2017

The above dates are subject to change pursuant to unforeseen circumstances.

D. Dividend

During the year, the Company has declared and paid an interim dividend of ₹ 17.50 per Equity Share of face value ₹ 2/- (i.e. @ 875 %).

E. Listing on Stock Exchanges**Equity Shares**

BSE Limited (BSE),

[Scrip Code: 500302]

Phiroze Jeejeebhoy Towers,

Dalal Street, Mumbai - 400 001.

National Stock Exchange of India Limited (NSE),

[Trading Symbol: PEL]

"Exchange Plaza", Bandra-Kurla Complex,

Bandra (E), Mumbai - 400 051.

ISIN: INE140A01024

Reuter's code : PIRA.BO

: PIRA.NS

Bloomberg code : PIEL:IN

REPORT ON CORPORATE GOVERNANCE

F. Stock Market Data

High, Low and Average Closing Price and Trading Volume of the Company's Equity Shares during each month of the last financial year 2015-16 at BSE and NSE are given below:

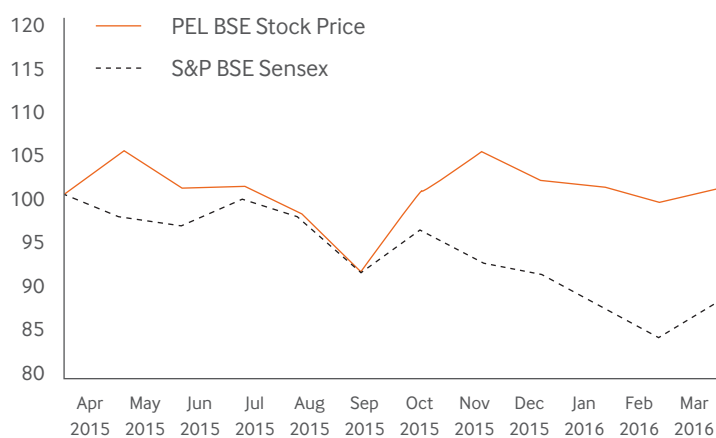
Month	BSE Limited ("BSE")				National Stock Exchange of India Limited ("NSE")			
	High (₹)	Low (₹)	Average Closing Price (₹)	Monthly Volume	High (₹)	Low (₹)	Average Closing Price (₹)	Monthly Volume
Apr, 2015	1,012.75	868.40	936.19	2,12,534	1,013.85	869.00	937.11	16,10,653
May, 2015	1,043.00	918.30	987.87	1,80,257	1,044.50	915.00	986.82	16,90,314
Jun, 2015	999.00	915.00	945.18	3,67,664	988.00	911.60	944.87	12,73,997
Jul, 2015	993.45	881.30	948.21	1,55,355	994.90	880.10	947.92	16,75,755
Aug, 2015	990.00	852.00	917.83	2,23,024	990.70	862.05	916.86	28,63,453
Sep, 2015	970.85	805.00	858.88	1,86,188	977.00	804.00	858.77	17,04,361
Oct, 2015	1,008.00	872.00	941.34	8,29,964	1,009.25	872.10	941.19	24,65,645
Nov, 2015	1,029.40	935.85	984.06	3,62,210	1,029.05	933.10	984.43	20,24,926
Dec, 2015	1,010.95	913.30	952.61	1,22,057	1,010.00	912.10	952.68	18,46,795
Jan, 2016	1,030.00	881.80	947.66	1,79,204	1,030.00	870.00	947.80	28,87,378
Feb, 2016	1,009.75	861.10	931.75	7,75,841	1,009.90	861.00	932.30	22,90,013
Mar, 2016	1,065.00	835.05	943.94	3,21,598	1,067.95	832.25	944.51	35,08,043

Source: BSE and NSE Websites

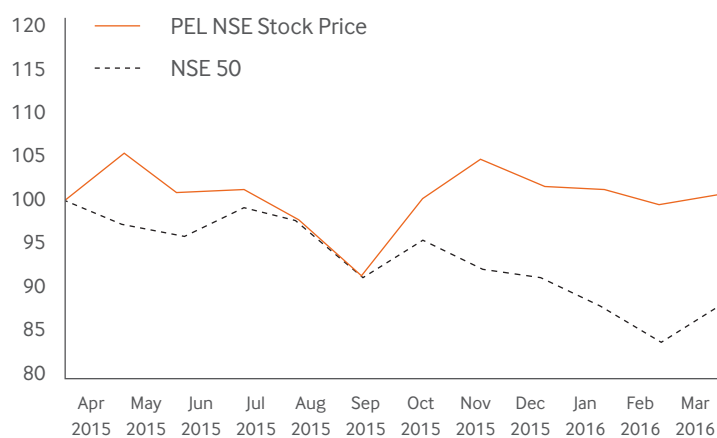
G. Stock Performance vs BSE Sensex and NSE-50

Performance of the Company's Equity Shares on BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE") relative to the BSE Sensitive Index (S&P BSE Sensex) and CNX Nifty (NSE-50) respectively are graphically represented in the charts below:

Average monthly closing price of the Company's shares on BSE as compared to S&P BSE Sensex



Average monthly closing price of the Company's shares on NSE as compared to NSE 50



o **Liquidity**

Shares of the Company are actively traded on BSE and NSE as is seen from the volume of shares indicated in the table containing stock market data and hence ensure good liquidity for the investors.

H. Share Transfer Agents

M/s. Link Intime India Pvt. Ltd. ("Link Intime"), are the Share Transfer Agents of the Company. The contact details of Link Intime are given below:

Link Intime India Pvt. Ltd.

C-13, Pannalal Silk Mills Compound,
LBS Marg, Bhandup (West),
Mumbai – 400 078.
Tel.: (022) 25946970
Fax: (022) 25946969
Email ID: piramal.irc@linkintime.co.in

I. Share Transfer System (in physical segment)

For administrative convenience and to facilitate speedy

approvals, authority has been delegated to the Share Transfer Agents (RTA) to approve share transfers upto specified limits. Share transfers/ transmissions approved by the RTA and/or the authorised executives are placed at the Board Meeting from time to time.

In case of shares in electronic form, the transfers are processed by NSDL / CDSL through respective Depository Participants.

In case of shares held in physical form, all transfers are completed within 15 days from the date of receipt of complete documents. As at March 31, 2016 there were no Equity Shares pending for transfer. Also, there were no demat requests pending as on March 31, 2016.

The Company obtains from a Company Secretary in Practice, half yearly certificate of compliance with the share transfer and other formalities as required under Regulation 40 of the Listing Regulations and files a copy of the certificate with the Stock Exchanges.

J. Distribution of Shareholding by size as on March 31, 2016

No. of Shares held	No. of shareholders	% to total no. of shareholders	No. of shares	% to total no. of shares
1 to 100	54,342	62.73	15,33,860	0.89
101 to 200	8,823	10.18	12,59,462	0.73
201 to 500	14,798	17.08	46,12,292	2.67
501 to 1000	5,313	6.13	38,69,087	2.24
1001 to 5000	2,742	3.17	50,62,340	2.93
5001 to 10000	240	0.28	16,51,876	0.96
10001 to 20000	138	0.16	19,50,676	1.13
20001 to 30000	47	0.05	11,85,048	0.69
30001 to 40000	33	0.04	11,71,929	0.68
40001 to 50000	16	0.02	7,15,021	0.41
50001 to 100000	52	0.06	37,53,231	2.18
Above 100000	85	0.10	14,57,98,278	84.49
TOTAL	86,629	100.00	17,25,63,100	100.00

K. Dematerialization of shares

As on March 31, 2016, 16,39,69,713 equity shares (95.02% of the total number of shares) are in dematerialized form as compared to 16,38,03,177 equity shares (94.92% of the total number of shares) as on March 31, 2015.

The Company's shares are compulsorily traded in dematerialized form and are admitted in both the Depositories in India - National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL).

Particulars of Shares	Equity Shares of ₹ 2/- each		Shareholders	
	Number	% of total	Number	% of total
Dematerialized				
NSDL	16,08,21,755	93.20	42,582	49.15
CDSL	31,47,958	1.82	12,412	14.33
Sub – Total	16,39,69,713	95.02	54,994	63.48
Physical Form	85,93,387	4.98	31,635	36.52
TOTAL	17,25,63,100	100.00	86,629	100.00

REPORT ON CORPORATE GOVERNANCE

L. Statement showing shareholding pattern as on March 31, 2016

Category of Shareholder	No. of shareholders	Total no. of shares	% to total no. of shares
Shareholding of Promoter and Promoter Group	17	8,89,99,933	51.58
Non Promoter - Non Public			
PEL Employee Benefit Trust	1	20,86,409	1.21
Public shareholding			
Institutions			
Mutual Funds / UTI	36	6,55,828	0.38
Financial Institutions / Banks	22	41,38,988	2.40
Central Government/State Government(s)	1	213	0.00
Insurance Companies	1	12,42,420	0.72
Foreign Portfolio Investors (Corporate) / FIIs	343	4,65,46,402	26.98
Foreign Banks	1	333	0.00
Non-Institutions			
Bodies Corporate	815	26,64,647	1.54
Individuals			
(i) holding nominal share capital up to ₹ 2 lakh	82,850	1,87,95,783	10.89
(ii) holding nominal share capital in excess of ₹ 2 lakh	7	19,74,935	1.14
Others			
(i) Non Resident Indians - Repatriable	858	3,00,068	0.18
(ii) Non Resident Indians - Non Repatriable	438	3,28,254	0.19
(iii) Foreign Companies	2	43,16,911	2.50
(iv) Overseas Bodies Corporate	1	3,946	0.00
(v) Clearing Member	262	1,43,525	0.08
(vi) Trusts	17	4,175	0.00
(vii) Foreign Nationals	1	1,200	0.00
(viii) Hindu Undivided Family	956	3,59,130	0.21
Total Public Shareholding	86,611	8,14,76,758	47.22
TOTAL	86,629	17,25,63,100	100.00

M. Outstanding GDRs / ADRs / Warrants or any convertible warrants

There are no outstanding convertible warrants / instruments.

N. Debt Securities

Non-Convertible Debentures issued by the Company from time to time are listed on the Wholesale Debt Market Segment (WDM) of NSE.

Debenture Trustees

IDBI Trusteeship Services Limited

Asian Building, Ground Floor,
17, R Kamani Marg,
Ballard Estate, Mumbai - 400 001.
Tel: +91 22 4080 7007.
Fax: +91 22 6631 1776.

O. Commodity Price Risk or Foreign Exchange Risk and hedging activities

During FY 2016, the Company had managed the foreign exchange risk and hedged to the extent considered adequate. The Company enters into forward contracts for hedging net foreign exchange exposures against exports and imports. The details of foreign currency exposure are disclosed in Note no 43 of the Statement of Accounts, which forms part of this Annual Report.

P. Plant Locations of PEL and its Subsidiaries

India:

- Plot No. K-1, Additional M.I.D.C, Mahad, District Raigad, 402 302, Maharashtra.
- Plot No. 67-70, Sector II, Pithampur, District Dhar, 454 775, Madhya Pradesh.
- Digwal Village, Kohir Mandal, Medak District, Zaheerabad, 502 321, Telangana.
- Ennore Express Highway, Ernavur Village, Ennore, Chennai 600 057, Tamil Nadu.
- Plot No.18 and 19 - PHARMEZ, Village Matoda, Sarkhejbawala, NH 8A, Taluka Sanand, Ahmedabad 382 213, Gujarat.

Overseas:

Piramal Healthcare UK Limited

- Morpeth, Northumberland, UK
- Grangemouth, Stirlingshire, UK

Piramal Healthcare (Canada) Limited

110, Industrial Parkway North, Aurora, Ontario, L4G 3H4, Canada.

Piramal Critical Care Inc.

3950 Schelden Circle, Brodhead Road, Bethlehem, PA 18017, USA.

Piramal Pharma Solutions Inc. (Formerly known as Coldstream Laboratories Inc.)

1575 McGrathiana Parkway, Lexington, Kentucky, 40511, USA.

Q. Disclosures with respect to the Demat Suspense Account / Unclaimed Suspense Account:

During the year under review, the Company has transferred 15,053 equity shares belonging to 2,709 shareholders to the Demat Suspense Account viz. Piramal Enterprises Limited-Unclaimed Suspense Account.

Corporate benefits in terms of securities accruing on such shares will be credited to the aforementioned suspense account. The voting rights on such unclaimed shares will remain frozen till the rightful owner claims the shares.

9. SUBSIDIARY COMPANIES

Policy For Material Subsidiaries

A Policy for determining Material Subsidiaries has been formulated in compliance with the requirements of Regulation 16 of the Listing Regulations. This Policy has been uploaded on the website of the Company and can be accessed at <http://www.piramal.com/investors/policies-codes/>.

Currently, the Company does not have any material subsidiary.

10. ENVIRONMENT, HEALTH AND SAFETY (EHS)

Your Company believes that Environment, Health and Safety is a crucial pillar for good Corporate Governance and sustainable business. We act in a safe and environmentally responsible manner so that the employees, the society at large and our stake holders are well protected.

The Company's Corporate EHS standards, policies and guidelines provide technical support and assistance to all the sites on EHS compliances. During the year, the EHS function ensured that all the products are manufactured in a safe environment and in compliance with national and international regulations and customer expectations. Regular training and audits of our sites ensure compliance and also provide a strong and robust system for continual sustainable improvements.

Performance of EHS management systems is regularly evaluated and reviewed.

11. CODE OF CONDUCT

The Board has laid down a Code of Conduct and Ethics for the Board Members and Senior Management Personnel of the Company. All Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct for financial year 2015-16. Requisite declaration signed by the Executive Director to this effect is given below.

"I hereby confirm that the Company has obtained from all the members of the Board and Senior Management Personnel, affirmation that they have complied with the Codes of Conduct and Ethics for Directors and Senior Management of the Company in respect of the financial year 2015-16."

Vijay Shah
Executive Director

Copies of the aforementioned Codes have been put on the Company's website and can be accessed at <http://www.piramal.com/investors/policies-codes/>.

12. CERTIFICATE ON CORPORATE GOVERNANCE

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 attached to the Board's Report forming part of the Annual Report.