INDEPENDENT AUDITOR'S REPORT

To The Members of
Piramal Enterprises Limited
Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Piramal Enterprises Limited (''the Company'' / "Parent Company") and its subsidiaries, (the Company and its subsidiaries together referred to as ''the Group'') which includes the Group's share of profit in its associates and joint ventures, which comprise the Consolidated Balance Sheet as at March 31, 2019, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of the other auditors on separate financial statements / financial information of the subsidiaries, associates and joint ventures referred to in the Other Matters paragraph below, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ('Ind AS'), and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2019, and their consolidated profit, their consolidated total comprehensive income, their consolidated cash flows and their consolidated changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing specified under section 143 (10) of the Act ('SAs'). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in the sub-paragraphs (a) and (b) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1.	**Assessment of impairment of goodwill relating to the Healthcare Insights and Analytics cash generating unit (CGU) [₹ 4,867.91 Crores]** [Refer to Note 2a (vi)(b) and Note 41 to the consolidated financial statements]	
	The Group's evaluation of goodwill for impairment relating to the Healthcare Insights and Analytics CGU, an overseas component, involves the comparison of its recoverable amount to its carrying amount. This is a significant balance in the consolidated financial statements and is audited by Other Auditors. Recoverable value for a CGU is the higher of its fair value less costs of disposal and its value in use. Management determines the fair value of the CGU using a combination of market approach and the income approach. Management applies significant judgement, assumptions and uses significant unobservable inputs and estimates to determine the recoverable amount. Management has engaged an independent valuer to determine the fair value of the CGU.	**Principal audit procedures:** As principal auditors, we had issued written communication to the auditor of the overseas component ('Other Auditors') for audit procedures to be performed. In accordance with such communication, the procedures performed by the Other Auditors, as reported by them, have been provided below: • Tested the reasonableness of the key business projections and valuation assumptions employed in determining the fair value of the CGU, including testing appropriateness of comparable companies, discount rate, revenue growth rate, EBITDA growth rate, terminal growth rate used in computing the fair value of the segment. • Performed retrospective review of projections by comparison with historical performance, inquiries with management and forecast trends in the industry. • Considered sensitivity to reasonable possibility of changes in the key assumptions and inputs to ascertain whether these possible changes have a material effect on the fair value. • Assessed the appropriateness of the disclosures in the financial information for inclusion in the consolidated financial statements of the Company, in accordance with the applicable financial reporting framework.

Sr. No.	Key Audit Matter	Auditor's Response
		Additionally, we performed audit oversight procedures over the work performed by the Other Auditors in particular : a) Reviewed a written summary of the audit procedures performed by the Other Auditors. b) Evaluated the design and tested operating effectiveness of internal controls relating to the oversight activities of the Parent Company's Management, over the impairment assessment performed by the component management. c) Discussed with the Other Auditors and the Management of the overseas component to understand the reasonableness of the business projections and other inputs used in computing the fair value of the CGU. d) Involved our internal experts to evaluate robustness of the valuation assumptions. e) Considered the sensitivity to reasonable possibility of changes in the key assumptions and inputs to ascertain whether these possible changes have a material effect on the fair value.
2.	**Impairment loss allowance of loans and advances to customers** Charge: ₹ 324.36 Crores for year ended 31 March 2019 Provision: ₹ 1,101.88 Crores at 31 March 2019 [Refer to the accounting policies in Note 2(a)(viii), Note 2(b) and Note 50(f) to the Consolidated Financial Statements]	
2 (a)	Of ₹ 56,679.63 Crores carrying value of loans and advances to the customers and expected credit loss provisioning of ₹ 1,101.88 Crores, ₹ 40,449.92 Crores and ₹ 753.00 Crores, respectively for one of the Subsidiary Company / Component are audited by Other Auditors. The Component provides both wholesale and retail funding for long term and short term to borrowers across various sectors. Loans and investment portfolio in the finance business are measured at amortised cost less impairment allowance for losses. The Component applies the expected credit loss model for recognising impairment loss. The key audit matter provided below is as communicated by the Other Auditors : **Subjective estimate** Recognition and measurement of impairment of loans and advances involve significant management judgement. With the applicability of Ind AS 109, credit loss assessment is based on expected credit loss (ECL) model. The impairment allowance is derived from estimates including the historical default and loss ratios. The Component's Management exercises judgement in determining the quantum of loss based on a range of factors. The most significant areas are: • Segmentation of loan book • Loan staging criteria • Calculation of probability of default / Loss given default • Consideration of forward looking macro-economic factors There is a large increase in the data inputs required by the ECL model. This increases the risk of completeness and accuracy of the data that has been used to create assumptions in the model. In some cases, data is unavailable and reasonable alternatives have been applied to allow calculations to be performed, for example using internal risk ratings of the customers in assessing the increase in credit risk. The evaluation for impairment is performed on a collective basis, grouping the loans by product into homogenous exposures. In the collective impairment provisions, the Other Auditors identified that the key judgment areas which could result in a material misstatement are the determination of probabilities of default ('PDs') and loss given default ('LGD') rates, the use of management overlays and the periods considered for capturing the underlying data as base to the PD and LGD calculations in calculating the provision.	**Principal audit procedures:** As principal auditors, we had issued written communication to the auditor of the Component ('Other Auditors') for audit procedures to be performed. In accordance with such communication, the procedures performed by the Other Auditors at the Component level, as reported by them, have been provided below. Design and Operating effectiveness and Controls Testing: • Understanding and evaluating the design and implementation of controls in respect of the loan impairment process such as the timely recognition of impairment provisions, the completeness and accuracy of reports used in the loan impairment process and management's review processes over the calculation of impairment provisions. • Evaluated the appropriateness of the impairment principles based on the requirements of Ind AS 109, business understanding and industry practice. • Obtained an understanding of management's processes, systems and controls implemented in relation to impairment allowance process. • Evaluated the design and implementation of key internal financial controls over loan impairment process used to calculate the impairment charge. • Used our modelling specialist to test the model methodology and reasonableness of assumptions used. • Tested management's review controls over model development, governance and measurement of impairment allowances and disclosures. For impairment loss allowance as at 31 March 2019: • The loan impairment methodology was evaluated to confirm it was consistent with the Ind AS 109 requirements and then confirmed that the calculations are performed in accordance with the approved methodology, including checking mathematical accuracy of the workings. • Tested the accuracy of key inputs used in the calculation and independently evaluated the reasonableness of the assumptions made. • Tested the PD and LGD calculation workings performed by management, including testing the data used in the assessment and evaluation of whether the results of validation support the appropriateness of the PDs at the portfolio level. • Challenged completeness and validity of management overlays with assistance of our modelling team by critically evaluating the risks that have been addressed by management through overlays and also considering whether there are other risks not captured by the models which require additional overlays. • Tested the periods considered for capturing underlying data as base to PD and LGD calculations are in line with the past observed trends of the portfolio. • Changes to the modelling assumptions were assessed to confirm these were appropriate and in line with accounting standards.

Sr. No.	Key Audit Matter	Auditor's Response
	As detailed in accounting policy 2(a)(viii), the determination of loan impairment provisions is inherently judgmental and relies on managements' best estimate of a variety of inputs. Given the size of loan book relative to the balance sheet and the impact of impairment provision on the books, we have considered this as a key audit matter. Estimates, by their nature, give rise to a higher risk of material misstatement.	Additionally, audit oversight procedures carried out by us over the work performed by the Other Auditors on the Component consisted of : a) Reviewing a written summary of the audit procedures performed by the Other Auditors. b) Discussion with the Component's Management to understand the key assumptions (i.e. PD and LGD) rates and inputs used in the computation of ECL provision. c) Independently retested samples and evaluated the key assumptions (i.e. PD and LGD) rates used in the computation of ECL provision.
2(b)	Of ₹ 56,679.63 Crores carrying value of loans and advances to the customers and expected credit loss provisioning of ₹ 1,101.88 Crores, ₹ 4,579.74 Crores and ₹ 139.03 Crores, respectively relating to the Parent Company are audited by us. The Parent Company as part of its financial services segment offers long term and short term wholesale lending to various sectors. Loans and investment portfolio in the finance business are measured at amortised cost less impairment allowance for losses. The Company applies the expected credit loss model for recognising impairment loss. The Parent Company's assessment of expected credit loss involves use of judgements and estimates relating to probability of default (PD) and loss given default (LGD) rates used in computing the expected credit losses (ECL) on loans and investments	**Principal audit procedures:** a) Assessed the reasonableness of the ECL model based on the parameters developed by the Company for determining impairment loss. b) Evaluated the design of internal controls relating to the computation of ECL provision and the key assumptions (i.e. PD and LGD) rates and inputs used therein. c) Selected a sample of loan contracts and tested the operating effectiveness of controls over computation of ECL provision and the key assumptions (i.e. PD and LGD rates) and inputs used therein through inspection of evidence of performance of these controls or independently re-performing the control d) Through a sample of loan contracts, determined adequacy of ECL provisioning made.
2 (c)	Of ₹ 56,679.63 Crores carrying value of loans and advances to the customers and expected credit loss provisioning of ₹ 1,101.88 Crores, ₹ 11,649.97 Crores and ₹ 209.85 Crores, respectively for another Component / Subsidiary Company are audited by Other Auditors. The Subsidiary Company offers long term and short term wholesale lending to various sectors. Loans and investment portfolio in the finance business are measured at amortised cost less impairment allowance for losses. The Company applies the expected credit loss model for recognising impairment loss. The Subsidiary Company's assessment of expected credit loss involves use of judgements and estimates relating to probability of default (PD) and loss given default (LGD) rates used in computing the expected credit losses (ECL) on loans and investments	**Principal audit procedures:** As principal auditors, we had issued written communication to the auditor of the component ('Other Auditors') for audit procedures to be performed. In accordance with such communication, the procedures performed by the Other Auditors at the Component level, as reported by them, have been provided below. a) Performed walkthrough to understand the process followed by management for computing and recording the allowance for expected credit loss b) Evaluated the design and operating effectiveness of controls relating to the computation and recording of ECL provision and controls over determination of key assumptions relating to PD and LGD. c) Validated the key assumptions used in the expected credit loss allowance working by testing the underlying data used by management for the loan loss allowance. Additionally, audit oversight procedures carried out by us over the work performed by the Other Auditors consisted of : a) Reviewing a written summary of the audit procedures performed by the Other Auditors. b) Discussion with the Component's Management to understand the key assumptions (i.e. PD and LGD) rates and inputs used in the computation of ECL provision. c) Independently retested samples and evaluated the key assumptions (i.e. PD and LGD) rates used in the computation of ECL provision.
3.	**Adoption of New Accounting Standard IND AS 115:** Revenue from contracts with customers relating to the pharmaceutical manufacturing and services (including overseas components) and the Healthcare Insights and Analytics segments [Refer to Note 2(a)(xii) and Note 29 to the consolidated financial statements]	
	The Group manufactures and sells a number of products and provides numerous services to its customers globally. The Group has adopted the new accounting standard IND AS 115 as at April 1, 2018 and accordingly has reviewed its sales contracts for determining the principles for recognising revenue in accordance with the standard. Some of the sales contracts contain various performance obligations and the determination of timing of revenue recognition, i.e., over time or a point in time can often be established through exercise of judgement.	**Principal audit procedures:** Of ₹ 6,860.53 Crores of revenue, ₹ 3,982.61 Crores was audited by Other Auditors. As Principal auditors, we had issued written communication to the auditors of the overseas components ('Other Auditors') to focus on this area since adoption of the new accounting standard caused the Group to apply judgement as it reviewed its sales contracts for appropriate adherence to the requirements of IND AS 115. In accordance with the written communication to the Other Auditors, the procedures performed by the other auditors as reported by them, have been provided below. • Obtained an understanding of the various revenue business streams and nature of sales contracts. • Evaluated respective component management's assessment of the various terms in the sales contracts, primarily relating to identification of performance obligations and determining timing of revenue recognition. • Selected samples of contracts and performed test of details for determining appropriateness of identification of performance obligations and timing of revenue recognition.

Sr. No.	Key Audit Matter	Auditor's Response
		Additionally, audit oversight procedures carried out by us over the work performed by the Other Auditors consisted of : a) Reviewing a written summary of the audit procedures performed by the Other Auditors. b) Discussing with the Other Auditors and the management of the component/ Parent Company to understand the basis of identification of the performance obligations and determination of timing of revenue recognition. c) Selected a sample of contracts and reassessed contractual terms to determine adherence to the requirements of the new accounting standard. Of ₹ 6,860.53 Crores of revenue, ₹ 2,110.39 Crores was audited by us and we performed the following audit procedures: a) Obtained an understanding of the various revenue streams and nature of sales contracts entered into by the Company. b) Evaluated the design of internal controls relating to identification of performance obligations and determining timing of revenue recognition. c) Selected a sample of contracts and through inspection of evidence of performance of these controls, tested the operating effectiveness of the internal controls relating to the identification of performance obligations and timing of revenue recognition. d) Selected a sample of contracts and reassessed contractual terms to determine adherence to the requirements of the new accounting standard.

Information Other than the Financial Statements and Auditor's Report Thereon

- The Company's Board of Directors are responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon.
- Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, compare with the financial statements of subsidiaries, joint ventures and associates audited by the other auditors, to the extent it relates to these entities and, in doing so, place reliance on the work of the other auditors and consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. Other information so far as it relates to subsidiaries, joint ventures and associates, is traced from their financial statements audited by the other auditors.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Consolidated Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group including its associates and joint ventures in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group and of its associates and joint ventures are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its associates and joint ventures and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Parent Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its associates and joint ventures are responsible for assessing the ability of the Group and of its associates and joint ventures to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the Group or cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its associates and joint ventures are also responsible for overseeing the financial reporting process of the Group and of its associates and joint ventures.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associates and joint ventures to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates and joint ventures to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the Group its associates and joint ventures to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial information included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

We communicate with those charged with governance of the Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

(a) We did not audit the financial statements / financial information of 36 subsidiaries, whose financial statements / financial information reflect total assets of ₹ 75,786.76 Crores as at March 31, 2019, total revenues of ₹ 10,066.37 Crores and net cash outflows amounting to ₹ 1,098.33 Crores for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit of ₹ 276.41 Crores for the year ended March 31, 2019, as considered in the consolidated financial statements, in respect of two joint ventures and one associate, whose financial statements / financial information have not been audited by us. These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, joint ventures and associates, and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, joint ventures and associates is based solely on the reports of the other auditors.

(b) We did not audit the financial statements / financial information of 14 subsidiaries, whose financial statements / financial information reflect total assets of ₹ 4,105.29 Crores as at March 31, 2019, total revenues of ₹ 714.94 Crores and net cash outflows amounting to ₹ 63.87 Crores for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit of ₹ 42.97 Crores for the year ended March 31, 2019, as considered in the consolidated financial statements, in respect of five joint ventures and three associates, whose financial statements / financial information have not been audited by us. These financial statements / financial information are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, joint ventures and associates, is based solely on such unaudited financial statements / financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements / financial information are not material to the Group.

Our opinion on the consolidated financial statements above and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of other auditors and the financial statements / financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of other auditors on the separate financial statements and the other financial information of the subsidiaries, associates and joint ventures referred to in the Other Matters section above we report, to the extent applicable, that:
   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
   b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books, returns and the reports of the other auditors.
   c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
   d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.
   e) On the basis of the written representations received from the directors of the Company as on March 31, 2019 taken on record by the Board of Directors of the Company and the reports of the statutory auditors of its subsidiary companies, associate companies and joint venture companies incorporated in India, none of the directors of the Group companies, its associate companies and joint venture companies incorporated in India is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
   f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditors' reports of the Company, subsidiary companies, associate companies and joint venture companies incorporated in India to whom internal controls over financial reporting is applicable. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies, for the reasons stated therein.
   g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
   h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
      i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associates and joint ventures;
      ii) Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
      iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company and its subsidiary companies, associate companies and joint venture companies incorporated in India.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm Registration No. 117366W/W-100018)

Rupen K. Bhatt
Partner
(Membership No. 046930)

Mumbai, April 26, 2019

ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph (f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (\“the Act”)

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2019, we have audited the internal financial controls over financial reporting of Piramal Enterprises Limited (hereinafter referred to as “Company”) and its subsidiary companies, its associate companies and joint ventures, which are companies incorporated in India, as of that date.

Management’s Responsibility for Internal Financial Controls

The respective Board of Directors of the Company, its subsidiary companies, its associate companies and joint ventures, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor’s Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Parent, its subsidiary companies, its associate companies and joint ventures, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by other auditors of the subsidiary companies, associate companies and joint ventures, which are companies incorporated in India, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Company, its subsidiary companies, its associate companies and joint ventures, which are companies incorporated in India.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors referred to in the Other Matters paragraph below, the Company, its subsidiary companies, its associate companies and joint ventures, which are companies incorporated in India, have in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the criteria for internal financial control over financial reporting established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to six subsidiary companies, one associate company and two joint ventures, which are companies incorporated in India, is based solely on the corresponding reports of the auditors of such companies incorporated in India.

Our opinion is not modified in respect of the above matters.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm Registration No. 117366W/W-100018)

Rupen K. Bhatt
Partner
(Membership No. 046930)

Mumbai, April 26, 2019