Draft Letter of Offer
Dated November 7, 2017
For Eligible Equity Shareholders only

Piramal

PIRAMAL ENTERPRISES LIMITED

Piramal Enterprises Limited was originally incorporated as Indian Schering Limited on April 26, 1947 under the provisions of the Companies Act, 1913. Subsequently, the name of our Company was changed to Nicholas Laboratories India Limited with effect from September 27, 1979 and to Nicholas Piramal India Limited with effect from December 2, 1992. Subsequently, the name of our Company was changed to Piramal Healthcare Limited with effect from May 13, 2008 and to Piramal Enterprises Limited with effect from July 31, 2012.

Registered Office: Piramal Ananta, Agastya Corporate Park, Opposite Fire Brigade, Kamani Junction, LBS Marg, Kurla (West), Mumbai – 400 070
Contact Person: Leonard D'Souza, Company Secretary and Compliance Officer
Tel: (91 22) 3046 6666 | **Fax**: (91 22) 2490 2363
E-mail: complianceofficer.pel@piramal.com | **Website**: www.piramal.com | **Corporate Identity Number**: L24110MH1947PLC005719

PROMOTER OF OUR COMPANY: AJAY PIRAMAL

FOR PRIVATE CIRCULATION TO THE ELIGIBLE EQUITY SHAREHOLDERS OF PIRAMAL ENTERPRISES LIMITED (THE "COMPANY" OR THE "ISSUER") ONLY

ISSUE OF UP TO [●] EQUITY SHARES OF FACE VALUE OF ₹2 EACH OF OUR COMPANY (THE "EQUITY SHARES") FOR CASH AT A PRICE OF ₹2,380 PER EQUITY SHARE (INCLUDING A PREMIUM OF ₹2,378 PER EQUITY SHARE) NOT EXCEEDING ₹20,000 MILLION ON A RIGHTS BASIS TO THE ELIGIBLE EQUITY SHAREHOLDERS OF OUR COMPANY IN THE RATIO OF [●] EQUITY SHARES FOR EVERY [●] FULLY PAID-UP EQUITY SHARES HELD BY THE ELIGIBLE EQUITY SHAREHOLDERS ON THE RECORD DATE, THAT IS ON [●], 2017 (THE "ISSUE"). FOR FURTHER DETAILS, SEE "*TERMS OF THE ISSUE*" BEGINNING ON PAGE 380.

GENERAL RISKS

Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in the Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Issue. For taking an investment decision, investors must rely on their own examination of our Company and the Issue including the risks involved. The securities being offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India ("**SEBI**") nor does SEBI guarantee the accuracy or adequacy of this Draft Letter of Offer. Investors are advised to refer to "*Risk Factors*" beginning on page 11 before making an investment in this Issue.

ISSUER'S ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Letter of Offer contains all information with regard to our Company and the Issue, which is material in the context of the Issue, that the information contained in this Draft Letter of Offer is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Draft Letter of Offer as a whole or any such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING

The existing Equity Shares of our Company are listed on BSE Limited ("**BSE**") and National Stock Exchange of India Limited ("**NSE**") (collectively, the "**Stock Exchanges**"). Our Company has received "in-principle" approvals from BSE and NSE for listing the Equity Shares to be allotted pursuant to the Issue through their letters dated [●] and [●], respectively. For the purposes of the Issue, the Designated Stock Exchange is the [●].

LEAD MANAGER	REGISTRAR TO THE ISSUE
kotak® Investment Banking	LINK Intime
Kotak Mahindra Capital Company Limited 1st Floor, 27 BKC, Plot No. 27 G Block Bandra Kurla Complex, Bandra (East) Mumbai 400 051 Tel: (91 22) 4336 0000 Fax: (91 22) 6713 2447 E-mail: pel.rights@kotak.com Investor grievance e-mail: kmccredressal@kotak.com Contact person: Ganesh Rane Website: www.investmentbank.kotak.com SEBI registration number: INM000008704	**Link Intime India Private Limited** C-101, 247 Park L B S Marg , Vikhroli (West) Mumbai 400 083 Tel: (91 22) 4918 6200 Fax: (91 22) 4918 6195 E-mail: pel.rights@linkintime.co.in Investor grievance e-mail: pel.rights@linkintime.co.in Contact person: Sumeet Deshpande Website: www.linkintime.co.in SEBI registration number: INR000004058

ISSUE PROGRAMME

ISSUE OPENS ON	LAST DATE FOR REQUEST FOR SPLIT APPLICATION FORMS	ISSUE CLOSES ON
[●]	[●]	[●]

CERTIFIED TRUE COPY
For Piramal Enterprises Limited
Chanda Makhija Thadani
Assistant Company Secretary

PIRAMAL ENTERPRISES LIMITED

TABLE OF CONTENTS

SECTION I: GENERAL

DEFINITIONS AND ABBREVIATIONS

This Draft Letter of Offer uses the definitions and abbreviations set forth below, which you should consider when reading the information contained herein. The following list of certain capitalised terms used in this Draft Letter of Offer is intended for the convenience of the reader/prospective investor only and is not exhaustive.

References to any legislation, act, regulation, rules, guidelines or policies shall be to such legislation, act, regulation, rules, guidelines or policies as amended, supplemented, or re-enacted from time to time and any reference to a statutory provision shall include any subordinate legislation made from time to time under that provision.

The words and expressions used in this Draft Letter of Offer but not defined herein, shall have, to the extent applicable, the meaning ascribed to such terms under the Companies Act, the SEBI Regulations, the SCRA, the Depositories Act or the rules and regulations made thereunder. Notwithstanding the foregoing, terms used in "Statement of Tax Benefits" and "Financial Statements" beginning on pages 65 and 102, respectively, shall have the meaning given to such terms in such sections.

Company and Industry Related Terms

Term	Description
"Our Company" or "the Company" or "the Issuer"	Piramal Enterprises Limited incorporated under the Companies Act 1913, with its registered office at Piramal Ananta, Agastya Corporate Park, Opposite Fire Brigade, Kamani Junction, LBS Marg, Kurla (West), Mumbai – 400 070
"Articles of Association" or "Articles"	The Articles of Association of our Company, as amended from time to time
Associates	Associates of our Company as per Ind AS are Allergan India Private Limited, Piramal Phytocare Limited and Bluebird Aero Systems Limited
Audited Financial Statements	Standalone and consolidated audited financial statements for the Fiscal 2017, including the notes thereto and reports thereon, including the notes thereto and reports thereon
Auditors	Erstwhile auditors of our Company, namely M/s Price Waterhouse and the Statutory Auditors namely, M/s. Deloitte Haskins & Sells LLP
"Board" or "Board of Directors"	The board of directors of our Company or a committee thereof
"CCDs" or "Compulsorily Convertible Debentures"	464,330 7.80% compulsorily convertible debentures of the face value of ₹ 107,600 each issued by our Company by way of qualified institutions placement
CCD Holders	Holders of CCDs
Directors	Directors on the Board, as may be appointed from time to time
Equity Shares	Equity shares of face value of ₹ 2 each of our Company
Financial Statements	Audited Financial Statements and Limited Review Financial Information
Group	Our Company, its Subsidiaries, its Joint Ventures and its Associates
Group Companies	Companies as covered under applicable accounting standards and also other companies as considered material by our Company
Joint Ventures	Joint Ventures of our Company as per Ind AS are Convergence Chemicals Private Limited, Shrilekha Business Consultancy Private Limited (formerly known as Shrilekha Financial Services) (includes share assets in Shriram Capital Limited), India Resurgence ARC Private Limited (Formerly known as Piramal Assets Reconstruction Private Limited)
Key Management Personnel	The key management personnel of our Company in accordance with the provisions of the Companies Act, 2013. For details, see "*Our Management*" beginning on page 95
Limited Review Financial Information	Limited review standalone and consolidated financial information of our Company for the six month period ended September 30, 2017, including the notes thereto and reports thereon. For details, see "*Financial Statements*" beginning on page 102
Material Subsidiaries	Piramal Finance Limited, Piramal Critical Care, Inc., Piramal Healthcare (UK) Limited, Piramal Critical Care Limited and Decision Resources Inc.
Memorandum of Association or Memorandum	The Memorandum of Association of our Company, as amended from time to time
MSD BV	Merck Sharp & Dohme B.V
Promoter	Ajay Piramal

Term	Description
Promoter Group	The promoter group of our Company as determined in terms of Regulation 2(1)(zb) of the SEBI Regulations
Registered Office	Registered office of our Company situated at Piramal Ananta, Agastya Corporate Park, Opposite Fire Brigade, Kamani Junction, LBS Marg, Kurla (West), Mumbai – 400 070. Our Board of Directors, pursuant to the meeting held on November 6, 2017, approved the shifting of the registered office of our Company within the local limits of Mumbai from Piramal Tower, Ganpatrao Kadam Marg, Lower Parel, Mumbai 400013 to Piramal Ananta, Agasthya Corporate Park, Opposite Fire Brigade, Kamani Junction, LBS Marg, Kurla (West), Mumbai – 400 070
Statutory Auditors	Statutory Auditors of our Company namely, M/s. Deloitte Haskins & Sells LLP
Subsidiaries	Subsidiaries of our Company as per Ind AS on the date of this Draft Letter of Offer are PHL Fininvest Private Limited, Piramal Finance Limited, Piramal Fund Management Private Limited, Piramal Systems & Technologies Private Limited, Piramal Investment Advisory Services Private Limited, Piramal Udgam Data Management Solutions*, Piramal Foundation for Education Leadership*, Piramal International, Piramal Holdings (Suisse) SA , Piramal Pharma Inc., Piramal Healthcare Inc., Piramal Critical Care Limited, Piramal Healthcare UK Limited, Piramal Healthcare Pension Trustees Limited, Piramal Healthcare (Canada) Limited, Piramal Imaging Limited, Piramal Critical Care Italia, SPA, Piramal Critical Care Inc., Indiareit Investment Management Company, Piramal Technologies SA, Piramal Imaging SA, Piramal Imaging GmbH, Piramal Dutch Holdings N.V., Piramal Critical Care Deutschland GmbH, Decision Resources Inc., Piramal Asset Management Private Limited, Decision Resources International Inc., Decision Resources Group UK Limited, DR/ Decision Resources LLC, DRG UK Holdco Limited, Millennium Research Group Inc., Sigmatic Limited, Decision Resources Group Asia Limited, Piramal Foundation (formerly known as Piramal Healthcare Foundation)*, Piramal Swasthya Management and Research Institute*, Piramal Investment Opportunities Fund, PEL Finhold Private Limited, DRG Holdco Inc, Piramal IPP Holdings LLC, Context Matters Inc, PEL Asset Resurgence Advisory Private Limited, PEL-DRG Dutch Holdco B.V., Piramal Dutch IM Holdco B.V., Piramal Consumer Products Private Limited, Activate Networks Inc., DRG Analytics & Insights Private Limited, Ash Stevens LLC, USA, DRG Singapore Pte. Ltd, Piramal Critical Care South Africa (PTY) Ltd, South Africa, Piramal Capital Ltd, PEL Pharma Inc., Piramal Pharma Solutions Inc., USA, Piramal Housing Finance Limited (formerly known as Piramal Housing Finance Private Limited), Searchlight Health Private Limited, Sharp Insights Ltd. t/a Walnut Medical * *Piramal Udgam Data Management Solutions, Piramal Foundation for Education Leadership and Piramal Foundation incorporated under section 25 of the Companies Act, 1956 or Section 8 of the Companies Act, 2013, as applicable, being limited by guarantee (not having share capital) and Piramal Swasthya Management and Research Institute (being a society) are engaged in corporate social responsibility activities.*
Total Loan Book	Total loan book comprises of investments in non-convertible debentures, optionally convertible debentures, inter-corporate deposits and term loans
“we” or “us” or “our” or “Piramal Group”	Piramal Enterprises Limited, our Subsidiaries, Joint Ventures and Associates

Issue Related Terms

Term	Description
Abridged Letter of Offer/ ALOF	Abridged letter of offer to be sent to the Eligible Equity Shareholders with respect to the Issue in accordance with the provisions of the SEBI Regulations and the Companies Act
Allotment/ Allot/ Allotted	Allotment of Equity Shares pursuant to the Issue
Allotment Date	Date on which the Allotment is made
Allottee(s)	Person(s) who is Allotted Equity Shares pursuant to Allotment
Applicant(s)	Eligible Equity Shareholder(s) and/or Renouncee(s) who make an application for the Equity Shares pursuant to the Issue in terms of this Draft Letter of Offer, including an ASBA Applicant
Application Money	Aggregate amount payable in respect of the Equity Shares applied for in the Issue at the Issue Price
Application Supported by Blocked Amount/ ASBA	Application (whether physical or electronic) used by an ASBA Investor to make an application authorizing the SCSB to block the Application Money in a specified bank account maintained with the SCSB

Term	Description
ASBA Account	Account maintained with the SCSB and specified in the CAF by the Applicant for blocking the amount mentioned in the CAF
ASBA Applicant/ ASBA Investor	Eligible Equity Shareholders proposing to subscribe to the Issue through ASBA process and who: 1. are holding the Equity Shares of our Company in dematerialized form as on the Record Date and have applied for their Rights Entitlements and/or additional Equity Shares in dematerialized form; 2. have not renounced their Rights Entitlements in full or in part; 3. are not Renouncees; and 4. are applying through blocking of funds in a bank account maintained with the SCSBs. QIBs, Non-Institutional Investors and Investors whose Application Money exceeds ₹ 200,000 can participate in the Issue only through the ASBA process.
Bankers to the Issue/ Escrow Collection Banks	[●]
Composite Application Form/ CAF	Form used by an Investor to make an application for the Allotment of Equity Shares in the Issue
Controlling Branches/ Controlling Branches of the SCSBs	Such branches of the SCSBs which co-ordinate with the Lead Manager, the Registrar to the Issue and the Stock Exchanges, a list of which is available on http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes
Designated Branches	Such branches of the SCSBs which shall collect the CAF or the plain paper application, as the case may be, used by the ASBA Investors and a list of which is available on http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes
Designated Stock Exchange	[●]
Draft Letter of Offer / DLOF	This draft letter of offer dated November 7, 2017 issued by our Company in accordance with the SEBI Regulations and filed with SEBI for its observations
Eligible Equity Shareholder(s)	Holder(s) of the Equity Shares of our Company as on the Record Date
Equity Shareholder(s)	Holder(s) of the Equity Shares of our Company
FPIs	Foreign portfolio investors as defined under the SEBI FPI Regulations
Investor(s)	Eligible Equity Shareholder(s) of our Company on the Record Date, i.e. [●] and the Renouncee(s)
Issue/ the Issue/ this Issue	This issue of up to [●] Equity Shares for cash at a price ₹2,380 per Equity Share (including a premium of ₹2,378 per Equity Share) aggregating up to ₹20,000 million on a rights basis to the Eligible Equity Shareholders of our Company in the ratio of [●] Equity Shares for every [●] fully paid-up Equity Shares held by the Eligible Equity Shareholders on the Record Date
Issue Agreement	Issue Agreement dated November 7, 2017 between our Company and the Lead Manager, pursuant to which certain arrangements are agreed to in relation to the Issue
Issue Closing Date	[●], 2017
Issue Opening Date	[●], 2017
Issue Price	₹ 2,380 per Equity Share
Issue Proceeds	Gross proceeds of the Issue
Issue Size	Amount aggregating up to ₹ 20,000 million
Kotak or Lead Manager	Kotak Mahindra Capital Company Limited
Letter of offer or LOF	Final letter of offer to be filed with the Stock Exchanges after incorporating the observations received from SEBI on this Draft Letter of Offer
Listing Agreement	The listing agreements entered into between our Company and the Stock Exchanges in terms of the SEBI Listing Regulations
Monitoring Agency	[●]
Net Proceeds	Issue Proceeds less the Issue related expenses. For further details, see "*Objects of the Issue*" beginning on page 61

Term	Description
Non-ASBA Investor	Investors other than ASBA Investors who apply in the Issue otherwise than through the ASBA process
Non-Institutional Investors	Investor, including any company or body corporate, other than a Retail Individual Investor and a Qualified Institutional Buyer
Qualified Institutional Buyers or QIBs	Qualified institutional buyers as defined under Regulation 2(1)(zd) of the SEBI Regulations
Record Date	[●], 2017
Registrar to the Issue / Registrar	Link Intime India Private Limited
Renouncee(s)	Person(s) who has/have acquired Rights Entitlements from the Eligible Equity Shareholders
Retail Individual Investor	Individual Investors who have applied for Equity Shares for a value of not more than ₹ 0.2 million (including HUFs applying through their Karta) through one or more applications
Rights Entitlement	Number of Equity Shares that an Eligible Equity Shareholder is entitled to in proportion to the number of Equity Shares held by the Eligible Equity Shareholder on the Record Date
SAF(s)	Split application form(s) which is an application form used in case of renunciation in part by an Eligible Equity Shareholder in favour of one or more Renouncee(s)
SCSB(s)	Self-certified syndicate bank registered with SEBI, which acts as a banker to the Issue and which offers the facility of ASBA. A list of all SCSBs is available at http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes
Stock Exchanges	Stock exchanges where the Equity Shares are presently listed, being BSE and NSE
Wilful Defaulter	Company or person, as the case may be, categorised as a wilful defaulter by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the RBI and includes any company whose director or promoter is categorised as such
Working Days	All days other than a Sunday or a public holiday on which commercial banks in Mumbai are open for business

Conventional and General Terms/Abbreviations

Term	Description
₹ / Rupees / INR	Indian Rupees
ACIT	Assistant Commissioner of Income Tax
AGM	Annual general meeting
AIF(s)	Alternative investment funds, as defined and registered with SEBI under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
AS	Accounting Standards issued by the Institute of Chartered Accountants of India
AY	Assessment year
BSE	BSE Limited
CAGR	Compounded annual growth rate (calculated by taking the nth root of the total percentage growth rate, where n is the number of years in the period being considered)
Category III Foreign Portfolio Investors	An FPI registered as a category III foreign portfolio investor under the SEBI FPI Regulations
C&F Agent	Carrying and Forwarding Agent
CCI	Competition Commission of India
CDSL	Central Depository Services (India) Limited
CIN	Corporate identity number
CIT	Commissioner of Income Tax
Civil Procedure Code / CPC	The Code of Civil Procedure, 1908
CJM	Chief Judicial Magistrate
Companies Act	The Companies Act, 1956 or the Companies Act, 2013, as applicable

Term	Description
Companies Act, 1956	The Companies Act, 1956 and the rules made thereunder (without reference to the provisions thereof that have ceased to have effect upon the notification of the Notified Sections)
Companies Act, 2013	The Companies Act, 2013 and the rules made thereunder to the extent in force pursuant to the notification of the Notified Sections
Competition Act	The Competition Act, 2002
CrPC	Code of Criminal Procedure, 1973
DCIT	Deputy Commissioner of Income Tax
Depositories Act	The Depositories Act, 1996
Depository	A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participant) Regulations, 1996
Depository Participant / DP	A depository participant as defined under the Depositories Act
DIN	Directors Identification Number
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
EGM	Extraordinary general meeting
EPS	Earnings per share
FEMA	The Foreign Exchange Management Act, 1999, together with rules and regulations thereunder
FEMA 20	The Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000
Financial Year / Fiscal Year / Fiscal	Period of 12 months ended March 31 of that particular year, unless otherwise stated
Foreign Portfolio Investment Scheme	The foreign portfolio investment scheme of the RBI specified in Schedule 2A of FEMA 20, as amended
FPI	Foreign portfolio investors as defined under the SEBI FPI Regulations and includes a person who has been registered under the SEBI FPI Regulations.
FVCI	Foreign venture capital investors as defined under and registered with SEBI pursuant to the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000 registered with SEBI
GAAP	Generally accepted accounting principles
GDP	Gross domestic product
GoI / Government	Government of India
GST	Goods and Service Tax
ICAI	Institute of Chartered Accountants of India
Income Tax Act	The Income-Tax Act, 1961
Ind AS	Indian accounting standards as notified by the MCA vide Companies (Indian Accounting Standards) Rule 2015, as amended
Indian GAAP	Generally accepted accounting principles in India, including the accounting standards specified under the Companies (Accounts) Rules, 2014, as amended
Interest Coverage Ratio	Interest Coverage ratio equal to earnings before finance cost, income tax expense, share of net profits of associates and joint venture accounted for using the equity method and exceptional items over finance cost
Insider Trading Regulations	Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
IPC	Indian Penal Code, 1860
ITAT	Income Tax Appellate Tribunal
JMFC	Judicial Magistrate First Class
MCA	Ministry of Corporate Affairs
Mn / million	Million
MoU	Memorandum of Understanding
NCD	Non-convertible debentures

Term	Description
Net Asset Value / NAV	Net asset value per Equity Share at a particular date computed based on total equity divided by number of Equity Shares
Net Worth	Aggregate of paid up share capital, share premium account and reserves and surplus (excluding revaluation reserves), as reduced by the aggregate miscellaneous expenditure (to the extent not availed or written off) and the debit balance of the profit and loss account
NGO	Non-Governmental Organisation
Notified Sections	Sections of Companies Act, 2013 that have been notified by the Government of India
NRI	A person resident outside India, who is a citizen of India and shall have the same meaning as ascribed to such term in the Foreign Exchange Management (Deposit) Regulations, 2016
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
PAN	Permanent account number
PAT	Profit After Tax
PCB	Pollution Control Boards
Portfolio Investment Scheme	The portfolio investment scheme of RBI specified in Schedule 2 of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000
RBI	Reserve Bank of India
RBI Act	The Reserve Bank of India Act, 1934
Regulation S	Regulation S under the U.S. Securities Act
SCR (SECC) Rules	Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012, notified by the SEBI
SCRA	Securities Contracts (Regulation) Act, 1956
SCRR	Securities Contracts (Regulation) Rules, 1957
SEBI	Securities and Exchange Board of India
SEBI Act	The Securities and Exchange Board of India Act, 1992
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014
SEBI Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
SEBI Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
Stock Exchanges	BSE and NSE
STT	Securities transaction tax
Supreme Court	Supreme Court of India
Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
US GAAP	Generally accepted accounting principles in the United States of America
U.S. Person	A U.S. person as defined in Rule 902(k) of Regulation S under the U.S. Securities Act
U.S.$ / USD / U.S. dollar	United States Dollar, the legal currency of the United States of America
USA / U.S. / United States	The United States of America
U.S. Securities Act	The U.S. Securities Act of 1933, as amended
VCF	Venture capital fund as defined and registered with SEBI under the Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996 or the SEBI AIF Regulations, as the case may be

NOTICE TO INVESTORS

The distribution of the Letter of Offer and the issue of the Rights Entitlement and the Equity Shares on a rights basis to persons in certain jurisdictions outside India are restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession this Draft Letter of Offer may come, are required to inform themselves about and observe such restrictions. Our Company is making this Issue on a rights basis to the Eligible Equity Shareholders and will dispatch the Letter of Offer / Abridged Letter of Offer and CAF only to Eligible Equity Shareholders who have provided an Indian address to our Company. Those overseas shareholders who do not update our records with their Indian address or the address of their duly authorised representative in India, prior to the date on which we propose to dispatch the Letter of Offer / Abridged Letter of Offer and CAFs, shall not be sent the Letter of Offer / Abridged Letter of Offer and CAFs.

No action has been or will be taken to permit the Issue in any jurisdiction where action would be required for that purpose, except that this Draft Letter of Offer has been filed with SEBI for its observations. Accordingly, the issue of the Rights Entitlement and the Equity Shares may not be offered or sold, directly or indirectly, and this Draft Letter of Offer and the Letter of Offer or any offering materials or advertisements in connection with the Issue may not be distributed, in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of the Letter of Offer will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, in those circumstances, the Letter of Offer must be treated as sent for information only and should not be acted upon for subscription to Equity Shares. Accordingly, persons receiving a copy of the Letter of Offer should not, in connection with the issue of the Equity Shares or the Rights Entitlements, distribute or send the Letter of Offer in or into any jurisdiction where to do so, would or might contravene local securities laws or regulations. If the Letter of Offer is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to subscribe to the Equity Shares or the Rights Entitlements referred to in this Draft Letter of Offer and the Letter of Offer.

Neither the delivery of this Draft Letter of Offer nor any sale hereunder, shall, under any circumstances, create any implication that there has been no change in our Company's affairs from the date hereof or the date of such information or that the information contained herein is correct as at any time subsequent to the date of this Draft Letter of Offer or the date of such information.

EUROPEAN ECONOMIC AREA RESTRICTIONS

This Draft Letter of Offer has been prepared on the basis that all offers of Rights Entitlements and Equity Shares on a rights basis in the Issue will be made pursuant to an exemption under the Prospectus Directive, as implemented in Member States of the European Economic Area ("**EEA**"), from the requirement to produce a prospectus. The expression "Prospectus Directive" means Directive 2003/71/EC of the European Parliament and Council EC (and any amendment thereto, including Directive 2010/73/EU, to the extent implemented in each relevant European Economic Area Member State) and any relevant implementing measure in each relevant European Economic Area Member State. Accordingly, any person making or intending to make an offer within the EEA of Rights Entitlements and Equity Shares which are the subject of the offering contemplated in this Draft Letter of Offer should only do so in circumstances in which no obligation arises for our Company or the Lead Manager to produce a prospectus for such offer. Our Company and the Lead Manager have not authorized, nor do they authorize, the making of any offer of the Rights Entitlements and Equity Shares through any financial intermediary.

UNITED KINGDOM RESTRICTIONS

This Draft Letter of Offer and any investment or investment activity to which this document relates is directed only at, available only to, and will be engaged in only with (i) persons who are outside the United Kingdom (ii) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Order**"), (iii) persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations, etc.") of the Order or (iv) or persons to whom it can otherwise lawfully be communicated (all such persons together being referred to as "relevant persons"). Persons who are not relevant persons should not take any action on the basis of this document and should not act or rely on it or any of its contents.

NO OFFER IN THE UNITED STATES

THE RIGHTS ENTITLEMENTS AND EQUITY SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**US SECURITIES ACT**"), OR ANY U.S. STATE SECURITIES LAWS AND MAY NOT BE OFFERED, SOLD, RESOLD OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OF AMERICA OR THE TERRITORIES OR POSSESSIONS THEREOF (THE "**UNITED STATES**" OR "**U.S.**"), EXCEPT IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. THE RIGHTS ENTITLEMENTS AND EQUITY SHARES REFERRED TO IN THE LETTER OF OFFER ARE BEING OFFERED IN INDIA, BUT NOT IN THE UNITED STATES. THE OFFERING TO WHICH THE LETTER OF OFFER RELATES IS NOT, AND UNDER NO CIRCUMSTANCES IS TO BE CONSTRUED AS, AN OFFERING OF ANY EQUITY SHARES OR RIGHTS FOR SALE IN THE UNITED STATES OR AS A SOLICITATION THEREIN OF AN OFFER TO BUY ANY OF THE SAID SECURITIES. ACCORDINGLY, THE LETTER OF OFFER SHOULD NOT BE FORWARDED TO OR TRANSMITTED IN OR INTO THE UNITED STATES AT ANY TIME.

Neither our Company, nor any person acting on behalf of our Company, will accept a subscription or renunciation from any person, or the agent of any person, who appears to be, or who our Company, or any person acting on behalf of our Company, has reason to believe is, in the United States of America. Envelopes containing a CAF should not be postmarked in the United States of America or otherwise dispatched from the United States of America. Our Company is making this Issue on a rights basis to the Eligible Equity Shareholders and will dispatch the Letter of Offer or Abridged Letter of Offer and CAF only to Eligible Equity Shareholders who have provided an Indian address to our Company. Any person who acquires Rights Entitlements or Equity Shares will be deemed to have declared, warranted and agreed, by accepting the delivery of the Letter of Offer, that (i) it is not and that at the time of subscribing for the Equity Shares or the Rights Entitlements, it will not be, in the United States of America and (ii) it is authorized to acquire the Rights Entitlement and the Equity Shares in compliance with all applicable law, rules and regulations.

Our Company, in consultation with the Lead Manager, reserves the right to treat as invalid any CAF which: (i) appears to our Company or its agents to have been executed in or dispatched from the United States of America; (ii) does not include the relevant certification set out in the CAF headed "Overseas Shareholders" to the effect that the person accepting and/or renouncing the CAF does not have a registered address (and is not otherwise located) in the United States of America, and such person is complying with laws of the jurisdictions applicable to such person in connection with the Issue, among others; or (iii) where our Company believes that the CAF is incomplete or the acceptance of such CAF may infringe applicable legal or regulatory requirements; or (iv) where a registered Indian address is not provided, and our Company shall not be bound to issue or allot any Equity Shares in respect of any such CAF.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Certain Conventions

In this Draft Letter of Offer, unless otherwise specified or context otherwise requires, references to 'US$', '$', 'USD' and 'U.S. dollars' are to the legal currency of the United States of America, and references to 'INR', '₹', 'Rs.', 'Indian Rupees' and 'Rupees' are to the legal currency of India. All references herein to the 'US' or 'U.S.' or the 'United States' are to the United States of America and its territories and possessions. All references herein to 'India' are to the Republic of India and its territories and possessions and the references herein to 'Government' or 'GoI' or the 'Central Government' or the 'State Government' are to the Government of India, central or state, as applicable.

Financial Data

Unless stated otherwise, financial data in the Draft Letter of Offer is derived from our Company's Audited Financial Statements and Limited Review Financial Information which have been prepared by our Company in accordance with Ind AS, guidance notes specified by the Institute of Chartered Accountants of India, Companies Act, as applicable and other applicable statutory and / or regulatory requirements and are also included in this Draft Letter of Offer. Our Company has adopted Ind AS prescribed under section 133 of the Companies Act, 2013 from April 1, 2016. Our Company publishes its Financial Statements in Indian Rupees. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Draft Letter of Offer should accordingly be limited. We have not attempted to explain those differences or quantify their impact on the financial data included herein, and we urge you to consult your own advisors regarding such differences and their impact on our financial data. For details of financial statements, see "*Financial Statements*" on page 102

The fiscal year of our Company begins on April 1 of each calendar year and ends on March 31 of the succeeding calendar year. Unless otherwise stated, references in this Draft Letter of Offer to a particular year are to the calendar year ended December 31 and to a particular 'Financial' or 'FY' or 'Financial Year 'or 'Fiscal Year' or 'Fiscal' are to the financial year ended on March 31.

Our healthcare insights & analytics business is referred to as "Information Management" in our Financial Statements. Further, our pharmaceuticals business is referred to as "Pharmaceuticals Manufacturing and Services" in our Financial Statements. The terminologies with respect to the aforementioned businesses have been changed with effect from May 15, 2017.

In this Draft Letter of Offer, any discrepancies in the tables included herein between the amounts listed and the totals thereof are due to rounding. Accordingly, figures shown as totals in certain tables, may not be an arithmetic aggregation of the figures which precede them.

Currency Presentation

References to the singular also refer to the plural and one gender also refers to any other gender, wherever applicable. Our Company has presented certain numerical information in this Draft Letter of Offer in million units. One million represents 1,000,000 and the word 'million' means '10 lakhs', the word 'crore' means '10 million' or '100 lakhs' and the word 'billion' means '1,000 million' or '100 crore'.

Market and Industry Data

Unless stated otherwise, market, industry and demographic data used in this Draft Letter of Offer has been obtained from market research, publicly available information, industry publications and government sources. Industry publications generally state that the information that they contain has been obtained from sources believed to be reliable but that the accuracy and completeness of that information is not guaranteed. Similarly, internal surveys, industry forecasts and market research, while believed to be reliable, have not been independently verified and neither our Company nor the Lead Manager make any representation as to the accuracy of that information. Accordingly, Investors should not place undue reliance on this information.

Conversion rates for foreign currency:

The conversion rate for the following foreign currency is as follows:

Sr. No.	Name of the Currency	As of March 31, 2017 (in ₹	As of September 30, 2017 (in ₹
1.	1 United States Dollar	64.8386	65.3552*

(Source: *www.rbi.org.in*)

* *September 30, 2017 being a Saturday, data as on the previous working day has been considered*

FORWARD-LOOKING STATEMENTS

Certain statements contained in this Draft Letter of Offer that are not statements of historical facts constitute 'forward-looking statements'. Investors can generally identify forward-looking statements by terminology such as 'aim', 'anticipate', 'believe', 'continue', 'can', 'could', 'estimate', 'expect', 'intend', 'may', 'objective', 'plan', 'potential', 'project', 'pursue', 'shall', 'should', 'will', 'would', or other words or phrases of similar import. Similarly, statements that describe the strategies, objectives, plans or goals of our Company are also forward-looking statements. However, these are not the exclusive means of identifying forward-looking statements.

All statements regarding our Company's expected financial conditions, results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include statements as to our Company's business strategy, planned projects, revenue and profitability (including, without limitation, any financial or operating projections or forecasts), new business and other matters discussed in this Draft Letter of Offer that are not historical facts. These forward-looking statements and any projections contained in this Draft Letter of Offer (whether made by our Company or third parties) are predictions and involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of our Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections. All forward-looking statements are subject to risks, uncertainties and assumptions about our Company that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause the actual results, performances and achievements of our Company to be materially different from any of the forward-looking statements include, among others:

- competitive nature of each of our business and significant pricing pressures for us to retain our existing customers and solicit new business;
- our ability to manage our growth effectively;
- ability to retain and attract key qualified personnel and operational staff;
- exposure to complex management, legal, tax and economic risks, including currency fluctuation;
- reliance on third party vendors for business operations;
- failure or material weakness of our internal controls system leading to operational errors or incidents of fraud;
- difficulties in integration of any businesses in our recent or any future acquisitions

Additional factors that could cause actual results, performance or achievements of our Company to differ materially include, but are not limited to, those discussed under "*Risk Factors*" and "*Business*" on pages 11 and 78 respectively.

By their nature, market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains, losses or impact on net interest income and net income could materially differ from those that have been estimated, expressed or implied by such forward looking statements or other projections. The forward-looking statements contained in this Draft Letter of Offer are based on the beliefs of management, as well as the assumptions made by, and information currently available to, the management of our Company. Although our Company believes that the expectations reflected in such forward-looking statements are reasonable at this time, it cannot assure investors that such expectations will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements. In any event, these statements speak only as of the date of this Draft Letter of Offer or the respective dates indicated in this Draft Letter of Offer and neither our Company nor the Lead Manager undertake any obligation to update or revise any of them, whether as a result of new information, future events, changes in assumptions or changes in factors affecting these forward looking statements or otherwise. If any of these risks and uncertainties materialise, or if any of our Company's underlying assumptions prove to be incorrect, the actual results of operations or financial condition of our Company could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to our Company are expressly qualified in their entirety by reference to these cautionary statements.

SECTION II: RISK FACTORS

An investment in equity shares involves a high degree of risk. You should carefully consider each of the following risk factors and all other information set forth in this Draft Letter of Offer, including the risks and uncertainties described below, before making an investment in the Equity Shares.

The risks and uncertainties described below are not the only risks that we currently face. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may also materially adversely affect our business, prospects, financial condition and results of operations and cash flows. If any or some combination of the following risks, or other risks that we do not currently know about or believe to be material, actually occur, our business, financial condition and results of operations and cash flows could suffer, the trading price of, and the value of your investment in our equity shares could decline, and you may lose all or part of your investment. In making an investment decision, you must rely on your own examination of our Company and the terms of this Issue, including the merits and risks involved.

This Draft Letter of Offer also contains forward-looking statements that involve risks and uncertainties. Our results could differ materially from such forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Draft Letter of Offer.

A. ***Risks relating to all our businesses***

1. Each of our business is competitive, which creates pricing pressures for us to retain existing customers and solicit new business, and to compete effectively.

The Indian financial services sector is competitive. We face competition in our financial services business from much larger Indian and foreign non-banking financial companies financial service firms, banks and other entities operating in the Indian banking and financial sector. Our competitors which have a larger customer and deposit base and greater Government support for capital augmentation, pose competition to us.

In the pharmaceuticals sector, our products face competition from products and services commercialized or under development by competitors. We compete with local companies in India, multi-national corporations and companies in the countries in which we operate. If our competitors gain significant market share at our expense, particularly in the areas and products in which we are focused, our business, results of operations and financial condition could be adversely affected. Many of our competitors may have greater financial, manufacturing, research and development, marketing and other resources, more experience in obtaining regulatory approvals, greater geographic reach, broader product ranges and stronger sales forces. Our competitors may succeed in developing products that are more effective, more popular or cheaper than any we may develop, which may render our products obsolete or uncompetitive and adversely affect our business and financial condition.

The market for products and services in each operating segment of our healthcare insights and analytics business is fragmented, competitive and characterized by evolving technology and innovation. We compete with mid-size and large healthcare products and services firms in several aspects, including breadth, depth and quality of product and service offerings, reliability of services, ease of use and convenience or product and service offerings and brand recognition. Additionally, we compete with healthcare organizations' internal research, insights, analytics, marketing and commercialization groups, which may diminish the demand for our products and services. Some of our competitors are more established, benefit from greater brand recognition, have larger client bases and have substantially greater financial, technical and marketing resources. Given these factors, as well as pricing pressures from competing providers, we face risk of losing or being unable to expand its market share, and there is no assurance that we will be able to compete successfully against existing or new competitors.

2. We cannot assure you that we will be able to manage and maintain our growth effectively or successfully execute our growth strategies, which could affect our operations, results, financial condition and cash flows.

Our consolidated revenue from operations grew at a CAGR of 92.6%, 14.0% and 5.7% for our financial services, pharmaceuticals and healthcare insights and analysis businesses from ₹17,397.2 million, ₹34,859.2 million and ₹11,559.2 million in fiscal year 2016 to ₹33,515.0 million, ₹39,728.7 million and ₹12,223.8 million in fiscal year 2017, respectively.

Our growth strategy includes growing and diversifying our loan book for our financial services business, growing our market share across products and geographies for our pharmaceuticals business and expanding our customer base for our healthcare insights and analytics business. For further details, see "*Business – Our Business Strategy*" beginning on page 81. We expect that our growth strategy will place demands on our management, financial and other resources. While we intend to pursue existing and potential market opportunities, our inability to manage our business plan effectively and execute our growth strategy efficiently could have an adverse effect on our results of operations and financial condition.

We expect the sectors in which we operate in India to continue to grow as a result of anticipated growth in India's economy, increases in household income, further social welfare reforms and demographic changes. However, it is not clear how certain trends and events, such as the pace of India's economic growth, the development of domestic capital markets and the ongoing reform will affect such sectors. In addition, there can be no assurance that such sectors in India are free from systemic risks. Any slowdown in growth of the pharmaceutical sector may affect the results of operations of our pharmaceuticals business as well as our healthcare insights and data analytics business. Similarly, any slowdown in growth of the finance services sector may have a material and adverse impact on the results of operations of our financial services business (including our corporate lending business).

Our management may also change its view on the desirability of current strategies, and any resultant change in our strategies could put strain on our resources.

3. ***We may require additional financing for our business operations, including for our Subsidiaries, and the failure to obtain additional financing on terms commercially acceptable to us may adversely affect our ability to grow and our future profitability. Further, fluctuations in interest rates could adversely affect our results of operations.***

We may require additional capital for our business operations. The actual amount and timing of our future capital requirements may differ from estimates as a result of, among other things, unforeseen delays or cost overruns in developing our products, changes in business plans due to prevailing economic conditions, unanticipated expenses and regulatory changes, including any changes to RBI’s monetary policies which are applicable to us. To the extent our planned expenditure requirements exceed our available resources; we will be required to seek additional debt or equity financing. Additional debt financing could increase our interest costs and require us to comply with additional restrictive covenants in our financing agreements. Additional equity financing could dilute our earnings per Equity Share and your interest in our Company, and could adversely impact the trading price of our Equity Shares.

Our ability to obtain additional financing on favourable terms, if at all, will depend on a number of factors, including our future financial condition, results of operations and cash flows, the amount and terms of our existing indebtedness, security, our track record of compliance of the covenants contained in our financial agreements, general market conditions and market conditions for financing activities and the economic, political and other conditions in the markets where we operate.

We cannot assure you that we will be able to raise additional financing on acceptable terms in a timely manner or at all. Our failure to renew arrangements for existing funding or to obtain additional financing on acceptable terms and in a timely manner could adversely impact our ability to incur capital expenditure, our business, results of operations and financial condition.

Our borrowing costs and our access to capital and loan markets depend on our credit ratings. These ratings are assigned by rating agencies, which may reduce or withdraw their ratings or place us on “credit watch” with negative implications at any time. A reduction in our credit ratings could increase our borrowing costs and limit our access to the capital and loan markets. This, in turn, could reduce our earnings and adversely affect our liquidity. Further, any downgrade in our credit ratings may also trigger an event of default or acceleration of certain of our current or future borrowings.

Further, an increase in the interest rates on our existing or future debt will increase the cost of servicing such debt. Any increase in interest expense may have an adverse effect on our business prospects, financial condition and results of operations.

4. ***Our success depends on our ability to retain and attract key qualified personnel and operational staff, if we are not able to retain them or recruit additional qualified personnel, we may be unable to successfully develop our business.***

Our business and operations are led by a qualified, experienced and capable management team, the loss of whose services might delay or prevent the achievement of our business objectives. Competition among financial services companies and pharmaceutical companies for qualified employees is intense, and the ability to retain and attract qualified individuals is critical to our success. In our healthcare insights and data analytics business, there is also competition for qualified personnel, particularly those with higher educational degrees.

We face attrition in our businesses from time to time. If we lose the services of any of the management team or key personnel, we may be unable to locate suitable or qualified replacements, and may incur additional expenses to recruit and train new personnel, which could adversely affect our business operations and affect our ability to continue to manage and expand our business. Furthermore, as we expect to continue to expand our operations and develop new products, we will need to continue to attract and retain experienced management and key research and development and other qualified personnel. In the event that we are unable to hire replacements in a timely manner or at all, our business operations and financial conditions may be adversely affected.

Rajesh Laddha ceased to be our Chief Financial Officer with effect from June 30, 2017 and was appointed as the managing director and chief executive officer of Shriram Capital Limited. Our Company is in the process of appointing a new chief financial officer.

5. ***Our business operations are subject to various laws and regulations and require us to obtain and renew certain registrations, licenses and permits from government and regulatory authorities in India and overseas and the failure to obtain and renew them in a timely manner may adversely affect our business operations.***

Our business operations are subject to various laws and regulations and require us to obtain and renew from time to time, certain approvals, licenses, registrations and permits, some of which have expired and we have either made or are in the process of making an application to obtain such approval or its renewal. We cannot assure that we will have obtained all approvals or be able to obtain approvals for which applications have been made including renewals in a timely manner or at all.

We may also be unable to fulfil the terms and conditions to which such licence and registration is granted. In the event we are not able to obtain such licence and registration, our business and growth strategy may be adversely impacted.

Our pharmaceuticals business is also subject to laws and regulations that require us to obtain certain licences, permits, approvals and registrations. Further, under our pharmaceuticals business, we have, *inter alia*, applied for (i) renewal of the license to manufacture additional products, (ii) renewal of the certificate granted for use of boiler, and (iii) renewal of factory license. There is no assurance that such license and registration will be granted to us in a timely manner or at all. Failure by us to comply with the terms and conditions to which such licenses, approvals, permits or registrations are subject, and/or to renew, maintain or obtain the required licenses, approvals, permits or registrations may result in the interruption of our operations and may have a material adverse effect on our business, financial condition and results of operations.

6. ***Our international operations expose us to complex management, legal, tax and economic risks, including currency fluctuation, which could adversely affect our business, results of operations and financial condition.***

Our pharmaceuticals business and our healthcare insights and analytics business have an international presence.

The accounting standards, tax laws and other fiscal regulations in the jurisdictions we operate in are subject to change. The degree of uncertainty in tax laws and regulations, combined with penalties for default and a risk of action by various government or tax authorities, may result in our tax risks being higher than expected. Any of the above may result in an adverse effect on our business and financial condition.

The country, regional and political risks specific to a particular jurisdiction we have business in are also components of credit risks. Economic or political pressures in these countries, including those arising from local market disruptions or currency crises, may affect our business, financial condition and results of operations.

If we do not effectively manage our international operations, it may affect our profitability from such countries, which may adversely affect our business, results of operations and financial condition.

Although our Company's reporting currency is INR, we transact a portion of our business in several other currencies. Substantially all of our non-Indian revenue is denominated in foreign currencies, primarily USD and British Pound. Additionally, we also procure a portion of our raw material requirements outside India and, as a result, incur such costs in currencies other than INR. Further, we continue to incur non-Rupee indebtedness in the form of external commercial borrowings and other foreign currency denominated borrowings, which creates foreign currency exposure in respect of our cash flows and ability to service such debt. We are thus exposed to exchange rate fluctuations due to the revenue that we receive, raw materials that we purchase and our financing arrangements that are denominated in currencies other than the Indian Rupee. Whilst we have entered into Forward Exchange Contracts for hedging purposes, there is no assurance that we will not incur any losses due to currency fluctuations in the future.

7. ***We are reliant on third party vendors for our business operations.***

We contract with third parties for goods and services that are essential to our operations. For example, in our financial services business, we contract with third party service providers for certain key services such as due diligence. For our pharmaceuticals business, we contract with third party vendors for certain key services such as contract manufacturing of certain of our products and the provision of raw materials essential in producing our products. For our healthcare insights and data analytics business, we rely on third party vendors that own and/or aggregate core data sets that are crucial to the business. We are subject to risks due to our reliance on such third party vendors. For example, such third party vendors may not always fulfill their obligations in a timely manner or at all or they may not provide quality products as expected. Some third party vendors may also be small companies which are likely to experience financial or operational difficulties than larger, well established companies due to limited financial and other resources. This may result in a delay of services or products delivered to us and we may be unable to find alternative vendors. Should such an event occur, our business, operations and financial condition may be adversely affected.

8. ***We are party to certain legal proceedings and any adverse outcome in these or other proceedings may adversely affect our business.***

We are involved, from time to time, in legal proceedings that are incidental to our operations and involve suits filed by and against our Company by various parties. These include, criminal proceedings, civil proceedings, arbitration cases, consumer proceedings, labour proceedings and cases filed by us under the Negotiable Instruments Act. For example, we were previously engaged in an employee dispute with one of the sales directors of our healthcare insights and data analytics business which was subsequently settled in 2014. These proceedings are pending at different levels of adjudication before various courts, tribunals and appellate tribunals. A degree of judgment is required to assess our exposure in these proceedings and determine the appropriate level of provisions, if any. There can be no assurance on the outcome of the legal proceedings or that the provisions we make will be adequate to cover all losses we may incur in such proceedings, or that our actual liability will be as reflected in any provision that we have made in connection with any such legal proceedings. For details of legal proceedings involving our Company and our Promoter, see "*Outstanding Litigation and Defaults*" beginning on page 360.

We may be required to devote management and financial resources in the defence or prosecution of such legal proceedings. If a number of these disputes are determined against our Company and if our Company is required to pay all or a portion of the disputed amounts or if we are unable to recover amounts for which we have filed recovery proceedings, there could be a material and adverse impact on our reputation, business, financial condition and results of operations.

9. ***Any failure or material weakness of our internal controls system could cause operational errors or incidents of fraud, which would materially and adversely affect our profitability and reputation.***

We are responsible for establishing and maintaining adequate internal measures commensurate with the size and complexity of operations. Our internal or concurrent audit functions are equipped to make an evaluation of the adequacy and effectiveness of internal controls on an ongoing basis to ensure that business units adhere to our policies, compliance requirements and internal circular guidelines. While we periodically test and update, as necessary, our internal controls systems, we are exposed to operational risks arising from the potential inadequacy or failure of internal processes or systems, and our actions may not be sufficient to guarantee effective internal controls in all circumstances. Given the size of our operations, it is possible that errors may repeat or compound before they are discovered and rectified. Our management information systems and internal control procedures that are designed to monitor our operations and overall compliance may not identify every instance of non-compliance or every suspicious transaction. If internal control weaknesses are identified, our actions may not be sufficient to correct such internal control weakness. We face operational risks in our various businesses within the group and there may be losses due failures or inadequacies of our internal controls systems.

For example, in our financial services business, failures in our internal controls systems may lead to deal errors, pricing errors, inaccurate financial reporting, fraud and failure of critical systems and infrastructure. Material weaknesses in the internal controls systems of our pharmaceuticals business may lead to inferior products and product quality issues. In our healthcare insights and data analytics business, failures in our internal controls may lead to loss of proprietary information, data losses or even confidentiality breaches. In addition, certain processes are carried out manually, which may increase the risk that human error, tampering or manipulation will result in losses that may be difficult to detect. Such instances may also adversely affect our reputation, business and results of operations.

Failures or material weaknesses in internal controls may also lead to incidents of fraud. In the past there has been an incident of fraud committed by our employee. We cannot assure you that such incident of fraud will not recur in the future. There can also be no assurance that we would be able to prevent frauds in the future or that our existing internal mechanisms to detect or prevent fraud will be sufficient. Any fraud discovered in the future may have an adverse effect on our reputation, business, results of operations and financial condition.

10. ***Difficulties in integration of any businesses in our recent or any future acquisitions could result in operating difficulties and adversely affect our business, results of operations and financial condition.***

As part of the growth strategy of our three core businesses, we seek to rely on inorganic growth and intend to continue to evaluate potential acquisition opportunities. We have, in the past, evaluated and executed acquisitions in India and abroad. For details, see "*Business*" on page 78. Acquiring companies or assets based out of India involves risks, including those related to integrations of operations across different cultures and languages, currency risks and the particular economic, political and regulatory risks associated with specific countries. Additionally, the anticipated benefit of many of our future acquisitions may not materialize. If we are unsuccessful in integrating an acquired company or asset, our business, financial condition and results of operations may be adversely affected.

Identifying suitable acquisition opportunities can be difficult, time consuming and costly. Our inability to identify suitable acquisition opportunities, reach agreements with such parties or obtain the financing necessary to make such acquisitions in time or at all could adversely affect our future growth.

We may also divest or discontinue businesses or brands or products due to strategic reasons from time to time which may affect our profitability, our business, financial condition, results of operations and cash flows.

In addition, the process of integrating an acquired company, business or technology is risky and may create unforeseen difficulties and challenges, including:

- the incurrence of debt, contingent liabilities or amortisation expenses or impairment of intangibles including goodwill;
- difficulties in integrating the operations, technologies (including any transfer of intellectual property rights), research and development activities, personnel and distribution, marketing and promotion activities of acquired businesses;
- additional financing required to make contingent payments or additional acquisition financing, including financing obligations assumed in connection with such financing;
- unavailability of favourable financing for future acquisitions, due to factors such as a negative impact on credit rating;
- potential loss of key employees of acquired businesses and cultural challenges associated with integrating employees from the acquired company into our organization;
- increased regulatory scrutiny or inability to obtain the necessary regulatory approvals, including those of the competition authorities, in countries in which we seek to consummate acquisitions;
- inability to maintain the key business relationships and the reputations of acquired businesses;
- diversion of management's attention from other business concerns; and
- additional claims or litigations related to the business.

Certain of our manufacturing facilities and certain of our acquired companies have been in non-compliance with the provisions of certain laws and regulations including the Factories Act, Employees' Provident Funds and Miscellaneous Provisions Act, 1952, Maharashtra Fire Prevention and Life Safety Measures Rules, 2009, Food Safety and Standards (Licensing and Registration of Food Business) Regulations, 2011, Water (Prevention and Control of Pollution) Act, 1974, Minimum Wage Act, 1948, Air Operating Permit and Pennsylvania Code, Narcotics Drugs and Psychotropic Substances Act, 1985, General Development Control Regulations, Ahmedabad, Bio-Medical Waste (Management and Handling) Rules, 1998, Tamil Nadu Prohibition Act, 1937, and the Petroleum Act, 1934. In 2016, the CCI had also initiated an inquiry against our Company for not notifying the CCI in respect of our investments in the Shriram group and the CCI had imposed a penalty of ₹ 50 million on us. There is no assurance that any company or business acquired by us in the future will not be or will not result in non-compliance of laws and regulations, the occurrence of which may result in our business, financial condition and results of operations being adversely affected.

11. Our insurance coverage may not be adequate to protect us against all potential losses, which may have an adverse effect on our business, financial condition and results of operations.

Our operations are subject to various risks inherent in the sectors in which we operate, as well as fire, theft, robbery, earthquake, flood, acts of terrorism and other force majeure events. Our insurance cover includes, among other things, insurance over standard perils including fire, machinery breakdown, and earthquakes. We also have a marine export import insurance open policy, a clinical trial policy for pharmaceutical research and a public liability insurance policy. We maintain insurance for our operations largely through third party insurers.

We may not have identified every risk and further may not be insured against every risk, including operational risk that may occur and the occurrence of an event that causes losses in excess of the limits specified in our policies, or losses arising from events or risks not covered by insurance policies or due to the same being inadequate, could materially harm our financial condition and future results of operations. There can be no assurance that any claims filed will be honoured fully or timely under our insurance policies. Also, our financial condition may be affected to the extent we suffer any loss or damage that is not covered by insurance or which exceeds our insurance coverage. In addition, we may not be able to renew certain of our insurance policies upon their expiration, either on commercially acceptable terms or at all.

12. ***We may be required to account for an impairment loss with respect to intangibles including goodwill recorded in our consolidated financial statements.***

We assess whether the value of our intangibles including goodwill have been impaired on an annual basis. Any impairment of goodwill or other intangible assets as a result of such analysis would result in a non-cash charge against earnings, which could adversely affect our Company's reported results of operations. A significant and sustained decline in future cash flows due to adverse change in the economic environment, slower growth rates, changes in cost of capital or other factors could result in the need to perform additional impairment analysis in the future periods.

13. ***Our Company proposes to utilize a portion of the Net Proceeds to repay or prepay certain loans availed by our Company, and the utilization of that portion of the Net Proceeds will not result in creation of any tangible assets.***

Our Company intends to use a certain portion of the Net Proceeds for the purposes of repayment or pre-payment, in full or part, of certain loans availed by our Company. The details of the loans identified to be repaid or prepaid using the Net Proceeds have been disclosed in "*Objects of the Issue*" on pages 62 and 63. However, the repayment or prepayment of the identified loans are subject to various factors including, (i) any conditions attached to the loans restricting our ability to prepay the loans and time taken to fulfil such requirements, (ii) receipt of consents for prepayment or waiver from any conditions attached to such prepayment from our respective lenders, and (iii) terms and conditions of such consents and waivers. While we believe that utilization of Net Proceeds for repayment of loans would help us to reduce our cost of debt and enable the utilization of our funds for further investment in business growth and expansion, the repayment of loans will not result in the creation of any tangible assets for our Company. In addition, some of our financing agreements and debt arrangements require us to obtain lender consent including in relation to advancing of loan or investing in the share capital of its concerns. While we have applied for consents from the relevant lenders and have received such consents from most of the lenders, we are yet to receive consent from one of our lenders.

14. ***We face risks relating to certain joint ventures and associates that we do not entirely control.***

We have made and may continue to make certain capital investments, loans, advances and other commitments to support certain of our associates and joint ventures. These investments and commitments have included capital contributions to enhance the financial condition or liquidity position of our associates and joint ventures. If the business and operations of these associates and joint ventures deteriorate, our investments may be required to be written down or written off or further capital injections may be required to be made. In addition, our ability to generate cash from these entities may be more restricted than if such entities were our wholly-owned subsidiaries.

15. ***Certain of our records and data pertaining to our financial operations, legal records and personnel data were destroyed in a fire at one of our offices in Mumbai. The disclosures in this document may not completely reflect all of the information to the extent destroyed by the fire and not available with us at this time.***

We maintained records relating to finance, legal and secretarial information and personnel information at our offices located at Centre Point, Parel, Mumbai. In October 2004, these premises were destroyed in a fire. There was no loss of life or major injuries to any of our employees in the fire. However, records stored at this location were destroyed including forms filed with the Registrar of Companies, Maharashtra and we do not have copies of these records. The disclosures made in this document are qualified to the extent that we do not have copies of the records destroyed in the fire. Despite having conducted an extensive search of our records, we have not been able to retrieve these records. While we continue to conduct a search for such records, we cannot assure you that such records will be available in the future.

16. ***Our Company and certain of our Subsidiaries have previously been subject to inspections, investigations, fines and penalties by RBI and SEBI as the case may be. Any regulatory investigations, fines and requirements relating to conduct of business could affect our business and financial results.***

In 2016, our Company had filed an application for compounding of certain contraventions of the provisions of the Foreign Exchange Management Act, 1999 and the Foreign Exchange Management (Transfer or Issue of any Foreign Security) Regulations, 2004, including failure of our Company to obtain approval of the RBI prior to divestment of shareholding by our Company in an overseas entity. The RBI had compounded the aforesaid contravention and imposed a penalty of ₹0.11 million on our Company which was paid by our Company.

Certain of our Subsidiaries have been and are periodically subject to inspections by RBI and SEBI. In April 2017, pursuant to inspection, SEBI had issued an inspection report against M/s Indiareit Fund ("**Indiareit**"), wherein our Subsidiary Piramal Fund Management Private Limited ("**PFMPL**") is acting as the fund manager. SEBI had *inter alia* observed that Indiareit had violated certain provisions of the Securities and Exchange (Venture Capital Fund) Regulations, 1996 ("**VCF Regulations**") including failure to liquidate assets within the time stipulated under the VCF Regulations, failure to wind up the operations of the scheme post completion of the tenure of the scheme, non - compliance with the terms specified in the private placement memorandum with respect to tenure of the scheme, sponsor commitment, investment strategy. Our Subsidiary, PFMPL has submitted its responses to SEBI. SEBI has sought for further clarifications from PFMPL, in relation to the earlier responses given by PFMPL to the inspection report, including details with respect to investments made and capital commitment. PFMPL has filed its responses with SEBI.

In the past SEBI had issued notices to our Subsidiary, Piramal Finance Limited ("**PFL**") in relation to alleged non-compliance of the provisions of the Securities and Exchange Board of (Issue and Listing of Debt Securities) Regulations, 2008 for alleged failure in creation of debenture redemption reserve in respect of issuance of secured debt securities through private placement. PFL has issued its responses to SEBI stating *inter alia* that creation of debenture redemption reserve is not required for privately placed debentures. The said debt securities have been redeemed. Further, PFL has also been subject to the an inspection carried out by the Department of Non-Banking Supervision of the RBI for *inter alia*, borrowing money from banks and raising funds through non- convertible debentures without fixing any borrowing limits or sub-limits for its borrowings, failure to maintain arms-length relation with our Company and failure to have adequate mechanisms to monitor credit appraisal and loans. PFL has submitted its responses to RBI and there are no further correspondence in this regard.

Our Company and Subsidiaries may remain subject to similar inspections, investigations and fines. If one or more of such inspections, investigations or cases leads to a significant award or penalty, it could affect our business and financial results.

17. We do not have certain documents evidencing the biographies of certain of our Directors in "Our Management".

In accordance with the disclosure requirements stipulated under the SEBI Regulations, the brief biographies of our Directors disclosed in "*Our Management*" on pages 98 to 100 include details of their educational qualifications and work experience. However, the original documents evidencing such educational qualifications are not available with some of our Directors. Accordingly, we have relied on affidavits provided by such Directors to verify the authenticity of such disclosures. We cannot assure you that such disclosures do not have any inadvertent errors or omissions.

18. A part of our shareholding in certain Shriram group companies may constitute shareholding of a regulated entity.

Over the course of 2013 and 2014, we made strategic investments in certain Shriram group companies – Shriram Capital Limited ("**SCL**"), Shriram Transport Finance Company Limited ("**STF**") and Shriram City Union Finance Limited ("**SCUF**"). We have gained access to a platform of retail and small and medium enterprises customer segments and the insurance sector through these strategic investments. In July 2017, certain of the Shriram group companies had approved entering into a confidentiality, exclusivity and standstill agreement (the "**CES Agreement**") with the IDFC group to evaluate a potential combination of certain businesses and subsidiaries/affiliates/associate companies of the Shriram group engaged in the credit and non-credit financial services sector with the IDFC group (the "**Proposed Transaction**"). However, on October 30, 2017, parties have agreed to call off discussions on the Proposed Transaction and the exclusivity period pursuant to the CES Agreement stands terminated with immediate effect.

19. Our Company will not distribute the Letter of Offer and CAF to overseas Shareholders who have not provided an address in India for service of documents.

Our Company will dispatch the Letter of Offer and CAF (the "**Offering Materials**") to the Shareholders who have provided an address in India for service of documents. The Offering Materials will not be distributed to addresses outside India on account of restrictions that apply to circulation of such materials in various overseas jurisdictions. However, the recently notified Section 20 of the Companies Act, 2013 requires companies to serve documents at any address which may be provided by the members as well as through e-mail. Presently, there is lack of clarity under the Companies Act, 2013 and the rules made thereunder with respect to distribution of Offering Materials in overseas jurisdictions where such distribution may be prohibited under the applicable laws of such jurisdiction. Whilst our Company has requested all the Shareholders to provide an address in India for the purposes of distribution of Offering Materials, our Company cannot assure that the regulator would not adopt a different view with respect to compliance with Section 20 of the Companies Act, 2013 and may subject our Company to fines or penalties.

20. Our management will have flexibility to utilize the Net Proceeds in relation to temporary investment of the Net Proceeds pending utilization towards Objects of the Issue and we cannot assure you that the temporary investment of the Net Proceeds will provide desired returns.

We intend to use the Net Proceeds for the purposes described in "*Objects of the Issue*" beginning on page 61. We currently intend to use the Net Proceeds to augment our capital base for the growth of our three business verticals i.e. financial services, pharmaceuticals and healthcare insights & analytics. Our management will have broad discretion to use the Net Proceeds and you will be relying on the judgment of our management regarding the application of these Net Proceeds. Our management might not apply the Net Proceeds in ways that increase the value of your investment.

Pending utilization of the Net Proceeds, we intend to invest such Net Proceeds in scheduled commercial banks. Although the utilization of the Net Proceeds will be monitored by our Board and the Monitoring Agency, there are no limitations on interim investments that we can make using such Net Proceeds.

21. There are outstanding legal proceedings against our Company, certain of its Directors and Subsidiaries which may adversely affect our business, financial condition and results of operations.

There are outstanding legal proceedings against us that are incidental to our business and operations, including certain criminal proceedings against our Company, certain of its Directors and executives and our Subsidiaries. These proceedings are pending at different levels of adjudication before various courts, tribunals, enquiry officers and appellate tribunals. Such proceedings could divert management time and attention, and consume financial resources in their defense. Further, an adverse judgment in some of these proceedings could have an adverse impact on our business, financial condition and results of operations. Additionally, some properties on which we are developing projects are subject to litigation. For details in relation to certain material litigation, see "*Outstanding Litigation and Defaults*" beginning on page 360.

A summary of the outstanding legal proceedings against our Company, its Directors and executives and its Subsidiaries as disclosed in this Draft Letter of Offer along with the amount involved, to the extent quantifiable, have been set out below:

Litigation against our Company

Sr. No.	Nature of Case	Number of Outstanding Cases	Amount involved (in ₹ million)
1.	Criminal	14	Nil
2.	Direct Tax	5	6,658.78
3.	Indirect Tax	1	6,268.40

Litigation against our Subsidiaries

S. No.	Nature of Case	Number of Outstanding Cases	Amount involved (in ₹ million)
Subsidiaries			
1.	Civil	1	Non-quantifiable

B. *<u>Risks Relating to our Financial Services Business</u>*

1. We are vulnerable to the volatility in interest rates and we may face interest rate and maturity mismatches between our assets and liabilities in the future which may cause liquidity issues and affect our source of funding.

Our operations are particularly vulnerable to volatility in interest rates and mismatch in maturity. Our net interest income and profitability directly depend on the difference between the average interest rate at which we lend and the average interest rate at which we borrow. The cost of our funding and the pricing of our loan products are determined by a number of factors, many of which are beyond our control, including the RBI's monetary policies, inflationary expectations, competition, domestic and international economic and political scenario and other factors. These factors could affect the interest rates charged on interest-earning assets differently than the interest rates paid on interest bearing liabilities. While any reduction in our cost of funds may be passed on to our customers, we may not have the same flexibility in passing on any increase in our cost of funds to our customers, thereby affecting our net interest income. Similarly, competitive pressures may require us to reduce our cost of lending to our customers without a proportionate reduction in our cost of borrowing from our lenders. Further, if we do not pass on the reduced interest rates to our borrowers, it may result in some of the borrowers prepaying the loan to take advantage of the reduced interest rate environment, thereby impacting our growth and profitability. If interest rates rise, some of our lenders may increase the interest rates at which we borrow resulting in an increase in our effective cost of funds. We may or may not be able to pass on the increased interest rates to our borrowers simultaneously with the increase in our borrowing rates, or at all, thereby affecting our net interest income. Further, an increase in interest rates may result in some of our borrowers prepaying their loans by arranging funds from other sources, thereby impacting our growth and profitability. Additionally, an increase in general interest rates in the economy could reduce the overall demand for financing in general and impact our growth. There can be no assurance that we will be able to adequately manage our interest rate risk in the future, and if we are unable to do so, this could have an adverse effect on our net interest income, which could in turn have a material adverse effect on our business, results of operations and financial condition.

We may also face potential liquidity risks due to mismatch in the maturity of our assets and liabilities. A portion of our funding requirements is met or may be met in the future through short and medium-term funding sources such as bank loans, non-convertible debentures, commercial paper, cash credit or overdraft facilities. Our inability to obtain additional credit facilities or renew our existing credit facilities for matching tenure of our liabilities in a timely and cost effective manner or at all, may lead to mismatches between our assets and liabilities, which in turn may adversely affect our operations and financial performance.

We may be required to seek expensive sources of funding to finance our operations, which would result in a decline in our net profits and have a material adverse effect on our business, financial condition, results of operations and prospects. Our ability to borrow funds and refinance existing debt may also be affected by a variety of factors, including liquidity in the credit markets and the strength of the lenders from which we borrow.

2. ***Any increase in the levels of default assets (90 days overdue) for any reason whatsoever, would adversely affect our business, results of operations and financial condition.***

Our gross NPA, defined as the percentage of assets in our Total Loan Book which are more than 90 days overdue, was 0.9% and 0.4% for the fiscal years ended March 31, 2016 and March 31, 2017, respectively. On principal loan amount, expected credit loss provision as required under Ind AS is created, resulting in a provision of 2.2% of the outstanding loan as of March 31, 2017. There is no assurance that our NPA level will continue to stay at its current level. If the credit quality of our Total Loan Book deteriorates or we are unable to implement effective monitoring and collection methods, our results of operations and financial condition may get adversely affected. As we intend to continue our efforts to originate new loans, we cannot assure you that there will not be significant additional NPAs in our Total Loan Book in the future.

Should the overall credit quality of our Total Loan Book deteriorate, the current level of our provisions may not be adequate to cover further increases in the amount of our NPAs. If we are required to increase our provisioning in the future due to increased NPAs or the introduction of more stringent requirements in respect of loan loss provisioning, this may reduce our profit after tax and adversely impact our results of operations. Further, there can be no assurance that we will be able to recover the outstanding amounts due under any defaulted loans. We may also face difficulties in disposing of the underlying assets relating to such loans, as a result of which, we may be unable to realise any liquidity from such assets.

3. ***We may be unable to foreclose on collateral in a timely fashion or at all when borrowers default on their obligations to us, or the value of collateral may decrease, any of which may result in failure to recover the expected value of collateral security, increased losses and a decline in net profits.***

Among other factors, we consider a mix of cash flow and availability of collateral while taking lending decisions. Many of our loans are secured by collateral, which includes liens on inventory, receivables and other current assets, and charges on fixed assets, such as property and financial assets (such as marketable securities). As of March 31, 2017, all of our advances were secured. We may not be able to realise the full value of the collateral, due to, among other things, stock market volatility, changes in economic policies of the Indian government, obstacles and delays in legal proceedings, borrowers and guarantors not being traceable, our records of borrowers' and guarantors addresses being ambiguous or outdated and defects in the perfection of collateral and fraudulent transfers by borrowers. In the event that a specialised regulatory agency gains jurisdiction over the borrower, creditor actions can be further delayed. In addition, the value of collateral may be less than we expect or may decline. If we are unable to foreclose on our collateral or realise adequate value, our losses will increase and our net profits will decline.

4. ***We are exposed to borrower and industry concentrations, and a default by any large borrower or a deterioration in the performance of any of the industry sectors to which we have significant exposure would adversely affect the quality of our portfolio, and our ability to meet capital requirements could be jeopardized.***

In the case of customer exposures, we aggregate the outstanding balances of, or limits on, funded and non-funded exposures, if any of our customer exposures were to increase, our net profits would decline and, due to the magnitude of the exposures, our ability to meet capital requirements could be jeopardised.

Industry-specific difficulties in these or other sectors may increase our level of non-performing customer assets. If we experience a downturn in an industry in which we have concentrated exposure, our net profits will likely decline and our financial condition may be materially adversely affected.

5. ***Any volatility in housing or real estate sector may have an adverse impact on our business.***

We have exposure to the real estate sector, including through lease rental discounting, construction finance, loans to developers and commercial real estate loans. Accordingly, we are exposed to the effects of volatility in real estate sector which may in turn be affected by adverse market conditions. Any adverse development in the real estate sector may result in diminishing of value of our collaterals. Any sudden or sharp movement in housing or commercial real estate prices may also adversely affect the demand and the ability of our borrowers to repay the loan which in turn can have an impact on the quality of our portfolio which may have an adverse impact on our business.

The market conditions of the real estate sector may also affect our investment management business. Poor investment returns in our investment management business, due to either general market conditions or underperformance (relative to our competitors or to benchmarks) by funds or accounts that we manage or investment products that we design or sell, affects our ability to retain existing assets and to attract new clients or additional assets from existing clients. This could adversely affect the management and incentive fees that we hope to earn on assets under management.

6. If we fail to identify, monitor and manage risks and effectively implement our risk management policies, it could have a material adverse effect on our business, financial condition, results of operations and cash flows.

We have devoted resources to develop our risk management policies and procedures and aim to continue to do so in the future. For details, see *"Business – Asset Quality and Risk Management"* on page 86. Despite this, our policies and procedures to identify, monitor and manage risks of fraud, money laundering, any other credit, operational or other risks may not be effective. Further, some of our methods of managing risks are based upon the use of observed historical market behaviour. As a result, these methods may not accurately predict future risk exposures, which could be greater than those indicated by the historical measures. For example, our NPA levels may rise due to poor monitoring methods of our portfolio. To the extent any of the instruments and strategies we use to hedge or otherwise manage our exposure to market or credit risk are not effective, we may not be able to mitigate effectively our risk exposures in particular market environments or against particular types of risk.

Our investment and interest rate risks are dependent upon our ability to identify and mark-to-market changes in the value of financial instruments caused by changes in market prices or rates. Our earnings are dependent upon the effectiveness of our management of changes in credit quality and risk concentrations, the accuracy of our valuation models and our critical accounting estimates and the adequacy of our allowances for loan losses.

To the extent our assessments, assumptions or estimates prove inaccurate or not predictive of actual results, we could suffer higher than anticipated losses.

If we fail to effectively implement our risk management policies, it could materially and adversely affect our business, financial condition, results of operations and cash flows.

7. We depend on the accuracy and completeness of information provided by our customers and counterparties. Our reliance on any misleading information given by potential borrowers may affect our judgment of credit worthiness of potential borrowers, and the value of and title to the collateral, which may affect our business, results of operations and financial condition.

Although we review our credit exposure to specific clients, counterparties, sectors and regions we believe may present credit concerns, default risk may arise from events or circumstances that are difficult to detect, such as fraud. We may also fail to receive full information with respect to the credit risks of a client or counterparty.

In deciding whether to extend credit or enter into other transactions with potential borrowers, we rely on information furnished to us by potential borrowers, and analysis of the information by independent consultants. To further verify the information provided by potential borrowers, we conduct searches on credit bureaus for creditworthiness of our borrowers. We also verify information with registrar and sub-registrar of assurances for encumbrances on collateral. We cannot assure you that information furnished to us by potential borrowers and analysis of the information by independent valuers or the independent searches conducted by us with credit bureaus, or the on-site verification will be accurate.

In addition, we do not have access to the same level of information that a bank may have or may be able to procure in respect of a potential borrower. We thus depend on data and information services from external sources, including data received from certain competitors, customers and various government and public record services. If certain key sources were to withdraw or were unable to provide us with their data or information services, or if we were to lose access to data or information services due to government regulation or regulatory concerns of our suppliers or if the collection of data were to become uneconomical, our ability to provide products and services to our customers could be impacted, and, consequently, our business, reputation, financial condition, operating results and cash flow could be materially adversely affected.

8. Any non-compliance with mandatory Anti Money Laundering (AML) and Know Your Customer (KYC) policies could expose us to additional liability and harm our business and reputation.

We adopt applicable anti-money laundering ("**AML**") and know your client ("**KYC**") policies and procedures in our businesses. While we have adopted policies and procedures aimed at collecting and maintaining all AML and KYC related information from our customers in order to detect and prevent the use of our networks for illegal money-laundering activities, there may be instances where we may be used by other parties in attempts to engage in money-laundering and other illegal or improper activities. In addition, a number of jurisdictions (including India) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA. Pursuant to these provisions, as part of our KYC processes we are required to collect and report certain information regarding US persons having accounts with us who are customers of our alternative asset management business.

Although we believe that we have adequate internal policies, processes and controls in place to prevent and detect AML activity and ensure KYC compliance, including FATCA compliance, and have taken necessary corrective measures, there can be no assurance that we will be able to fully control instances of any potential or attempted violation by other parties and may accordingly be subject to regulatory actions including imposition of fines and other penalties by the relevant government agencies to whom we report, including the FIU-IND. Our business and reputation could suffer if any such parties use or attempt to use us for money-laundering or illegal or improper purposes and such attempts are not detected or reported to the appropriate authorities in compliance with applicable regulatory requirements. In 2015, SEBI issued the inspection observation letter to Piramal Investment Opportunities Fund ("**PIOF**"), observing *inter alia* (i) certain non – compliances with the SEBI circulars in relation to KYC due to failure to maintain proper KYC records in respect of the contributors and (ii) failure to update KYC information with the KYC Registration Agents. PIOF has issued its responses to SEBI and there are no further correspondence in this regard.

9. We have expanded into new lines of business and may continue do so in the future. If we are unable to run the new businesses profitably, our results of operations and financial condition may be adversely affected.

We have expanded our business to encompass new lines of business. For example, in relation to our distressed asset fund/platform, Piramal Asset Resurgence Fund has received certificate of registration as an alternate investment fund from SEBI on June 28, 2017 and we have recently received a housing finance operations licence. As these are new businesses, we may encounter initial teething problems in the establishment of these businesses and incur higher capital and operating expenditure. Accordingly we may not be able to run these businesses or any new businesses in a profitable manner. We may suffer a loss in these business or the returns on our investments in these businesses will be significantly lower than our customer expectations which will adversely affect our financial condition. We may continue to enter new lines of business and offer new products and services in the future. There is no guarantee that we will do so in accordance with our growth strategy or be successful in integrating these new lines of business into our operations. If we are unable to do so, our operating results and financial condition may be adversely affected.

C. ***Risks Relating to our Pharmaceuticals Business***

1. Our pharmaceuticals business is subject to extensive regulation and customer quality audits. If we fail to comply with the applicable regulations prescribed by governments and regulatory agencies or our customers, our business, results of operations and financial condition could be adversely affected.

We operate in a highly regulated industry and our operations are subject to extensive regulation in each market in which we do business. The penalties for non-compliance with these regulations can be severe, including the revocation or suspension of our business licence, imposition of fines and criminal sanctions in those jurisdictions.

We have ongoing obligations to regulatory authorities, such as the Central Drugs Standard Control Organization of India ("**CDSCO**") and the Food Safety and Standards Authority of India ("**FSSAI**"), in each case, in India, the United States Food and Drug Administration ("**USFDA**") in the United States, the Medicines and Healthcare Products Regulatory Agency in the United Kingdom ("**UK-MHRA**") and the European Medicine Agency ("**EMA**") in the EU, both before and after a product's commercial release. For example, our manufacturing facilities and products are subject to auditing processes by various regulatory agencies of the countries where we market and sell our products, including the USFDA. Regulatory agencies may at any time inspect our manufacturing facilities or the quality of our products based on newly developed scientific knowledge and/or tools. If any inspection or quality assessment results in observations/ alerts or sanctions, the relevant regulator may amend or withdraw our existing approvals to manufacture and market our products in such jurisdiction, which could adversely affect our business, financial condition and results of operations. We also sell our products to a number of countries including those subject to comprehensive sanctions regulations, such as Syria and Iran. Any change in sanctions regulations or laws may adversely affect our business.

If we fail to comply with applicable statutory or regulatory requirements, there could be a delay in the submission or grant of approval for the manufacturing and marketing new products. Moreover, if we fail to comply with the various conditions attached to such approvals, licenses, registrations and permissions once received, the relevant regulatory body may suspend, curtail or revoke our ability to market such products or impose fines upon us. In the United States, India, and many of the international markets in which we sell our products, the approval process for a new product is complex, lengthy and expensive. The time taken to obtain approvals varies by country, but generally takes between six months and several years from the date of application. If we fail to obtain such approvals, licenses, registrations and permissions, in a timely manner or at all, our business, results of operations and financial condition could be adversely affected. The prices of some of our pharmaceutical products are also subject to price controls regulations.

Any action against us or our management for violation of any price controls regulations could adversely affect our business, prospects, results of operations and financial condition.

Further, our customers also periodically conduct audits on our facilities. If we fail to successfully clear such audits or fail to implement suggestions made by customers, such customers may cease to do business with us which will adversely affect our business, results of operation and financial condition

2. ***Any manufacturing or quality control problems may damage our reputation for quality products and expose us to litigation or other liabilities and we are susceptible to product liability claims that may not be covered by insurance which may require substantial expenditure and may adversely affect our reputation.***

Our products may suffer defects due to manufacturing issues, defective supply by our contract manufacturers, or defective raw materials supplied including manufacturing defects. These may lead to certain events including product recalls, delays in supply of our products customer claims or product liability claims. These actions could require us to expend considerable resources in correcting the problems and could adversely affect the demand for our products.

The existence, or even threat, of a major product liability claim could also damage our reputation and affect consumers' views of our other products and would likely require us to incur costs for litigation (including any penalties thereunder or generally), remediation, replacement of products and would also divert management's time, thereby adversely affecting our business, results of operations and financial condition. Any loss of our reputation or brand image for whatever reason may lead to a loss of existing business contracts and adversely affect our ability to enter into such additional contracts in the future.

We cannot be certain that our product liability insurance will, in fact, be sufficient to cover the foregoing claims or our policy limits will be sufficient to cover such claims or that we will be able to maintain adequate insurance coverage in the future at acceptable costs. Further, we may not have taken insurance or may not have vendor extension covers from our partners' insurance policies in the countries into which we export our products. A successful product liability claim that is excluded from coverage or exceeds our policy limits may require us to pay substantial sums and may adversely affect our financial position and results of operations. In addition, insurance coverage for product liability may become prohibitively expensive in the future. If any product liability claim is not covered by insurance, or exceeded the policy limits, were to be sustained, it could adversely affect our business, financial condition and results of operations. This risk is likely to increase as we enter new markets and develop our own new-patented products in addition to making generic versions of drugs that have been in the market for some time.

3. ***Any delay in production at, or shutdown of, any of our manufacturing facilities or at any of the third party manufacturing facilities we use, could adversely affect our business, results of operations and financial condition.***

The success of our manufacturing activities and the success of the launch of our products depend on, among other things, the productivity of our workforce, compliance with regulatory requirements and the continued functioning of our manufacturing processes and machinery. Disruptions in our manufacturing activities, including natural or man-made disasters, workforce disruptions, regulatory approval delays, fire or the failure of machinery, could delay production or require us to shut down the affected manufacturing facility. For example, we have had fatal accidents at our Digwal and Ennore manufacturing sites previously which caused interruptions at these manufacturing facilities. We use highly flammable materials such as acetone, ethanol, methanol and toluene in our manufacturing processes and are therefore subject to the risk of loss arising from fire or explosions. Although we have implemented industry acceptable risk management controls at our manufacturing locations and continuously seek to upgrade them, the risk of fire or explosion associated with these materials cannot be completely eliminated. Moreover, some of our products are permitted to be manufactured at only those facilities that have received specific approvals, and any shut down of such facilities will result in us being unable to manufacture such product for the duration of such shut down. Such an event may result in delays to the launch of our products and our inability to meet with our contractual commitments, which will have an adverse effect on our business, results of operation and financial condition.

Any interruption at our manufacturing facilities, including natural or man-made disasters, workforce disruptions, regulatory approval delays, fire or the failure of machinery, disruptions of supply from our contract manufacturers could reduce our ability to meet the demand under our contracts for the affected period, which could affect our business, prospects, results of operations and financial condition.

4. ***Any shortfall in the supply of our raw materials or an increase in raw material costs or other input costs may adversely impact the pricing and supply of our products and have an adverse effect on our business.***

Raw materials (including packaging materials) are subject to supply disruptions and price volatility caused by various factors, including commodity market fluctuations, the quality and availability of supply, currency fluctuations, consumer demand, changes in government programs and regulatory sanctions. Substantially all our raw materials are purchased from third parties. Our suppliers may be unable to provide us with a sufficient quantity of our raw materials at a suitable price for us to meet the demand for our products. The available amounts of raw materials may not adjust in response to increasing demand in certain circumstances; our suppliers may choose to supply the raw materials to our competitors instead of us. There is a risk that one or more of these existing suppliers could discontinue their operations, which could adversely impact our ability to source raw materials at a suitable price and meet our order requirements. Any increase in raw material prices will result in corresponding increases in our product costs.

We also import some of our raw materials and some of the equipment used in our manufacturing facilities and are subject to risks related to currency fluctuation, global logistics disruptions and other factors. A failure to maintain our required supply of raw materials and equipment could adversely affect our ability to deliver our products to customers in an efficient, reliable and timely manner and adversely affect our business, prospects, financial condition and results of operations.

5. ***We participate in a competitive tender process for supply to various government agencies, private entities and institutions. We may face an inability to successfully obtain tenders in the future, which would impact our revenues and profitability and the tenders we have successfully obtained may be withdrawn in the future.***

We participate in a competitive tender process for supply to various government agencies, private entities and institutions. Pricing is a key factor in the tender process and we may face challenges in participating in a tender process and having to manage our tender price in light of any internal budgets. If we are unable to win tenders, our future revenues and profitability may suffer. Additionally, for any reason, if we are disqualified from the tender process by a government agency, we may automatically be disqualified by other central and state government agencies. This may impact our business operations and growth.

6. ***We are yet to receive certain registrations in connection with the protection of our intellectual property rights, especially trademarks relating to our products. Such failure to protect our intellectual property rights could adversely affect our competitive position, business, financial condition and profitability.***

We have applied for certain registrations in connection with the protection of intellectual property rights, including patents and trademarks, which are currently pending. The registration of any intellectual property right is a time-consuming process, and there can be no assurance that any such registration will be granted. In the absence of such registration, competitors or other companies may challenge the validity or scope of our intellectual property. Unless our trademarks are registered, we may only get passing off relief for our trademarks, if used by others, which could materially and adversely affect our brand image, goodwill and business. Similarly, in case our patents are rejected, our competitors may start marketing the products resulting in us losing out on market share and first mover protection, which could adversely affect our competitive position, business, financial condition and profitability. If we are unable to obtain and maintain patent protection for our current or any future products, or if the scope of the patent protection obtained is not sufficiently broad, we may not be able to compete effectively in our markets. Obtaining and maintaining our patent protection depends on compliance with various procedural, document submission, fee payment and other requirements imposed by government patent agencies, and our patent protection could be reduced or eliminated for non-compliance with these requirements.

Further, if any of our unregistered trademarks are registered in favour of a third party, we may not be able to claim registered ownership of such trademarks, and consequently, we may be unable to seek remedies for infringement of those trademarks by third parties other than relief against passing off by other entities. Our inability to obtain or maintain these registrations may adversely affect our competitive business position and we may not be able to use these trademarks to commercialize our technologies or products in certain markets or contexts.

7. ***If we infringe on the patents of others, our business may be adversely affected.***

We operate in an industry characterized by patent litigation. Patent litigation can result in damages being awarded and injunctions that could prevent the manufacture and sale of certain products or require us to pay royalties in order to continue to manufacture or sell such products. While it is not possible to predict the outcome of patent litigation, we believe any adverse result of such litigation could include an injunction preventing us from selling our products or payment of damages or royalty, which would affect our ability to sell current or future products or prohibit us from enforcing our patent and proprietary rights against others. We were previously involved in litigation in the Delaware District Court concerning a complaint filed by a company engaged in the discovery, development, manufacturing and sale of innovative therapeutic products, for infringement of one of their patents. Whilst we are currently not engaged in any patent litigation, there can be no assurance that we will not be involved in any patent litigation in the future. In the event that we become involved in patent litigation, our business, financial condition and results of operations could be adversely affected.

8. ***Our performance may be adversely affected if we are not successful in assessing demand for our products and managing our inventory.***

We evaluate our production requirements based on anticipated demand based on forecasted customer order activity for our products. Our inventory balance of materials is influenced by our production requirements, shelf life of the raw materials, expected sourcing levels and changes in our product sales mix.

It is important for us to anticipate demand for our products and any failure to anticipate, identify, interpret and react on the basis of anticipated/ desired demand or our failure to generate consumer acceptance or recognition of our new products, could lead to, among others, reduced demand for our products, which can adversely affect our results of operations.

Efficient inventory management is also a component of the success of our business, results of operations and profitability. To be successful, we must maintain sufficient inventory levels to meet demand for our products, without allowing those levels to increase to such an extent that the costs associated with storing and holding the inventory adversely affects our results of operations. If our raw materials purchase decisions do not accurately predict sourcing levels or our expectations about demand for our products are inaccurate, we may either not be able to manufacture products to service the demands, resulting in us having to cede market share to competitors or would have to take unanticipated markdowns or impairment charges to dispose of the excess or obsolete inventory, which can adversely affect our results of operations. Our results of operations and financial conditions may be impacted by seasonal variations.

9. ***The availability of counterfeit drugs, such as drugs passed off by others as our products, could adversely affect our goodwill and results of operations.***

Entities in India and abroad could pass off their own products as ours, including counterfeit or pirated products. For example, certain entities could imitate our brand name, packaging materials or attempt to create look-alike products. As a result, our market share could be reduced due to replacement of demand for our products and adversely affect our goodwill. We have also invested in our products to prevent counterfeit versions of our products from being distributed in the markets. Such measures include, monitoring products in the market and initiating actions against counterfeiters, each of which entails incurring costs at our end. The proliferation of counterfeit and pirated products, and the time and attention lost to defending claims and complaints about counterfeit products could have an adverse effect on our goodwill and our business, prospects, results of operations and financial condition could suffer.

10. ***We are dependent on our key customers and our key products.***

A significant portion of our total sales for the fiscal years 2016 and 2017 was derived from sales to a few key customers. We cannot assure that our competitors will not offer better terms or prices in their product offerings. Accordingly, there is no assurance that our customers will not turn to our competitors to purchase their products or to engage their services. In the event these customers stop or reduce purchase of products from us, our business, financial condition and results of operations could be adversely affected.

A significant portion of our total sales for the fiscal years 2016 and 2017 was derived from the sales of a few key products. Any reduction in the sales of any of these products could have an adverse effect on our business, financial condition and results of operations.

In addition, we have entered into a licensing agreement with Bayer for the commercializing and marketing rights of Saridon, a key product in our India consumer products business. The term of the license granted to us will expire in October 10, 2018. In the event we are unable to extend such license which grants us the Saridon manufacturing and marketing rights, our business financial condition and results of operations could be adversely affected.

11. ***We are subject to range of safety, health and environment related legislations.***

We are subject to a broad range of safety, health, environmental, labour and related laws and regulations in the jurisdictions in which we operate, which impose controls on the disposal and storage of raw materials, noise emissions, air and water discharges, on the storage, handling, discharge and disposal of chemicals and other aspects of our operations. For example, local laws in India limit the amount of hazardous and pollutant discharge that our manufacturing facilities may release into the air and water. The discharge of raw materials that are chemical in nature or of other hazardous substances into the air, soil or water beyond these limits may cause us to be liable to regulatory bodies or third parties. In addition, we may be required to incur costs to remedy the damage caused by such discharges, pay fines or other penalties for non-compliance. Complying with, and changes in, these laws and regulations may increase our compliance costs and adversely affect our business, prospects, results of operations and financial condition. Furthermore, non-compliance with the limits prescribed by the relevant laws and regulations may lead to the suspension of our manufacturing licences, which will halt production and adversely affect our business operations.

D. *Risks Relating to our Healthcare Insight & Analysis Business*

1. A failure, inadequacy or security breach in our information technology and telecommunication systems may adversely affect our business, results of operation and financial condition.

Our ability to operate and remain competitive depends in part on our ability to maintain and upgrade our information technology systems and infrastructure on a timely and cost-effective basis, including our ability to process a large number of data on a daily basis. Our operations also rely on the secure processing, storage and transmission of confidential, analytical and other information in our computer systems and networks. DRG and other data processing systems and management information systems or our corporate website may fail to operate adequately or become disabled as a result of events that may be beyond our control, including a disruption of electrical or communications services. Further, our computer systems, software and networks may be vulnerable to unauthorized access, computer viruses or other attacks that may compromise data integrity and security and result in client information or identity theft, for which we may potentially be liable. Further, the information available to and received by our management through our existing systems may not be timely and sufficient to manage risks or to plan for and respond to changes in market conditions and other developments in our operations. If any of these systems are disabled or if there are other shortcomings or failures in our internal processes or systems, it may disrupt our business or impact our operational efficiencies, and render us liable to regulatory intervention or damage to our reputation. The occurrence of any such events may adversely affect our business, results of operation and financial condition.

2. We face the threat of fraud and cyber-attacks, such as hacking, phishing, trojans and advanced persistency threats, attempting to exploit our network to disrupt services to customers and/or theft of sensitive internal data or customer information. This may cause damage to our reputation and adversely impact our business and financial results.

Our systemic and operational controls may not be adequate to prevent adverse impact from frauds, errors, hacking and system failures. Further, our computer systems may be open to being hacked or compromised by third parties, resulting in thefts and losses to our customers and us. Some of these cyber threats from third parties include: (a) phishing and trojans – targeting our customers, wherein fraudsters send unsolicited mails to our customers seeking account sensitive information or to infect customer machines to search and attempt ex-filtration of account sensitive information; (b) hacking – wherein attackers seek to hack into our system with the primary intention of causing reputational damage to us by disrupting services; (c) data theft – wherein cyber criminals may attempt to intrude into our network with the intention of stealing our data or information; and (d) advanced persistency threat – network attack in which an unauthorized person gains access to our network and remains undetected for a long period of time. The intention of these attacks is to steal our data or information rather than to cause damage to our network or organization. Attempted cyber threats fluctuate in frequency but are generally not decreasing in frequency. Not only are we exposed to such risks from our own actions or those of our employees, but from actions of our third party service providers, over whom we do not have full control. If we suffer from any of such cyber threats, it could materially and adversely affect our business, financial condition and results of operations.

A significant system breakdown or system failure caused due to intentional or unintentional acts would have an adverse impact on our revenue-generating activities and lead to financial loss.

There is also the risk of our customers blaming us and terminating their accounts with us for a cyber-incident that might have occurred on their own system or with that of an unrelated third party. Any cyber-security breach could also subject us to additional regulatory scrutiny and expose us to civil litigation and related financial liability.

3. Consolidation in the sectors in which our healthcare insights and analytics business clients operate may reduce the volume of services purchased by consolidated clients following an acquisition or merger, which could materially harm our Company's operating results and financial condition.

Mergers or consolidations among our healthcare insights and analytics business clients have in the past and could in the future reduce the number of our clients and potential clients. When companies consolidate, overlapping services previously purchased separately are usually purchased only once by the combined entity, leading to loss of revenue. Other services that were previously purchased by one of the merged or consolidated entities may be deemed unnecessary or cancelled. If our clients merge with or are acquired by other entities that are not our clients, or that use fewer of our services, they may discontinue or reduce their use of our services. There can be no assurance as to the degree to which our Company may be able to address the revenue impact of such consolidation. Any of these developments could materially harm our Company's operating results and financial condition.

Our top few key customers accounted for a significant portion of the revenue of our healthcare insights an data analytics business. Accordingly, our business may be adversely affected if any of these key customers choose to discontinue or reduce our services.

4. If we fail to deliver our products and services per our contractual obligations to our customers, our Company could be subject to significant costs or liability and its reputation could be harmed.

We routinely deliver research, insights and services to our customers that assist them with business decisions. To manage delivery risk, we employ research, reporting, validation and peer review protocols, among others, to ensure the integrity of its services and deliverables. Further, we manage risk through its commercial contracting function. Our Company maintains a contracts administration function, supported by experienced legal professionals, in which all commercial contracts are reviewed and negotiated to ensure that our commercial and legal risks are set at market appropriate levels, with exceptions reviewed and approved by senior leaders. Nonetheless, if we were to materially delay or err in the delivery of its products or services, it could be subject to contract terminations as well as liability for damages that clients may sustain because of our errors and/or omissions. In such event, and although our liability routinely is capped under its agreements with its customers, we could suffer material financial losses and/or reputational damage, which could materially and adversely affect its results of operations and financial condition.

5. ***Failure to meet productivity objectives under its internal business transformation initiatives could adversely impact our competitiveness and harm its operating results.***

We pursue business transformation initiatives to update technology, increase innovation and obtain operating efficiencies. As part of these initiatives, our Company seeks to improve its productivity, flexibility, quality, functionality and cost savings by, among other matters, developing new client delivery technology-based platforms, implementing new enterprise resource planning systems and reengineering how it produces and delivers certain products and services. These various initiatives may not yield their intended gains, which may impact our Company's competitiveness and ability to meet its growth objectives and, thus, materially and adversely affect its business, operating results and financial condition.

6. ***Failure to protect our intellectual property, and claims against our use of the intellectual property of third parties, could cause our Company to incur unanticipated expense and prevent it from providing products and services, which could adversely affect its business, financial condition and results of operations.***

Our success depends in part upon its ability to protect its core technology and intellectual property. To accomplish this, our Company relies on a combination of intellectual property rights, including trade secrets, copyrights and trademarks, as well as customary contractual and confidentiality protections and internal policies applicable to employees, contractors, members and business partners. These protections may not be adequate, however, and we cannot assure that we will prevent misappropriation of our intellectual property. In addition, parties that gain access to our intellectual property might fail to comply with the terms of our agreements and policies, and we may not be able to enforce its rights adequately against these parties. The disclosure to, or independent development by, a competitor of any trade secret, know-how or other technology not protected by a patent could materially and adversely affect any competitive advantage we may have over such competitor. The process of enforcing our intellectual property rights through legal proceedings would likely be burdensome and expensive, and our ultimate success cannot be assured. Our failure to adequately protect its intellectual property and proprietary rights could adversely affect its business, financial condition and results of operations.

Additionally, we could be subject to claims of intellectual property infringement, misappropriation or other intellectual property violations, and third parties may claim that we do not own or have rights to use all intellectual property used in the conduct of our healthcare insights and data analytics business. We could incur substantial costs and diversion of management resources defending any such claims.

Finally, certain contracts with our suppliers or clients contain provisions whereby we indemnifies, subject to certain limitations, the counterparty for damages suffered because of claims related to intellectual property infringement and the use of our data and other deliverables. Claims made under these provisions could be expensive to litigate and could result in significant payments.

7. ***Current and proposed laws and regulations regarding the protection of personal data could result in increased risks of liability or increased cost to us or could limit our Company's service offerings.***

The confidentiality, collection, use and disclosure of personal data are subject to governmental regulation generally in the country that the personal data were collected or used. For example, United States federal regulations under Health Insurance Portability and Accountability Act of 1996 ("**HIPAA**") and as amended in 2014 by the Health Information Technology for Economic and Clinical Health ("**HITECH**") Act, require individuals' written authorization, in addition to any required informed consent, before Protected Health Information ("**PHI**") may be used for research. Although we receive limited PHI in the conduct of its business and has implemented HIPAA-compliant safeguards to receive and process such data, our Company nonetheless could be subject to significant civil liability for mishandling PHI.

Moreover, in the EU personal data includes any information that relates to an identified or identifiable natural person, and the explicit consent from an individual is required for collection, use or disclosure of such information. In addition, we are subject to EU rules with respect to cross-border transfers of such data out of the EU. Failure to comply with such rules could subject us to regulatory sanctions, criminal prosecution or civil liability.

E. *External Risk Factors*

1. *We are subject to the U.S. Foreign Corrupt Practices Act and similar worldwide anti-bribery laws, which impose restrictions and may carry substantial penalties.*

The U.S. Foreign Corrupt Practices Act, the U.K. Bribery Act and similar anti-bribery laws in other jurisdictions generally prohibit companies and their intermediaries from making improper payments to officials for the purpose of obtaining or retaining business. These laws may require not only accurate books and records, but also sufficient controls, policies and processes to ensure business is conducted without the influence of bribery and corruption. Our policies mandate compliance with these anti-bribery laws, which often carry substantial penalties including fines, criminal prosecution and potential debarment from public procurement contracts. Failure to comply may also result in reputational damages.

We operate in certain jurisdictions that experience governmental corruption to some degree or are found to be low on the Transparency International Corruption Perceptions Index and, in some circumstances, anti-bribery laws may conflict with some local customs and practices. In addition, in many less-developed markets, we work with third-party distributors and other agents for the marketing and distribution of our products. Although our policies prohibit these third parties from making improper payments or otherwise violating these anti-bribery laws, any lapses in complying with such anti-bribery laws by these third parties may adversely impact us. Business activities in many of these markets have historically been more susceptible to corruption. If our efforts to screen third-party agents and detect cases of potential misconduct fail, we could be held responsible for the noncompliance of these third parties under applicable laws and regulations, including the U.S. Foreign Corrupt Practices Act.

Compliance with the U.S. Foreign Corrupt Practices Act and other anti-bribery laws has been subject to increasing focus and activity by regulatory authorities in recent years. Actions by our employees, or third party intermediaries acting on our behalf, in violation of such laws, whether carried out in the United States or elsewhere, may expose us to liability for violations of such anti-bribery laws and accordingly may have a material adverse effect on our reputation and our business, financial condition or results of operations.

2. *Our business is affected by prevailing economic, political and other prevailing conditions in India and the markets we currently service.*

Our Company is incorporated in India, and the majority of our assets and employees are located in India. As a result, we are dependent on prevailing economic conditions in India and our results of operations are affected by factors influencing the Indian economy. Factors that may adversely affect the Indian economy, and hence our results of operations, may include:

- any increase in Indian interest rates or inflation;
- any exchange rate fluctuations;
- any scarcity of credit or other financing in India, resulting in an adverse impact on economic conditions in India and scarcity of financing of our developments and expansions;
- prevailing income conditions among Indian consumers and Indian corporations;
- volatility in, and actual or perceived trends in trading activity on, India's principal stock exchanges;
- changes in India's tax, trade, fiscal or monetary policies, like application of GST;
- political instability, terrorism or military conflict in India or in countries in the region or globally, including in India's various neighbouring countries;
- occurrence of natural or man-made disasters;
- infectious disease outbreaks or other serious public health concerns;
- prevailing regional or global economic conditions, including in India's principal export markets; and
- other significant regulatory or economic developments in or affecting India or its financial services and pharmaceutical sectors.

Any slowdown or perceived slowdown in the Indian economy, or in specific sectors of the Indian economy, could adversely impact our business, results of operations and financial condition and the price of the Equity Shares. Our performance and the growth of our business depend on the performance of the Indian economy and the economies of the regional markets we currently serve. These economies could be adversely affected by various factors, such as political and regulatory changes including adverse changes in liberalization policies, social disturbances, religious or communal tensions, terrorist attacks and other acts of violence or war, natural calamities, interest rates, commodity and energy prices and various other factors. Any slowdown in these economies could adversely affect the ability of our customers to afford our services, which in turn would adversely impact our business and financial performance and the price of the Equity Shares.

3. ***Changing laws, rules and regulations and legal uncertainties including adverse application of tax laws and regulations such as application of Goods and Service Tax (GST), may adversely affect our business results of operations, cash flows and financial performance.***

Our business and financial performance could be adversely affected by changes in law or interpretations of existing, or the promulgation of new, laws, rules and regulations in India applicable to us and our business. There can be no assurance that the central or the state government*s* may not implement new regulations and policies which will require us to obtain approvals and licenses from the governments and other regulatory bodies or impose onerous requirements and conditions on our operations. For example, majority of our pharmaceuticals business and healthcare insights and analytics business is based outside India and outward investments in India is governed by RBI regulations. Any change in such RBI regulation may have a severe impact on our businesses outside India or any expansion plans that involve support from our local operations. Any new regulations and policies and the related uncertainties with respect to the implementation of the new regulations may have a material adverse effect on all our business, financial condition and results of operations. In addition, we may have to incur capital expenditures to comply with the requirements of any new regulations, which may also materially harm our results of operations. The GoI has recently enacted the Central Goods and Services Tax Act, 2017 which lays down a comprehensive national GST regime which has combined taxes and levies collected by the central and state governments into a unified rate structure. This legislation was notified and made effective from July 1, 2017.

Based on such available information and to the best of our understanding we are of the view that there will be an Increase in overall taxes on procurement which will lead to an additional working capital requirement. While there will be an increase in overall taxes on procurement, the procurement cost is likely to reduce on account of the free flow of credits under GST regime. The ability of our Company to take the benefit of reduction in procurement cost shall be dependent on its ability to increase or maintain the sale price of its products and negotiation of the purchase price with its vendors. Further in the transition period, our Company expects some disruptions in the procurement and sale of goods, which could affect the immediate financial performance, however this is expected to a temporary and short term event.

The Government has also proposed major reforms in Indian tax laws with respect to the provisions relating to the general anti-avoidance rule ("**GAAR**"). As regards GAAR, the provisions have been introduced in the Finance Act, 2012 and have come into effect from April 1, 2017. The GAAR provisions intend to catch arrangements declared as "impermissible avoidance arrangements", which is any arrangement, the main purpose or one of the main purposes of which is to obtain a tax benefit and which satisfy at least one of the following tests (i) creates rights, or obligations, which are not ordinarily created between persons dealing at arm's length; (ii) results, directly or indirectly, in misuse, or abuse, of the provisions of the Income Tax Act; (iii) lacks commercial substance or is deemed to lack commercial substance, in whole or in part; or (iv) is entered into, or carried out, by means, or in a manner, which are not ordinarily employed for bona fide purposes. If GAAR provisions are invoked, then the Indian tax authorities have wide powers, including denial of tax benefit or a benefit under a tax treaty. As the taxation system is intended to undergo significant overhaul, its consequent effects on us cannot be determined at present and there can be no assurance that such effects would not adversely affect our business and future financial performance.

4. ***Differences exist between Ind AS and other accounting principles, such as IFRS and Indian GAAP, which may be material to investors' assessments of our financial condition.***

Our Company is required to prepare annual financial statements under Ind AS for the fiscal year 2017 as required under Section 133 of the Companies Act, 2013. We have adopted Ind AS with effect from April 1, 2016. In doing so, we are required to present comparative numbers for the previous fiscal year 2016 and prepared in compliance with Ind AS. As such, the date of transition to Ind AS for us is April 1, 2015 being the opening balance sheet of the comparative previous financial year. Given that Ind AS differs in many respects from Indian GAAP (previous GAAP), our historical financial statements relating to any period prior to Fiscal 2016 may not be comparable to the audited consolidated and standalone financial statements prepared under Ind AS.

Ind AS and other accounting standards like IFRS differ in certain respects including first time adoption choices available. We have not attempted to quantify the impact of IFRS on the financial data included in this Draft Letter of Offer, nor do we provide a reconciliation of our financial statements to those of Ind AS with IFRS.

Accordingly, the degree to which the financial statements prepared under earlier Indian GAAP, Ind AS and other accounting principles, such as IFRS, will provide meaningful information is entirely dependent on the reader's level of familiarity with these standards. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Draft Letter of Offer should accordingly be limited.

5. ***Financial instability in other countries, particularly countries with emerging markets, could disrupt Indian markets and our business and cause the trading price of the Equity Shares to decrease.***

The Indian financial markets and the Indian economy are influenced by the economic and market conditions in other countries. Although economic conditions are different in each country, investors' reactions to developments in one country can have adverse effects on the securities of companies in other countries, including India. A loss of investor confidence in other financial systems may cause volatility in Indian financial markets, including with respect to the movement of exchange rates and interest rates in India, and, indirectly, in the Indian economy in general. Any such continuing or other significant financial disruption could have an adverse effect on our business, financial results and the trading price of the Equity Shares.

6. ***It may not be possible for you to enforce any judgment obtained outside India against us, our management or any of our respective affiliates in India, except by way of a suit in India on such judgment.***

We are incorporated under the laws of India and substantially all our Directors and executive officers reside in India. A substantial majority of our assets, and the assets of our Directors and officers, are also located in India. As a result, you may be unable to:

- effect service of process outside of India upon us and such other persons or entities; or
- enforce in courts outside of India judgments obtained in such courts against us and such other persons or entities.

7. ***A third party could be prevented from acquiring control of us because of anti-takeover provisions under Indian law.***

There are provisions in Indian law that may delay, deter or prevent a future takeover or change in control of our Company. Under the Takeover Regulations, an acquirer has been defined as any person who, directly or indirectly, acquires or agrees to acquire shares or voting rights or control over a company, whether individually or acting in concert with others. Although these provisions have been formulated to ensure that interests of investors/shareholders are protected, these provisions may also discourage a third party from attempting to take control of our Company. Consequently, even if a potential takeover of our Company would result in the purchase of the Equity Shares at a premium to their market price or would otherwise be beneficial to our Shareholders, such a takeover may not be attempted or consummated because of Takeover Regulations.

8. ***Any downgrading of India's debt rating by an international rating agency could adversely affect our business and the price of our Equity Shares.***

Any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely affect our business, our future financial performance, our shareholders' funds and the price of our Equity Shares.

9. ***Investors may have difficulty enforcing judgments against us or our management.***

We are a limited liability company incorporated under the laws of India. The majority of our Directors and executive officers are residents of India and a substantial portion of our assets and the assets of these directors and executive officers are located in India. As a result, investors may find it difficult to (i) effect service of process upon us or these directors and executive officers in jurisdictions outside of India, (ii) enforce court judgments obtained outside of India, (iii) enforce, in an Indian court, court judgments obtained outside of India, and (iv) obtain expeditious adjudication of an original action in an Indian court to enforce liabilities.

Recognition and enforcement of foreign judgments is provided for under Section 13 and Section 44A of the Civil Procedure Code, on a statutory basis. Section 13 of the Civil Procedure Code provides that a foreign judgment shall be conclusive regarding any matter directly adjudicated upon between the same parties or parties litigating under the same title, except: (i) where the judgment has not been pronounced by a court of competent jurisdiction; (ii) where the judgment has not been given on the merits of the case; (iii) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or a refusal to recognize the law of India in cases in which such law is applicable; (iv) where the proceedings in which the judgment was obtained were opposed to natural justice; (v) where the judgment has been obtained by fraud; or (vi) where the judgment sustains a claim founded on a breach of any law then in force in India. India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. However, Section 44A of the Civil Procedure Code provides that a foreign judgment rendered by a superior court (within the meaning of that section) in any jurisdiction outside India which the

Government has by notification declared to be a reciprocating territory, may be enforced in India by proceedings in execution as if the judgment had been rendered by a competent court in India. However, Section 44A of the Civil Procedure Code is applicable only to monetary decrees not being in the nature of any amounts payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalties and does not include arbitration awards.

Among other jurisdictions, the United Kingdom of Great Britain and Northern Ireland, Republic of Singapore and Hong Kong have been declared by the Government to be reciprocating territories for the purposes of Section 44A of the Civil Procedure Code, but the USA has not been so declared. A judgment of a court in a jurisdiction which is not a reciprocating territory may be enforced only by a fresh suit upon the judgment and not by proceedings in execution. The suit must be brought in India within three years from the date of the foreign judgment in the same manner as any other suit filed to enforce a civil liability in India. It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if it viewed the amount of damages awarded as excessive or inconsistent with public policy of India. Further, any judgment or award in a foreign currency would be converted into Rupees on the date of such judgment or award and not on the date of payment. A party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI to repatriate outside India any amount recovered, and any such amount may be subject to income tax in accordance with applicable laws.

F. *Risks Relating to the Equity Shares and the Issue*

1. Investors will be subject to market risks until the Equity Shares credited to the investors demat account are listed and permitted to trade.

Investors can start trading the Equity Shares allotted to them only after they have been credited to an investor's demat account, are listed and permitted to trade. Since the Equity Shares are currently traded on the Stock Exchanges, investors will be subject to market risk from the date they pay for the Equity Shares to the date when trading approval is granted for the same. Further, there can be no assurance that the Equity Shares allocated to an investor will be credited to the investor's demat account or that trading in the Equity Shares will commence in a timely manner.

2. There may not be an active or liquid market for our Equity Shares, which may cause the price of the Equity Shares to fall and may limit your ability to sell the Equity Shares.

The price at which the Equity Shares will trade after this Issue will be determined by the marketplace and may be influenced by many factors, including:

- our financial results and the financial results of the companies in the businesses we operate in;
- the history of, and the prospects for, our business and the sectors in which we compete;
- the valuation of publicly traded companies that are engaged in business activities similar to us; and
- significant developments in India's economic liberalization and deregulation policies.

In addition, the Indian equity share markets have from time to time experienced significant price and volume fluctuations that have affected the market prices for the securities of Indian companies. As a result, investors in the Equity Shares may experience a decrease in the value of the Equity Shares regardless of our operating performance or prospects.

3. Conditions in the Indian securities market may affect the price or liquidity of our Equity Shares.

The Indian securities markets are smaller and more volatile than securities markets in more developed economies. The Indian stock exchanges have in the past experienced substantial fluctuations in the prices of listed securities. Currently prices of securities listed on Indian exchanges are displaying signs of volatility linked among other factors to the uncertainty in the global markets and the rising inflationary and interest rate pressures domestically. The governing bodies of the Indian stock exchanges have from time to time imposed restrictions on trading in certain securities, limitations on price movements and margin requirements. Future fluctuations or trading restrictions could have a material adverse effect on the price of our Equity Shares.

4. Any future issuance of the Equity Shares may further dilute your shareholding and sales of the Equity Shares by our Promoter or other major shareholders may adversely affect the trading price of the Equity Shares.

Any future equity issuances by us, may lead to the dilution of investors' shareholdings in our Company. Any future equity issuances by us or sales of the Equity Shares by our Promoter or other major shareholders may adversely affect the trading price of the Equity Shares, which may lead to other adverse consequences for us including difficulty in raising capital through offering of the Equity Shares or incurring additional debt. In addition, any perception by investors that such issuances or sales might occur may also affect the market price of the Equity Shares.

5. ***The trading price of our Equity Shares may be subject to volatility and you may not be able to sell your Equity Shares at or above the Issue Price***

The price of the Equity Shares may fluctuate after this Issue as a result of various factors, including volatility in the Indian and global securities markets, the results of our operations including our profitability and performance, the performance of our competitors and perception in the market about investments in our industry, significant developments in India's economic fiscal, liberalization and deregulation policies, adverse media reports and changes in developments in, perceptions in the market about investments in or estimates by financial analysts of us and the sectors in which we operate in.

Further, an active trading market for the Equity Shares may not develop or be sustained after this Issue and the price at which the Equity Shares are initially traded may not correspond to the prices at which the Equity Shares will trade in the market subsequent to this Issue.

6. ***There are restrictions on daily movements in the price of the Equity Shares, which may adversely affect a shareholder's ability to sell, or the price at which it can sell Equity Shares at a particular point in time.***

The Equity Shares will be subject to daily circuit breaker imposed by all stock exchanges in India on all listed companies which does not allow transactions beyond certain volatility in the price of the Equity Shares. This circuit breaker operates independently of the index-based market-wide circuit breakers generally imposed by SEBI on Stock Exchanges. The percentage limits on our circuit breakers are set by the Stock Exchanges. The Stock Exchanges are not required to inform us of the percentage limit of such circuit breakers and may change it without our knowledge. This circuit breaker effectively limits the upward and downward movements in the price of the Equity Shares. As a result of this circuit breaker, there can be no assurance regarding the ability of our shareholders to sell the Equity Shares or the price at which shareholders may be able to sell their Equity Shares at a particular point in time.

7. ***You may be subject to Indian taxes arising out of capital gains on sale of the Equity Shares.***

Under current Indian tax laws and regulations, capital gains arising from the sale of the Equity Shares in an Indian company are generally taxable in India. Any gain realized on the sale of listed the Equity Shares on a stock exchange held for more than 12 months will not be subject to capital gains tax in India if securities transaction tax (**"STT"**) has been paid on the transaction. STT will be levied on and collected by a domestic stock exchange on which the Equity Shares are sold. Any gain realised on the sale of the Equity Shares held for more than 12 months to an Indian resident, which are sold other than on a recognised stock exchange and on which no STT has been paid, will be subject to long term capital gains tax in India. Further, any gain realised on the sale of listed the Equity Shares held for a period of 12 months or less which are sold other than on a recognised stock exchange and on which no STT has been paid, will be subject to short term capital gains tax at a relatively higher rate as compared to the transaction where STT has been paid in India.

The recent Finance Act 2017 amendments provided that where the shares have been acquired on or after October 1, 2004 and on which STT has not been paid at the time of acquisition, then the exemption of long term capital gains under section 10(38) of the Income Tax Act would not be available. This amendment further provides that the Government will notify certain modes of acquisition to which the recent amendment made by Finance Act 2017 would not be applicable and the shares acquired by such modes of acquisition would continue to get the benefit of section 10(38) of the Income Tax Act. The Government has issued a notification dated June 5, 2017 listing out certain modes of acquisition where the benefit of section 10(38) will not be applicable, subject to certain exceptions. For further details, see "*Statement of Tax Benefits*" on page 65.

8. ***Holders of Equity Shares could be restricted in their ability to exercise pre-emptive rights under Indian law and could thereby suffer future dilution of their ownership position.***

Under the Companies Act, any company incorporated in India must offer its holders of equity shares pre-emptive rights to subscribe and pay for a proportionate number of shares to maintain their existing ownership percentages prior to the issuance of any new equity shares, unless the pre-emptive rights have been waived by the adoption of a special resolution by holders of three-fourths of the shares voted on such resolution, unless our Company has obtained government approval to issue without such rights. However, if the law of the jurisdiction that you are in does not permit the exercise of such pre-emptive rights without us filing an offering document or registration statement with the applicable authority in such jurisdiction, you will be unable to exercise such pre-emptive rights unless we make such a filing. We may elect not to file a registration statement in relation to pre-emptive rights otherwise available by Indian law to you. To the extent that you are unable to exercise pre-emptive rights granted in respect of the Equity Shares, your proportional interests in us would be reduced.

9. ***Foreign investors are subject to foreign investment restriction under Indian law that limits our ability to attract foreign investors, which may adversely impact the market price of the Equity Shares.***

Under the foreign exchange regulations currently in force in India, transfers of shares between non-residents and residents are freely permitted (subject to certain restrictions) if they comply with the pricing guidelines and reporting requirements specified by the RBI and such transaction is within the sectional cap prescribed for foreign investment. If the transfer of shares is not in compliance with such pricing guidelines or reporting requirements or fall under an exception, then the prior approval of the RBI or the appropriate authorities will be required.

Additionally, shareholders who seek to convert the Rupee proceeds from a sale of Equity Shares in India into foreign currency and repatriate that foreign currency from India will require a no objection/ tax clearance certificate from the income tax authority. We cannot assure investors that any required approval from the RBI or any other Government agency can be obtained on any particular terms or at all.

Additionally, as an Indian company, we are subject to exchange controls that regulate borrowing in foreign currencies. Such regulatory restrictions limit our financing sources and hence could constrain our ability to obtain financing on competitive terms and refinance existing indebtedness. In addition, we cannot assure you that the required approvals will be granted without onerous conditions, or at all. Limitations on raising foreign debt may have an adverse effect on our business growth, financial condition and results of operations.

10. We may not be able to maintain payment of dividends as done historically.

Dividends that we have paid in the past may not be reflective of the dividends that we may pay in a future period. Our ability to pay dividends in the future will depend on our earnings, financial condition, cash flows and capital requirements as well as existing restrictive covenants in our financing arrangements. Dividends distributed by us may also be subject to the requirements prescribed by the applicable laws and regulations. There can be no assurance that we will be able to pay dividends in the future.

11. There is no guarantee that our Equity Shares will be listed in a timely manner or at all, and any trading closures at the Stock Exchanges may adversely affect the trading price of our Equity Shares.

In accordance with Indian law and practice, final approval for listing and trading of the Equity Shares will not be granted by the Stock Exchanges until after those Equity Shares have been issued and allotted. Approval will require all relevant documents authorizing the issuing of Equity Shares to be submitted. There could be a failure or delay in listing the Equity Shares on Stock Exchanges. Any failure or delay in obtaining the approval would restrict your ability to dispose of your Equity Shares. Further, historical trading prices, therefore, may not be indicative of the prices at which the Equity Shares will trade in the future.

Secondary market trading in our Equity Shares may be halted by a stock exchange because of market conditions or other reasons. Additionally, an exchange or market may also close or issue trading halts on specific securities, or the ability to buy or sell certain securities or financial instruments may be restricted, which may adversely impact the ability of our shareholders to sell the Equity Shares or the price at which shareholders may be able to sell their Equity Shares at a particular point in time.

12. You may not receive the Equity Shares that you subscribe in the Issue until fifteen days after the date on which this Issue closes, which will subject you to market risk.

The Equity Shares that you purchase in the Issue may not be credited to your demat account with the depository participants until approximately fifteen days from the Bid / Issue Closing Date. You can start trading such Equity Shares only after receipt of the listing and trading approval in respect thereof. There can be no assurance that the Equity Shares allocated to you will be credited to your demat account, or that trading in the Equity Shares will commence within the specified time period, subjecting you to market risk for such period.

Prominent Notes

1. Issue of up to [●] Equity Shares with a face value of ₹ 2 each for cash at ₹2,380 per Equity Share for an amount aggregating up to ₹ 20,000 million on a rights basis to the Eligible Equity Shareholders in the ratio of [●] Equity Shares for every [●] Equity Shares held by them on the Record Date.

2. Our Company's standalone net worth as on March 31, 2017 was ₹ 144,226.0 million and on September 30, 2017 was ₹ 139,263.3 million. Our consolidated net worth as on March 31, 2017 was ₹ 148,825.7 million and on September 30, 2017 was ₹ 149,304.1 million. Net worth is defined as the aggregate of paid up share capital, share premium account and reserves and surplus (excluding revaluation reserves), as reduced by the aggregate miscellaneous expenditure (to the extent not availed or written off) and the debit balance of the profit and loss account.

3. For details of the related party transactions of our Company, see "*Financial Statements*" beginning on page 102.

4. No selective or additional information will be available for a section of investors in any manner whatsoever.

5. There are no financing arrangements whereby the Promoter Group, our Directors or their relatives have financed the purchase by any other person of securities of our Company, other than in the normal course of the business of the financing entity during the period of six months immediately preceding the date of filing this Draft Letter of Offer.

SECTION III: INTRODUCTION

THE ISSUE

The Issue has been authorized by way of a resolution passed by our Board on October 12, 2017, pursuant to section 62 (1)(a) of the Companies Act, 2013.

The following is a summary of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, for further information see "*Terms of Issue*" on page 380.

	Equity Shares
Equity Shares being offered by our Company*	Up to [●] Equity Shares*
Rights Entitlement	[●] Equity Share(s) for every [●] fully paid-up Equity Share(s) held on the Record Date
Record Date	[●], 2017
Face Value	₹2 each
Issue Price	₹2,380 per Equity Share
Dividend	Such dividend as may be recommended by our Board and declared by our Shareholders
Issue Size	Up to ₹ 20,000 million
Equity Shares outstanding prior to the Issue	See "*Capital Structure*" on page 52
Equity Shares outstanding after the Issue (assuming full subscription for and Allotment of the Rights Entitlement)**	See "*Capital Structure*" on page 52
Equity Shares outstanding after the Issue (assuming full subscription for and Allotment of the Rights Entitlement) and after conversion of CCDs	See "*Capital Structure*" on page 52
Security Codes for the Equity Shares	ISIN: INE140A01024 (Fully paid-up Equity Shares) BSE Code: 500302 NSE Code: PEL
Terms of the Issue	For further information, see "*Terms of Issue*" on page 380
Use of Issue Proceeds	For further information, see "*Objects of the Issue*" on page 61

* *Pursuant to the resolution dated October 12, 2017, our Board has approved reservation of the Equity Shares in the Issue in favour of the CCD Holders in proportion to the CCDs in the Rights Issue, subject to applicable laws. For further details, see "Capital Structure" on page 52.*

** *This does not include the Equity Shares to be allotted pursuant to conversion of CCDs.*

Terms of Payment

Due Date	Equity Shares
On the Issue application (i.e. along with the CAF)	₹2,380, which constitutes 100% of the Issue Price payable

SUMMARY FINANCIAL INFORMATION

The following tables set forth the summary financial information derived from our Financial Statements. Our summary financial information presented below, is in Rupees/ Rupees million and should be read in conjunction with the financial statements and the notes (including the significant accounting principles) thereto included in "Financial Statements" beginning on page 102.

Standalone Balance Sheet as at March 31, 2017 and March 31, 2016 under Ind AS

₹in Millions

	As at March 31, 2017	As at March 31, 2016
ASSETS		
(1) Non-Current Assets		
(a) Property, Plant & Equipment	7,125.2	6,952.9
(b) Capital Work in Progress	5,752.1	917.6
(c) Intangible Assets	3,622.8	2,591.5
(d) Intangible Assets under development	266.5	111.2
(e) Financial Assets:		
(i) Investments	156,076.4	174,257.8
(ii) Loans	36,358.3	45,984.9
(iii) Other Financial Assets	473.3	1028.6
(f) Deferred Tax Assets (Net)	3,499.5	2,970,8
(g) Other Non Current Assets	2,641.4	2,728.0
(2) Current Assets		
(a) Inventories	3,431.1	3,751.5
(b) Financial Assets:		
(i) Investments	16,665.7	6,280.4
(ii) Trade Receivables	4,914.3	4,045.8
(iii) Cash & Cash equivalents	951.0	77.2
(iv) Bank balances other than (iii) above	289.7	317.6
(v) Loans	10,452.4	17,130.7
(vi) Other Financial Assets	1,078.0	975.4
(c) Other Current Assets	1,149.5	1,050.1
Total Assets	**254,747.2**	**271,172.0**
EQUITY AND LIABILITIES		
(3) Equity		
(a) Equity Share capital	345.1	345.1
(b) Other Equity	143,880.9	127,661.0
(4) Non-Current Liabilities		
(a) Financial liabilities:		
(i) Borrowings	27,395.2	56,332.3
(ii) Other Financial Liabilities	56.5	111.4
(b) Provisions	308.6	342.5
(5) Current Liabilities		
(a) Financial liabilities:		
(i) Borrowings	50,201.2	67,203.5
(ii) Trade Payables	5,333.6	4,903.9

	As at March 31, 2017	As at March 31, 2016
(iii) Other Financial Liabilities	26,207.4	13,013.3
(b) Other Current Liabilities	467.6	252.8
(c) Provisions	421.6	872.9
(d) Current Tax Liabilities (Net)	129.5	133.3
Total Equity & Liabilities	**254,747.2**	**271,172.0**

Standalone Profit and Loss Statement for the years ended March 31, 2017 and March 31, 2016 under Ind AS

₹in Millions

	As at March 31, 2017	As at March 31, 2016
REVENUE		
Revenue from operations	38,093.1	34,243.2
Other income (Net)	3,571.5	4,719.2
Total Revenue	**41,664.6**	**38,962.4**
EXPENSES		
Cost of materials consumed	7,912.7	8,594.5
Purchases of Stock-in-Trade	1,275.5	703.5
Changes in inventories of finished goods, work-in-progress and stock-in-trade	190.6	(444.3)
Excise Duty	431.0	399.7
Employee benefits expense	3,706.3	3,611.9
Finance costs	11,783.4	7,868.8
Depreciation and amortization expense	944.9	795.5
Other expenses	6,220.9	8,298.2
Total Expenses	**32,465.3**	**29,827.8**
Profit Before Exceptional Items and Tax	**9,199.3**	**9,134.6**
Exceptional Items	-	701.9
Profit before Tax	**9,199.3**	**9,836.5**
Tax expense:		
Current tax	1,954.2	2,601.7
Deferred tax	(522.7)	(2,722.2)
Profit for the year	**7,767.8**	**9,957.0**
Other Comprehensive Income / (Expense) (OCI), net of tax expense		
A. Items that will not be reclassified to profit or loss	8,450.8	(6,942.5)
B. Items that will be reclassified to profit or loss	1.3	-
Total Comprehensive Income / (Expense) for the year	**16,219.9**	**3,014.5**
Earnings Per Equity Share (Basic and Diluted) (Rs.) (Face value of Rs. 2/- each)	**45.01**	**57.70**

Standalone Cash Flow Statement for the years ended March 31, 2017 and March 31, 2016 under Ind AS

₹in Millions

	Particulars		As at March 31, 2017	As at March 31, 2016
A	**CASH FLOW FROM OPERATING ACTIVITIES**			
	Profit Before Exceptional Items and Tax		9,199.3	9,134.6
	Adjustments for :			
	Depreciation and amortisation expense		944.9	795.5
	Amortisation of leasehold land		0.7	0.7
	Finance Costs attributable to other than financial services operations		2,602.2	2,246.6
	Interest Income on Current Investments		-	-
	Interest Income on Loans and Bank Deposits		(2,680.5)	(2,402.1)
	Measurement of financial guarantee contracts issued		-	(149.0)
	Measurement of financial assets at FVTPL		(75.1)	(9.2)
	Dividend on Non Current Equity Instruments		(196.0)	(473.1)
	Dividend on Current Investments at FVTPL		-	(57.4)
	Loss on Sale of Property Plant and Equipment		1.6	21.9
	Write-down of inventories		(22.4)	41.7
	Expected Credit Loss on Financial Assets (including Commitments)		(2,233.8)	1,893.0
	Expected Credit Loss on Trade Receivables		28.5	39.3
	Recognition of lease rent expense on straight-line method		(8.4)	79.4
	Fair valuation of leased accomodation		0.1	0.2
	(Profit) on Sale on Current Investment (Net)		-	-
	Exchange Gain on proceeds from Sale of Domestic Formulation Business		-	-
	Unrealised foreign exchange (gain) / loss		1,077.7	(1,231.6)
	Operating Profit / Before Working Capital Changes		**8,638.8**	**9,930.5**
	Adjustments For Changes In Working Capital :			
	Adjustments for (increase) / decrease in operating assets			
	- Trade receivables		(930.8)	(833.5)
	- Other Current Assets		(99.4)	3.9
	- Other Non Current Assets		-	1.7
	- Other Financial Assets - Non Current		25.2	(58.2)
	- Other Financial Assets - Loans - Non Current		(7,005.4)	(8,645.3)
	- Long Term Loans and Advances		-	-
	- Inventories		342.8	(582.4)
	- Other Financial Assets - Current		(427.2)	183.2
	- Other Financial Assets - Loans - Current		4,734.5	624.4
	- Short term Loans and Advances		-	-
	- Other Bank Balances		27.9	(186.4)
	- Amounts invested in Debentures - (Net)		(66,671.7)	(71,220.5)
	- Mutual funds		(1,550.3)	-
	Adjustments for increase / (decrease) in operating liabilities			
	- Trade Payables		459.6	465.3
	- Long-term provisions		53.4	(16.0)
	- Other long term liabilities		-	-
	- Other current financial liabilities		(5.9)	333.5
	- Other current liabilities		214.8	68.1
	- Short-term provisions		(94.9)	45.0
	- Provisions for Grants - Committed		(117.5)	-

	Particulars		As at March 31, 2017	As at March 31, 2016
	- Interest Accrued		815.0	1,823.3
	Cash generated from / (used in) Operations		**(61,590.6)**	**(68,063.4)**
	- Taxes Paid (Net of Refunds)		(1,886.2)	(2,891.0)
	Net Cash generated from / (used in) Operating Activities Before Exceptional Items		**(63,476.8)**	**(70,954.4)**
	Exceptional Items			
	- Cost associated with R&D scale down, net of recoveries		-	(354.9)
	Net Cash generated from / (used in) Operating Activities	**(A)**	**(63,476.8)**	**(71,309.3)**
B	**CASH FLOW FROM INVESTING ACTIVITIES**			
	Payments for Purchase of Property Plant and Equipment / Intangible Assets		(6,805.9)	(3,404.0)
	Proceeds from Sale of Property Plant and Equipment / Intangible Assets		703.5	5.5
	Purchase of Current Investments			
	- in Mutual Funds		-	(104,829.2)
	Proceeds from Sale of Current Investments:			
	- in Mutual Funds		-	105,829.6
	Interest Received		2,678.9	3,447.0
	Bank balances not considered as Cash and cash equivalents			
	- Fixed deposits placed		(912.5)	(730.0)
	- Matured		912.5	530.0
	Loans to related parties		(4,918.7)	(14,911.7)
	Dividend on Non Current Equity Instruments		196.0	473.1
	Dividend on Liquid mutual funds		-	57.4
	Purchase of Equity Investments in subsidiaries		(16,429.8)	(599.7)
	Purchase of Equity Investments (others)		-	(10.7)
	Purchase of Equity Investments & Investment in Partnership Firm		-	-
	Proceeds from Sale of Domestic Formulation Business			
	Restricted Escrow deposit placed		331.9	(459.9)
	Exceptional Items:			
	- Sale of Piramal Clinical Research Business		-	50.0
	- Sale of R&D assets		-	37.1
	- Sale of Property		-	113.0
	Net Cash Generated from/(used in) Investing Activities	**(B)**	(24,244.1)	(14,402.5)
C	**CASH FLOW FROM FINANCING ACTIVITIES**			
	Proceeds from Long Term Borrowings			
	- Receipts		98,364.5	58,199.8
	- Payments		(33,735.7)	(4,083.2)
	Proceeds from Short Term Borrowings			
	- Receipts		293,522.9	245,558.8
	- Payments		(266,802.3)	(203,335.9)
	Finance Costs Paid (other than those attributable to financial services operations)		(2,442.2)	(3,056.3)
	Dividend Paid		(35.2)	(6,407.1)
	Dividend Distribution Tax Paid		-	(1,317.4)

	Particulars		As at March 31, 2017	As at March 31, 2016
	Net Cash Generated from / (Used In)Financing Activities	**(C)**	**88,872.0**	**85,558.7**
	Net Increase / (Decrease) in Cash & Cash Equivalents [(A)+(B)+(C)]		1,151.1	(153.1)
	Cash and Cash Equivalents as At April 1		(334.0)	(180.9)
	Cash and Cash Equivalents as At March 31		**817.1**	**(334.0)**
	Cash and Cash Equivalents Comprise of :			
	Cash on Hand		0.6	0.4
	Bank Overdraft		(133.9)	(411.2)
	Balances with Scheduled Banks in Current Accounts		950.4	76.8
			817.1	**(334.0)**

Note: During the year, our Company was issued shares amounting to ₹ 11,039.8 million (previous year NIL) against transfer of specified assets and borrowings to its wholly owned subsidiary, Piramal Finance Limited (formerly known as Piramal Finance Private Limited).

Consolidated Balance Sheet as at March 31, 2017 and March 31, 2016 under Ind AS

₹in Millions

		As at March 31, 2017		As at March 31, 2016	
	ASSETS				
	Non-Current Assets				
(a)	Property, Plant & Equipment		14,650.5		13,358.5
(b)	Capital Work in Progress		7,323.7		2,868.5
(c)	Goodwill		54,271.9		54,853.8
(d)	Other Intangible Assets		30,804.6		7,040.5
(e)	Intangible Assets under development		1,472.6		681.7
(f)	Investments accounted for using the equity method		27,525.4		25,971.8
(g)	Financial Assets:				
	(i) Investments	189,641.2		130,851.2	
	(ii) Loans	58,351.5		20,737.8	
	(iii) Other Financial Assets	519.0	248,511.7	1,077.5	152,666.5
(h)	Deferred tax assets (Net)		6,252.1		3,179.3
(i)	Other non-current assets		3,991.4		4,248.3
	Total Non-Current Assets		**394,803.9**		**264,868.9**
	Current Assets				
(a)	Inventories		7,230.7		7,237.7
(b)	Financial Assets:				
	(i) Investments	34,639.5		6,344.0	
	(ii) Trade receivables	11,077.4		9,708.1	
	(iii) Cash & Cash equivalents	14,904.4		2,979.8	
	(iv) Bank balances other than (iii) above	504.6		679.6	
	(v) Loans	15,005.8		14,594.5	
	(vi) Other Financial Assets	1,836.2	77,967.9	1,377.8	35,683.8
(c)	Other current assets		2,232.0		2,006.7
(d)	Asset classified as held for sale		159.1		-
	Total Current Assets		**87,589.7**		**44,928.2**
	Total Assets		**482,393.6**		**309,797.1**
	EQUITY AND LIABILITIES				
	Equity				
(a)	Equity Share capital	345.1		345.1	
(b)	Other equity	148,480.6		129,138.4	
	Equity attributable to owners of Piramal Enterprises Limited		**148,825.7**		**129,483.5**
	Non-controlling interests		132.1		1.2
	Total equity		**148,957.8**		**129,484.7**
	Liabilities				
	Non-current liabilities				
(a)	Financial Liabilities:				
	(i) Borrowings	144,956.9		74,740.0	
	(ii) Other Financial Liabilities	1,504.8	146,461.7	471.6	75,211.6
(b)	Provisions		735.9		713.7
(c)	Deferred tax liabilities (Net)		307.5		302.6
(d)	Other Non-Current Liabilities		352.3		283.0
	Total Non-Current Liabilities		**147,857.4**		**76,510.9**
	Current liabilities				
(a)	Financial Liabilities:				

		As at March 31, 2017		As at March 31, 2016	
	(i) Borrowings	120,794.8		68,289.3	
	(ii) Trade payables	7,642.9		7,025.6	
	(iii) Other Financial Liabilities	51,126.1	179,563.8	22,472.2	97,787.1
(b)	Other Current Liabilities		4,505.1		4,589.2
(c)	Provisions		1,134.7		1,186.5
(d)	Current Tax Liabilities (Net)		374.8		238.7
	Total Current Liabilities		**185,578.4**		**103,801.5**
	Total Liabilities		**333,435.8**		**180,312.4**
	Total Equity & Liabilities		**482,393.6**		**309,797.1**

Consolidated Statement of Profit and Loss for the years ended March 31, 2017 and March 31, 2016 under Ind AS

₹in Millions

	Year ended March 31, 2017		Year ended March 31, 2016	
Revenue from operations		85,467.5		63,814.8
Other Income (Net)		2,337.5		2,516.6
Total Income		**87,805.0**		**66,331.4**
Expenses				
Cost of materials consumed	11,220.2		12,614.8	
Purchases of Stock-in-Trade	2,686.4		1,091.3	
Changes in inventories of finished goods, work-in-progress and stock-in-trade	104.4		(646.7)	
Excise Duty	431.0		399.7	
Employee benefits expense	17,938.7		16,830.5	
Finance costs	20,309.8		9,590.7	
Depreciation and amortization expense	3,817.0		2,554.5	
Other expenses	18,095.4		16,752.8	
Total Expenses		**74,602.9**		**59,187.6**
Profit before exceptional items, share of net profits of investments accounted for using equity method and tax		**13,202.1**		**7,143.8**
Share of net profit of associates and joint ventures accounted for using the equity method		1,699.0		1,942.1
Profit before exceptional items and tax		**14,901.1**		**9,085.9**
Exceptional Items		(99.5)		456.6
Profit Before Tax		**14,801.6**		**9,542.5**
Less: Income Tax Expense				
Current Tax		4,854.6		2,984.2
Deferred Tax		(2,573.4)		(2,489.1)
		2,281.2		**495.1**
Profit for the year		**12,520.4**		**9,047.4**
Other Comprehensive Income / (Expense) (OCI), net of tax expense:				
A. Items that will not be reclassified to profit or loss				
(a) Changes in fair values of equity instruments through OCI	8,463.5		(6,926.4)	
(b) Remeasurement of Post Employment Benefit Obligations	(29.0)		(91.7)	
(c) Share of other comprehensive income of associates accounted for using the equity method	(1.3)		-	
Less: Income Tax Impact on above	14.1		10.2	
		8,447.3		**(7,007.9)**
B. Items that will be reclassified to profit or loss				
(a) Deferred gains / (losses) on cash flow hedge	47.0		-	
(b) Exchange differences on translation of foreign operations	(2,174.8)		977.8	
Less: Income Tax Impact on above	499.4	**(1,628.4)**	-	**977.8**
Other Comprehensive Income (OCI) for the year, net of tax expense		**6,818.9**		**(6,030.1)**

	Year ended March 31, 2017		Year ended March 31, 2016	
Total Comprehensive Income / (Expense) for the year		**19,339.3**		**3,017.3**
Profit is attributable to:				
Owners of Piramal Enterprises Limited		**12,523.3**		**9,047.4**
Non-Controlling interests		(2.9)		**-**
		12,520.4		**9,047.4**
Other comprehensive income is attributable to:				
Owners of Piramal Enterprises Limited		**6,818.9**		**(6,030.1)**
Non-Controlling interests		-		
		6,818.9		**(6,030.1)**
Total comprehensive income is attributable to:				
Owners of Piramal Enterprises Limited		19,342.2		3,017.3
Non-Controlling interests		(2.9)		**-**
		19,339.3		**3,017.3**
Earnings Per Share (Basic and Diluted) (₹ (Face value of ₹ 2/- each)		**72.6**		**52.4**

Consolidated Cash Flow Statement for the years ended March 31, 2017 and March 31, 2016 under Ind AS

₹in Millions

		Year ended March 31, 2017	Year ended March 31, 2016
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Profit before exceptional items, share of net profits of investments accounted for using equity method and tax	13,202.1	7,143.8
	Adjustments for :		
	Depreciation and amortisation expense	3,817.0	2,554.5
	Amortisation of leasehold land	0.7	0.7
	Remeasurement of net defined benefits	4.4	-
	Finance Costs attributable to other than financial services operations	4,365.0	3,733.4
	Interest Income on Loans and bank deposits	(998.0)	(980.6)
	Measurement of financial assets at FVTPL	(481.8)	57.6
	Dividend on Current Investments at FVTPL	-	(73.1)
	Loss on Sale of Property Plant and Equipment	71.6	22.9
	Capital Work in Progress written off	-	47.2
	Property, Plant and Equipment written off	-	62.1
	Advances Written Off	-	2.1
	Write back of contingent consideration	-	(138.6)
	Write-down of Inventories	89.3	65.9
	Expected Credit Loss on Financial Assets (including Commitments)	1,549.8	1,677.4
	Expected Credit Loss on Trade Receivables	78.7	86.5
	Recognition of lease rent expense on straight-line method	(8.4)	79.4
	Fair valuation of leased accomodation	0.1	0.2
	Unrealised foreign exchange (gain) / loss	(262.9)	(402.1)
	Operating Profit Before Working Capital Changes	**21,427.6**	**13,939.3**
	Adjustments For Changes In Working Capital :		
	Adjustments for (increase) / decrease in operating assets		
	- Trade receivables	(1,301.7)	(1,438.2)
	- Other Current Assets	(164.4)	304.9
	- Other Non Current Assets	97.6	(248.0)
	- Other Financial Assets - Non Current	30.2	(78.5)
	- Other Financial Assets - Loans - Non Current	(38,269.9)	(10,664.8)
	- Inventories	101.4	(769.5)
	- Other Financial Assets - Current	(915.4)	(56.7)
	- Other Financial Assets - Loans - Current	(354.6)	1,697.5
	- Other Bank Balances	28.1	(186.6)
	- Amounts invested in Debentures and Others (Net)	(77,581.1)	(71,922.5)
	- Mutual funds	(1,853.3)	-
	Adjustments for increase / (decrease) in operating liabilities		
	- Trade Payables	568.0	272.1
	- Long-term provisions	108.8	(36.4)
	- Other Current Financial Liabilities	(227.9)	700.9
	- Other Current Liabilities	(215.5)	328.7
	- Short-term provisions	286.7	343.6
	- Provisions for Grants - Committed	(117.5)	-
	- Other Non-current Financial Liabilities	10.1	(24.9)
	- Other Non-current Liabilities	69.3	238.8
	- Interest accrued	2,540.6	1,761.5
	Cash (Used in) Operations	**(95,732.9)**	**(65,838.8)**
	- Taxes Paid (Net of Refunds)	(4,560.5)	(3,296.3)
	Net Cash (Used in) Operating Activities Before Exceptional Items	**(100,293.4)**	**(69,135.1)**
	Exceptional Items		
	- Cost associated with R&D scale down, net of recoveries	-	(354.9)

		Year ended March 31, 2017	Year ended March 31, 2016
	- Severance pay	(99.5)	(71.9)
	Net Cash (Used in) Operating Activities	**(100,392.9)**	**(69,561.9)**
B.	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Payments for Purchase of Property Plant and Equipment / Intangible Assets	(21,864.1)	(6,995.6)
	Proceeds from Sale of Property Plant and Equipment / Intangible Assets	739.0	14.5
	Purchase of Current Investments:		
	- in Mutual Funds	-	(112,601.9)
	Proceeds from Sale of Current Investments:		
	- in Mutual Funds	-	113,813.9
	Interest Received	987.2	980.2
	Restricted Escrow deposit placed	331.9	(459.9)
	Purchase of Equity Instruments	-	(10.7)
	Bank balances not considered as Cash and cash equivalents		
	- Fixed deposits placed	(912.5)	(730.0)
	- Matured	1,059.4	1,486.8
	Dividend on Current Investments	-	73.1
	Dividend received from Associate	279.0	360.6
	Investment in Associate	(162.1)	(51.0)
	Amount paid on acquisition	(4,500.7)	(2,419.0)
	Purchase of asset (held for sale)	(159.1)	-
	Exceptional Items:		
	- Sale of Property	-	113.0
	- Sale of R&D assets	-	37.1
	- Sale of Piramal Clinical Research Business	-	50.0
	- Sale of BST-Cargel	-	298.5
	Net Cash (Used in) Investing Activities	**(24,202.0)**	**(6,040.4)**
C.	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Proceeds from Long Term Borrowings [Excludes Exchange Fluctuation Loss of ₹ 50.07 Crores (Previous Year Gain ₹ 6.84 Crores) on reinstatement of Foreign Currency Loan]		
	- Receipts	193,026.2	58,199.8
	- Payments	(95,600.3)	(11,344.7)
	Proceeds from Short Term Borrowings [Excludes Exchange Fluctuation Loss of ₹ NIL (Previous Year Loss ₹ 5.97 Crores) on reinstatement of Foreign Currency Loan]		
	- Receipts	469,441.5	247,382.7
	- Payments	(426,959.0)	(207,476.8)
	Finance Costs Paid (other than those attributable to financial services operations)	(4,168.6)	(3,597.5)
	Dividend Paid	(35.2)	(6,407.1)
	Dividend Distribution Tax Paid	-	(1,317.4)
	Net Cash Generated from Financing Activities	**135,704.6**	**75,439.0**
	Net (Decrease) / Increase in Cash & Cash Equivalents [(A)+(B)+(C)]	**11,109.7**	**(163.3)**
	Cash and Cash Equivalents as at April 1	**2,265.7**	**2,333.5**
	Add: Effect of exchange fluctuation on cash and cash equivalents	**(121.1)**	**80.2**
	Add: Cash balance acquired	**387.8**	**15.3**

		Year ended March 31, 2017	Year ended March 31, 2016
	Cash and Cash Equivalents as at March 31	**13,642.1**	**2,265.7**
	Cash and Cash Equivalents Comprise of :		
	Cash on Hand	4.8	71.6
	Balance with Scheduled Banks in Current Accounts	2,645.2	2,908.2
	Fixed Deposit with original maturity of less than 3 months	12,254.4	-
	Bank Overdraft	(1,262.3)	(714.1)
		13,642.1	**2,265.7**

GENERAL INFORMATION

Our Company was originally incorporated as Indian Schering Limited on April 26, 1947 under the provisions of the Companies Act, 1913. Subsequently, the name of our Company was changed to Nicholas Laboratories India Limited with effect from September 27, 1979 and to Nicholas Piramal India Limited with effect from December 2, 1992. Subsequently, the name of our Company was changed to Piramal Healthcare Limited with effect from May 13, 2008 and to Piramal Enterprises Limited with effect from July 31, 2012.

Registered Office of our Company

Piramal Ananta, Agastya Corporate Park
Opposite Fire Brigade, Kamani Junction, LBS Marg
Kurla (West), Mumbai – 400 070
Tel: (91 22) 3046 6666
Fax: (91 22) 2490 2363
Website: www.piramal.com
Corporate Identity Number: L24110MH1947PLC005719
E-mail: complianceofficer.pel@piramal.com

Address of the RoC

Our Company is registered with the RoC, which is situated at the following address:
Registrar of Companies
Everest, 5th Floor
100, Marine Drive
Mumbai 400 002

Company Secretary and Compliance Officer

Leonard D'Souza
Company Secretary and Compliance Officer
Piramal Ananta, Agastya Corporate Park
Opposite Fire Brigade, Kamani Junction, LBS Marg
Kurla (West), Mumbai – 400 070
Tel: (91 22) 3046 6666
Fax: (91 22) 2490 2363
Email: complianceofficer.pel@piramal.com

Lead Manager to the Issue

Kotak Mahindra Capital Company Limited
1st Floor, 27 BKC, Plot No. 27 G Block
Bandra Kurla Complex,
Bandra (East)
Mumbai 400 051
Tel: (91 22) 4336 0000
Fax: (91 22) 6713 2447
E-mail: pel.rights@kotak.com
Investor grievance e-mail: kmccredressal@kotak.com
Contact person: Ganesh Rane
Website: www.investmentbank.kotak.com
SEBI registration number: INM000008704

Legal Advisor to our Company as to Indian law

Cyril Amarchand Mangaldas
5th Floor, Peninsula Chambers
Peninsula Corporate Park
Ganpatrao Kadam Marg
Lower Parel
Mumbai 400 013
Tel: (91 22) 2496 4455
Fax: (91 22) 2496 3666

Legal Advisor to the Lead Manager as to Indian law

Trilegal
Peninsula Business Park
17th Floor, Tower B
Ganpat Rao Kadam Marg
Lower Parel (West)
Mumbai -400013
Tel: (91 22) 4079 1000
Fax: (91 22) 4079 1098

Statutory Auditors of our Company

M/s. Deloitte Haskins & Sells LLP
Chartered Accountants
Indiabulls Finance Centre Tower 3, 27th-32nd Floor
Senapati Bapat Marg, Elphinstone Road (W)
Mumbai – 400013
Tel: (91 22) 6185 4000
Fax: (91 22) 6185 4001
Firm registration no. 117366W/W-100018

Erstwhile statutory auditors of our Company

M/s Price Waterhouse
Chartered Accountants
252, Veer Savarkar Marg
Shivaji Park, Dadar (West)
Mumbai - 400028, India.
Tel: (91 22) 6669 1000
Fax: (91 22) 66547 8000
Firm registration no. 301112E

Registrar to the Issue

Link Intime India Private Limited
C-101, 247 Park
L B S Marg , Vikhroli (West)
Mumbai 400 083
Tel: (91 22) 4918 6200
Fax: (91 22) 4918 6195
E-mail: pel.rights@linkintime.co.in
Investor grievance e-mail: pel.rights@linkintime.co.in
Contact person: Sumeet Deshpande
Website: www.linkintime.co.in
SEBI registration number: INR000004058

Investors may contact the Registrar to the Issue or our Company Secretary and Compliance Officer for any pre-Issue or post-Issue related matters. All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the SCSB, giving full details such as name, address of the Applicant, number of Equity Shares applied for, amount blocked, ASBA Account number and the Designated Branch of the SCSB where the CAF, or the plain paper application, as the case may be, was submitted by the ASBA Investors. For details on the ASBA process, see "*Terms of the Issue*" on page 380.

Experts

Our Company has received consent from its Statutory Auditors, M/s. Deloitte Haskins & Sells LLP through its letter dated November 7, 2017 and its erstwhile statutory auditors M/s Price Waterhouse through its letter dated November 7, 2017 to include their names as required under Section 26(1)(v) of the Companies Act, 2013 in this Draft Letter of Offer and as an "expert" as defined under Section 2(38) of the Companies Act, 2013 in respect of the Limited Review Financial Information and the Audited Financial Statements, respectively, and such consents have not been withdrawn as of the date of this Draft Letter of Offer.

Further, our Company has received consent from Bansi S. Mehta & Co through their letter dated November 6, 2017 to include their name as required under Section 26(1)(v) of the Companies Act, 2013 in this Draft Letter of Offer and as an "expert" as defined under Section 2(38) of the Companies Act, 2013 in respect of the statement of tax benefits and such consent has not been withdrawn as of the date of this Draft Letter of Offer.

Bankers to the Issue and Escrow Collection Banks

[●]

Self-Certified Syndicate Banks

The list of banks that have been notified by SEBI to act as the SCSBs for the ASBA process is provided on the website of SEBI at http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes and updated from time to time. For a list of branches of the SCSBs named by the respective SCSBs to receive the ASBA Forms from the Designated Intermediaries, please refer to the above-mentioned link.

Issue Schedule

Issue Opening Date	**:**	[●], 2017
Last date for receiving requests for SAFs	**:**	[●], 2017
Issue Closing Date	**:**	[●], 2017
Date of Allotment (on or about)	**:**	[●], 2017
Date of credit (on or about)	**:**	[●], 2017
Date of listing (on or about)	**:**	[●], 2017

Statement of responsibilities

Kotak is the Sole Lead Manager to the Issue. The following table sets forth the responsibilities of the Lead Manager for various activities:

Sr. No.	Activity
1.	Capital structuring with the relative components and formalities such as type of instrument, number of instruments to be issued, etc.
2.	Drafting, design and distribution of this Draft Letter of Offer, Abridged Letter of Offer, Letter of Offer, CAF, etc. and memorandum containing salient features of this Draft Letter of Offer. The sole Lead Manager shall ensure compliance with the SEBI Regulations, SEBI Listing Regulations and other stipulated requirements and completion of prescribed formalities with the Stock Exchanges and SEBI.
3.	Selection of various agencies connected with the Issue, namely Registrar to the Issue, printers, advertisement agencies, and Monitoring Agency.
4.	Assist drafting and approval of all publicity material including statutory advertisement, corporate advertisement, brochure, corporate films, etc.
5.	Formulating marketing strategy which will cover, inter alia, distribution of publicity and Issue materials including application form, brochure and this Draft Letter of Offer.
6.	Post-Issue activities, which shall involve essential follow-up steps including follow-up with Bankers to the Issue and the SCSBs to get quick estimates of collection and advising our Company about the closure of the Issue, based on correct figures, finalisation of the Basis of Allotment or weeding out of multiple applications, listing of instruments, dispatch of certificates or demat credit and refunds and coordination with various agencies connected with the post-issue activity such as Registrar to the Issue, Bankers to the Issue, SCSBs, etc., and underwriting arrangement, if any.

Credit Rating

As the Issue is of Equity Shares, there is no credit rating required for the Issue.

Debenture Trustee

As the Issue is of Equity Shares, the appointment of a debenture trustee is not required.

Monitoring Agency

Our Company has appointed [●] as the monitoring agency to monitor the utilization of the Net Proceeds in terms of Regulation 16 of the SEBI Regulations.

Appraising Entity

None of the purposes for which the Net Proceeds are proposed to be utilized have been financially appraised by any banks or financial institution or any other independent agency.

Book Building Process

As the Issue is a rights issue, the Issue shall not be made through the book building process.

Minimum Subscription

If our Company does not receive the minimum subscription of 90% of the Issue, our Company shall refund the entire subscription amount received within 15 days from the Issue Closing Date. If there is delay in the refund of the subscription amount within 15 days after the Issue Closing Date, the Directors who are "officers in default" shall jointly and severally refund that money along with interest at the rate of 15% per annum.

Underwriting

The Issue is not underwritten.

Principal Terms of Loans and Assets charged as security

For details in relation to the principal terms of loans and assets charged as security in relation to our Company, see "*Financial Statements*" beginning on page 102.

CAPITAL STRUCTURE

The share capital of our Company as at the date of this Draft Letter of Offer is set forth below:

(In ₹, except share data)

		Aggregate value at face value	Aggregate Value at Issue Price
A	**AUTHORIZED SHARE CAPITAL**		
	250,000,000 Equity Shares(1)	500,000,000	NA
	3,000,000 non - cumulative redeemable preference shares of ₹ 100 each	300,000,000	NA
	24,000,000 cumulative redeemable preference shares of ₹ 10 each	240,000,000	NA
	105,000,000 unclassified shares of ₹ 2 each	210,000,000	NA
B	**ISSUED, SUBSCRIBED AND PAID-UP CAPITAL BEFORE THE ISSUE(2)**		
	172,563,100 Equity Shares	345,126,200	NA
C	**PRESENT ISSUE IN TERMS OF THIS DRAFT LETTER OF OFFER**		
	Up to [●] Equity Shares	[●]	[●]
D	**ISSUED, SUBSCRIBED AND PAID-UP CAPITAL AFTER THE ISSUE(2)**		
	Up to [●] Equity Shares(3) of ₹ 2 each	[●]	[●]
E	**ISSUED, SUBSCRIBED AND PAID-UP CAPITAL AFTER THE ISSUE AND AFTER CONVERSION OF CCDs**		
	Up to [●] 1 Equity Shares of ₹ 2 each	[●]	-
F	**SECURITIES PREMIUM ACCOUNT**		
	Before the Issue	36,900,000	
	After the Issue	[●]	

(1) The face value of each equity share was ₹100 per equity share and subsequently, the face value of each equity share was changed to ₹10 with effect from August 28, 1979. Further, the face value of equity share was changed to ₹2 with effect from January 3, 2005.

(2) The Issue has been authorised by our Board of Directors through resolution dated October 12, 2017.

(3) This does not include the issued, subscribed and paid-up capital upon any conversion of CCDs prior to the completion of Issue.

Notes to the Capital Structure

1. **Shareholding Pattern of our Company as per the last filing with the Stock Exchanges**

(i) The equity shareholding pattern of our Company as on September 30, 2017, is as follows:

Category Code	Category of Shareholder	No. of Shareholders	No. of fully paid up Equity Shares held	Total no. of Equity Shares held	Shareholding % calculated as per SCRR, 1957, as a % of (A+B+C2)	Number of Equity Shares held in dematerialized form (Not Applicable)
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)
(A)	Promoter and Promoter Group	15	88,713,272	88,713,272	51.41	88,713,272
(B)	Public	1,00,792	82,016,286	82,016,286	47.53	73,689,566

Category Code	Category of Shareholder	No. of Shareholders	No. of fully paid up Equity Shares held	Total no. of Equity Shares held	Shareholding % calculated as per SCRR, 1957, as a % of (A+B+C2)	Number of Equity Shares held in dematerialized form (Not Applicable)
(C1)	Shares underlying DRs				0.00	
(C2)	Shares held by Employee Trust	1	1,833,542	1,833,542	1.06	1,833,542
(C)	Non Promoter-Non Public	1	1,833,542	1,833,542	1.06	1,833,542
	GRAND TOTAL (A+B+C) :	**100,808**	**172,563,100**	**172,563,100**	**100.00**	**164,236,380**

(ii) Statement showing holding securities (including Equity Shares, warrants, convertible securities) of persons belonging to the category "Promoter and Promoter Group" as at September 30, 2017:

Category of shareholder	Nos. of shareholders	No. of fully paid up equity shares held	Total nos. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957)As a % of (A+B+C2)	Number of equity shares held in dematerialized form
A1) Indian				0.00	
Individuals/Hindu undivided Family	9	651,506	651,506	0.38	651,506
Ajay Piramal	1	103,702	103,702	0.06	103,702
Dr. (Mrs.) Swati A. Piramal	1	1,167	1,167	0.00	1,167
Mr. Anand Piramal	1	265,406	265,406	0.15	265,406
Ms. Nandini Piramal	1	96,406	96,406	0.06	96,406
Mrs. Lalita G. Piramal	1	604	604	0.00	604
Mr. Peter DeYoung	1	98,000	98,000	0.06	98,000
Ms. Anya Piramal DeYoung	1	43,000	43,000	0.02	43,000
Master Dev Piramal DeYoung	1	38,000	38,000	0.02	38,000
Ajay Piramal (Karta of Ajay Piramal HUF)	1	5,221	5,221	0.00	5,221
Any Other (specify)	6	88,061,766	88,061,766	51.03	88,061,766
AASAN Info Solutions (India) Pvt. Ltd.	1	52,010	52,010	0.03	52,010
PRL Realtors LLP	1	8,600,000	8,600,000	4.98	8,600,000
The Ajay Piramal Foundation	1	833,250	833,250	0.48	833,250
The Sri Krishna Trust through its Trustee Ajay Piramal	1	75,448,452	75,448,452	43.72	75,448,452
Piramal Welfare Trust (Formerly known as The Piramal Enterprise Executives Trust)	1	3,033,113	3,033,113	1.76	3,033,113
Piramal Life Sciences Limited - Senior Employees' Stock Option Trust	1	94,941	94,941	0.06	94,941
AASAN Corporate Solutions Pvt. Ltd.	Nil	Nil	Nil	Nil	Nil
Adelwise Invetments Pvt. Ltd.	Nil	Nil	Nil	Nil	Nil
Akshar Fincom Pvt. Ltd.	Nil	Nil	Nil	Nil	Nil
Alpex Enterprises Pvt. Ltd.	Nil	Nil	Nil	Nil	Nil
Alpex Holdings Pvt. Ltd.	Nil	Nil	Nil	Nil	Nil

Category of shareholder	Nos. of shareholders	No. of fully paid up equity shares held	Total nos. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957)As a % of (A+B+C2)	Number of equity shares held in dematerialize d form
Alpex InfraConstructions Pvt. Ltd.	Nil	Nil	Nil	Nil	Nil
B M K Laboratories Pvt. Ltd.	Nil	Nil	Nil	Nil	Nil
Brickex Advisors Pvt. Ltd.	Nil	Nil	Nil	Nil	Nil
Gerah Enterprises Pvt. Ltd.	Nil	Nil	Nil	Nil	Nil
Glider Buildcon Realtors Pvt. Ltd.	Nil	Nil	Nil	Nil	Nil
IndiaVenture Advisors Pvt. Ltd.	Nil	Nil	Nil	Nil	Nil
Kaivalya Education Foundation	Nil	Nil	Nil	Nil	Nil
Montane Ventures Pvt. Ltd.	Nil	Nil	Nil	Nil	Nil
Nicholas Piramal Pharma Pvt. Ltd.	Nil	Nil	Nil	Nil	Nil
Nival Developers Pvt. Ltd.	Nil	Nil	Nil	Nil	Nil
PCE Developers Pvt. Ltd.	Nil	Nil	Nil	Nil	Nil
PCSL InfraConstructions & Merchandising Pvt. Ltd.	Nil	Nil	Nil	Nil	Nil
PDL Properties LLP	Nil	Nil	Nil	Nil	Nil
PDL Realty Pvt. Ltd.	Nil	Nil	Nil	Nil	Nil
PEL Asset Resurgence Advisory Pvt. Ltd.	Nil	Nil	Nil	Nil	Nil
PEL Finhold Pvt. Ltd.	Nil	Nil	Nil	Nil	Nil
PEL Management Sevices Pvt. Ltd.	Nil	Nil	Nil	Nil	Nil
PHL Fininvest Pvt. Ltd.	Nil	Nil	Nil	Nil	Nil
Piramal Advanced Systems Pvt. Ltd.	Nil	Nil	Nil	Nil	Nil
Piramal Aerospace Pvt. Ltd.	Nil	Nil	Nil	Nil	Nil
Piramal Aerostructures Pvt. Ltd	Nil	Nil	Nil	Nil	Nil
Piramal Agriculture Pvt. Ltd.	Nil	Nil	Nil	Nil	Nil
Piramal Architects & Engineers Pvt. Ltd.	Nil	Nil	Nil	Nil	Nil
India Resurgence ARC Private Limited (Formerly known as Piramal Assets Reconstruction Private Limited)	Nil	Nil	Nil	Nil	Nil
Piramal Auto Pvt. Ltd.	Nil	Nil	Nil	Nil	Nil
Piramal Biotech Pvt. Ltd.	Nil	Nil	Nil	Nil	Nil
Piramal Building Material and Cement Pvt. Ltd.	Nil	Nil	Nil	Nil	Nil
Piramal Chemtech and Fertilizers Pvt. Ltd.	Nil	Nil	Nil	Nil	Nil
Piramal Commercial Estates LLP	Nil	Nil	Nil	Nil	Nil
Piramal Consumer Products Pvt. Ltd.	Nil	Nil	Nil	Nil	Nil
Piramal Corporate Services Ltd.	Nil	Nil	Nil	Nil	Nil
Piramal Data Integrity Private Ltd.	Nil	Nil	Nil	Nil	Nil
Piramal Defence Equipments Pvt. Ltd.	Nil	Nil	Nil	Nil	Nil

Category of shareholder	Nos. of shareholders	No. of fully paid up equity shares held	Total nos. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957)As a % of (A+B+C2)	Number of equity shares held in dematerialized form
Piramal Electrosystems Pvt. Ltd	Nil	Nil	Nil	Nil	Nil
Piramal Entertainment Pvt. Ltd.	Nil	Nil	Nil	Nil	Nil
Piramal e-Shopping Pvt. Ltd.	Nil	Nil	Nil	Nil	Nil
Piramal Estates Pvt. Ltd.	Nil	Nil	Nil	Nil	Nil
Piramal Finance Ltd.	Nil	Nil	Nil	Nil	Nil
Piramal Flight Systems Pvt. Ltd.	Nil	Nil	Nil	Nil	Nil
Piramal Forging Pvt. Ltd.	Nil	Nil	Nil	Nil	Nil
Piramal Foundation for Education Leadership	Nil	Nil	Nil	Nil	Nil
Piramal Fund Management Pvt. Ltd.	Nil	Nil	Nil	Nil	Nil
Piramal Glass Ltd.	Nil	Nil	Nil	Nil	Nil
Piramal Foundation	Nil	Nil	Nil	Nil	Nil
Piramal Higher Education Pvt. Ltd.	Nil	Nil	Nil	Nil	Nil
Piramal Hospitality Pvt. Ltd.	Nil	Nil	Nil	Nil	Nil
Piramal International Consultants Pvt. Ltd.	Nil	Nil	Nil	Nil	Nil
Piramal Investment Advisory Services Pvt. Ltd.	Nil	Nil	Nil	Nil	Nil
Piramal Management Services Pvt ltd.	Nil	Nil	Nil	Nil	Nil
Piramal Media Pvt. Ltd.	Nil	Nil	Nil	Nil	Nil
Piramal Metals Pvt. Ltd.	Nil	Nil	Nil	Nil	Nil
Piramal Natural Resources Pvt. Ltd.	Nil	Nil	Nil	Nil	Nil
Piramal Offsore Pvt. Ltd.	Nil	Nil	Nil	Nil	Nil
Piramal Oil & Gas Pvt. Ltd.	Nil	Nil	Nil	Nil	Nil
Piramal Packaging Pvt. Ltd.	Nil	Nil	Nil	Nil	Nil
Piramal Phytocare Limited	Nil	Nil	Nil	Nil	Nil
Piramal Projects & Constructions Pvt. Ltd.	Nil	Nil	Nil	Nil	Nil
Piramal Realty Pvt. Ltd.	Nil	Nil	Nil	Nil	Nil
Piramal Residences Pvt. Ltd.	Nil	Nil	Nil	Nil	Nil
Piramal Retail Private Limited	Nil	Nil	Nil	Nil	Nil
Piramal Security Pvt. Ltd.	Nil	Nil	Nil	Nil	Nil
Piramal Shipyard Pvt. Ltd.	Nil	Nil	Nil	Nil	Nil
Piramal Sports Pvt. Ltd.	Nil	Nil	Nil	Nil	Nil
Piramal Systems & Technologies Pvt. Ltd.	Nil	Nil	Nil	Nil	Nil
Piramal Televentures Pvt. Ltd.	Nil	Nil	Nil	Nil	Nil
Piramal Texturising Pvt. Ltd.	Nil	Nil	Nil	Nil	Nil
Piramal Udgam Data Management Solutions	Nil	Nil	Nil	Nil	Nil
Piramal Urban Transport Network Pvt. Ltd.	Nil	Nil	Nil	Nil	Nil
Piramal Water Pvt. Ltd.	Nil	Nil	Nil	Nil	Nil
PRL Agastya Pvt. Ltd	Nil	Nil	Nil	Nil	Nil
PRL Developers Pvt. Ltd.	Nil	Nil	Nil	Nil	Nil

Category of shareholder	Nos. of shareholders	No. of fully paid up equity shares held	Total nos. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957)As a % of (A+B+C2)	Number of equity shares held in dematerialized form
PRL InfraConstructions & Developers Pvt. Ltd.	Nil	Nil	Nil	Nil	Nil
PRL Properties LLP	Nil	Nil	Nil	Nil	Nil
Propiedades Realties Pvt. Ltd.	Nil	Nil	Nil	Nil	Nil
Thaler Developers Pvt. Ltd.	Nil	Nil	Nil	Nil	Nil
The Piramal Art Foundation	Nil	Nil	Nil	Nil	Nil
The Sri Gopikrishna Trust	Nil	Nil	Nil	Nil	Nil
The Sri Govinda Trust	Nil	Nil	Nil	Nil	Nil
The Sri Hari Trust	Nil	Nil	Nil	Nil	Nil
The Swastik Safe Deposit & Investments Ltd.	Nil	Nil	Nil	Nil	Nil
Thoughtful Realtors Pvt. Ltd.	Nil	Nil	Nil	Nil	Nil
V3 Designs LLP	Nil	Nil	Nil	Nil	Nil
Vulcan Investments Pvt. Ltd.	Nil	Nil	Nil	Nil	Nil
Piramal Corporate & Management Services Pvt. Ltd.	Nil	Nil	Nil	Nil	Nil
Nithyam Realty Private Limited	Nil	Nil	Nil	Nil	Nil
Anutham Realty Private Limited	Nil	Nil	Nil	Nil	Nil
Sreekovil Realty Private Limited	Nil	Nil	Nil	Nil	Nil
Swati Piramal Trust	Nil	Nil	Nil	Nil	Nil
Nandini Piramal Trust	Nil	Nil	Nil	Nil	Nil
Anand Piramal Trust	Nil	Nil	Nil	Nil	Nil
The Gulita Trust	Nil	Nil	Nil	Nil	Nil
Piramal Sons Pvt. Ltd.	Nil	Nil	Nil	Nil	Nil
Piramal Trusteeship Services Pvt. Ltd	Nil	Nil	Nil	Nil	Nil
Sub Total A1	15	88,713,272	88,713,272	51.41	88,713,272
A2) Foreign				0.00	
A=A1+A2	15	88,713,272	88,713,272	51.41	88,713,272

(iii) Statement showing holding of securities (including Equity Shares, warrants, convertible securities) of persons belonging to the category "Public" and holding more than 1% of the total number of Equity Shares as on September 30, 2017:

Category & Name of the Shareholders	No. of shareholder	No. of fully paid up equity shares held	Total no. shares held	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	No of Voting Rights	Total as a % of Total Voting right	Number of equity shares held in dematerialized form
B1) Institutions	0	0		0.00		0.00	
Mutual Funds/	70	1,270,842	1,270,842	0.74	1,270,842	0.74	1,266,448
Alternate Investment Funds	1	22,623	22,623	0.01	22,623	0.01	22,623
Foreign Portfolio Investors	468	46,530,374	46,530,374	26.96	46,530,374	26.96	46,530,118
East Bridge Capital Master Fund Limited	1	6,007,666	6,007,666	3.48	6,007,666	3.48	6,007,666

Category & Name of the Shareholders	No. of shareholder	No. of fully paid up equity shares held	Total no. shares held	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	No of Voting Rights	Total as a % of Total Voting right	Number of equity shares held in dematerialized form
Morgan Stanley Asia (Singapore) Pte.	1	5,656,789	5,656,789	3.28	5,656,789	3.28	5,656,789
Aberdeen Global Indian Equity Limited	1	2,903,727	2,903,727	1.68	2,903,727	1.68	2,903,727
Financial Institutions/ Banks	22	4,563,997	4,563,997	2.64	4,563,997	2.64	4,563,043
Life Insurance Corporation of India	1	4,460,157	4,460,157	2.58	4,460,157	2.58	4,460,157
Insurance Companies	1	900,000	900,000	0.52	900,000	0.52	900,000
Any Other (specify)	1	333	333	0.00	333	0.00	333
Foreign Bank	1	333	333	0.00	333	0.00	333
Sub Total B1	563	53,288,169	53,288,169	30.88	53,288,169	30.88	53,282,565
B2) Central Government/ State Government(s)/ President of India	0	0		0.00		0.00	
Central Government/ State Government(s)/ President of India	1	213	213	0.00		0.00	213
Sub Total B2	1	213	213	0.00		0.00	213
B3) Non-Institutions	0	0		0.00		0.00	
Individual share capital upto ₹ 2 Lacs	95,363	19,067,701	19,067,701	11.05	19,067,701	11.05	15,139,837
Individual share capital in excess of ₹ 2 Lacs	7	1,256,863	1,256,863	0.73	1,256,863	0.73	1,256,863
Any Other (specify)	4,858	8,403,340	8,403,340	4.87	8,403,340	4.87	4,010,088
Trusts	23	18,534	18,534	0.01	18,534	0.01	18,534
Foreign Individuals	2	40	40	0.00	40	0.00	40
HUF	1,461	400,135	400,135	0.23	400,135	0.23	400,135
Foreign Companies	2	4,316,911	4,316,911	2.50	4,316,911	2.50	Nil
Indiahold Ltd.	1	4,176,468	4,176,468	2.42	4,176,468	2.42	Nil
Non Resident Indian (Non Repat)	683	519,197	519,197	0.30	519,197	0.30	516,732
Non Resident Indian (Repat)	1,206	312,833	312,833	0.18	312,833	0.18	286,714
Overseas corporate bodies	1	3,946	3,946	0.00	3,946	0.00	3,946
Clearing Members	327	179,334	179,334	0.10	179,334	0.10	179,334

Category & Name of the Shareholders	No. of shareholder	No. of fully paid up equity shares held	Total no. shares held	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	No of Voting Rights	Total as a % of Total Voting right	Number of equity shares held in dematerialized form
Bodies Corporate	1,153	2,652,410	2,652,410	1.54	2,652,410	1.54	2,604,653
Sub Total B3	100,228	28,727,904	28,727,904	16.65	28,727,904	16.65	20,406,788
B=B1+B2+B3	100,792	82,016,286	82,016,286	47.53	82,016,286	47.53	73,689,566

2. Except as disclosed below, no Equity Shares have been acquired by the Promoter or members of the Promoter Group in the year immediately preceding the date of filing of this Draft Letter of Offer.

Sr. No.	Name of the Promoter /Promoter Group entity	Date of the Transaction	Stock Exchange	Number of Equity Shares	Price per Equity Share (in ₹)	Nature of Transaction
1.	Peter DeYoung	September 1, 2017	N.A.	10,000	N.A.	Off market -Gift
2.	Dr. Swati Piramal	September 1, 2017	N.A.	10,000	N.A.	Off market – Inter se transfer
3.	Swati Piramal Trust through its trustees, Ajay Piramal and Swati Piramal	September 1, 2017	N.A.	10,000	N.A.	Off market – Inter se transfer
4.	PRL Realtors LLP	March 31, 2017	N.A.	8,600,000	N.A.	Off market -Gift
5.	Dr. Swati Piramal	March 23, 2017	N.A.	8,600,000	N.A.	Off market – Inter se transfer
6.	Swati Piramal Trust through its trustees, Ajay Piramal and Swati Piramal	March 23, 2017	N.A.	8,600,000	N.A.	Off market
7.	Sri Krishna Trust through its trustees, Ajay Piramal and Swati Piramal	December 23, 2016	NSE	7,567	1,479.38*	Open market purchase
8.	Sri Krishna Trust through its trustees, Ajay Piramal and Swati Piramal	December 22, 2016	NSE	2,000	1,489.79*	Open market purchase
9.	Sri Krishna Trust through its trustees, Ajay Piramal and Swati Piramal	November 22, 2016	NSE	528	1,443.33*	Open market purchase
10.	Sri Krishna Trust through its trustees, Ajay Piramal and Swati Piramal	November 21, 2016	NSE	19,779	1,443.63*	Open market purchase
11.	Sri Krishna Trust through its trustees, Ajay Piramal and Swati Piramal	November 18, 2016	NSE	27,897	1,436.73*	Open market purchase
12.	Sri Krishna Trust, through its trustees, Ajay Piramal and Swati Piramal	November 17, 2016	BSE/NSE	69,195	1,423.93*	Open market purchase
13.	Sri Krishna Trust, through its trustees, Ajay Piramal and Swati Piramal	November 16, 2016	BSE/NSE	100,644	1,432.67*	Open market purchase
14.	Sri Krishna Trust, through its trustees, Ajay Piramal and Swati Piramal	November 15, 2016	BSE/NSE	124,901	1,482.44*	Open market purchase
15.	Swati Piramal Trust, through its trustees Ajay Piramal and Swati Piramal	November 10, 2016	N.A.	200,000	N.A.	Off market – Inter se transfer

* *This is the gross acquisition price paid per Equity Share, which includes brokerage, securities transaction tax and other statutory dues, as applicable.*

3. **Details of outstanding instruments**:

Pursuant to the resolutions dated May 12, 2017 and June 14, 2017 passed by our Board and Shareholders, respectively, our Company has allotted 464,330 7.8% CCDs of face value of ₹ 107,600 convertible into 40 Equity Shares for an amount aggregating up to ₹ 49,961.9 million to certain qualified institutional buyers by way of a qualified institutions placement on October 25, 2017. The CCDs are listed on the Stock Exchanges. The maturity date of the CCDs is April 19, 2019 and the CCD holders have an option to convert the CCDs prior to such maturity date. As on the date of this Draft Letter of Offer, 464,330 CCDs are outstanding.

Pursuant to Regulation 53 of the SEBI Regulations, terms of the CCDs disclosed in the resolution dated October 12, 2017, the CCD Holders have the right to participate in proportion to the CCDs in the Rights Issue, subject to applicable laws and subject to a resolution being passed by our Board prior to the filing of the Letter of Offer, authorising further issuance of Equity Shares, and the Equity Shares so reserved shall be issued at the time of conversion of the CCDs on the same terms at which the Equity Shares are being issued under the Issue. This will result in further issue of Equity Shares by our Company over and above the existing Issue Size of ₹20,000 million. There is no assurance that any of such CCD Holders or all of them will exercise such right and participate in the Issue.

Employee Stock Ownership Plan – 2015

The Employee Stock Ownership Plan-2015 ("**ESOP Scheme**") is being implemented through the trust on the recommendation of compensation committee (being the Nomination and Remuneration Committee of our Company, constituted for administration and superintendence of the ESOP Scheme). The ESOP Scheme has come into effect from August 6, 2015, being the date of approval by the trustees of PEL Senior Employees Option Scheme on the recommendation of the Nomination and Remuneration Committee. The ESOP Scheme has replaced the Piramal Healthcare Employee Stock Ownership Plan 2006 and is applicable to all employees of our Company and our wholly own Subsidiaries.

4. Except as described below, as on date of this Draft Letter of Offer, none of the Equity Shares held by any of the Shareholders of our Company are locked in:

Sr. No.	Name of Shareholder	Number of Equity Shares	Locked-in Equity Shares as a percentage of total number of Equity Shares*
1.	Promoter and Promoter Group	88,713,272	51.41%

* *Pursuant to the resolutions dated May 12, 2017 and June 14, 2017 passed by our Board and Shareholders by way of postal ballot, respectively, our Company has allotted 464,330 7.8% CCDs of face value of ₹107,600 convertible into 40 Equity Shares for an amount aggregating up to ₹49,961.9 million to certain qualified institutional buyers on October 25, 2017, by way of qualified institutions placement (QIP). In accordance with the terms of the QIP, the Equity Shares held by the Promoter and members of the Promoter Group have been locked-in for a period of 90 days from the date of allotment of CCDs i.e. October 25, 2017.*

5. **Subscription to the Issue by the Promoter and the Promoter Group**

Our Promoter, Ajay Piramal, together with other persons in the Promoter Group, intends to subscribe to the full extent of the aggregate rights entitlement of the Promoter and Promoter Group in the Issue, and will further subscribe to such number of additional Equity Shares in the Issue as may be required to ensure that the aggregate subscription in the Issue shall be at least 90% of the Equity Shares offered in the Issue.

Our Company is in compliance, and shall remain in compliance, with the minimum public shareholding requirements as prescribed under the SEBI LODR Regulations after the Issue.

6. None of the Equity Shares held by the Promoter or the members of the Promoter Group are pledged or otherwise encumbered, as on date of this Draft Letter of Offer.

7. The Issue being a rights issue, as per Regulation 34(c) of the SEBI Regulations, the requirements of promoters' contribution and lock-in are not applicable.

8. Our Company has not undertaken any public issue in the three years immediately preceding the date of this Draft Letter of Offer.

9. Except for the CCDs, there are no outstanding warrants, options or rights to convert debentures, loans or other instruments convertible into the Equity Shares as on the date of filing of this Draft Letter of Offer.

10. Except for the allotment of Equity Shares pursuant to conversion of CCDs, there will be no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from submission of this Draft Letter of Offer until listing of Equity Shares.

11. The ex-rights price of the Equity Shares as per regulation 10(4)(b) of the Takeover Regulations is ₹ [●].

12. If our Company does not receive the minimum subscription of 90% in this Issue or the subscription level falls below 90%, after the Issue Closing Date on the account of cheques being returned unpaid or withdrawal of applications, our Company shall refund the entire subscription amount received within 15 days from the Issue Closing Date. If there is delay in the refund of the subscription amount by more than eight days after our Company becomes liable to pay the subscription amount (i.e., 15 days after the Issue Closing Date), our Company will pay interest for the delayed period, as prescribed under Section 39 of the Companies Act, 2013.

13. At any given time, there shall be only one denomination of the Equity Shares of our Company.

Except as disclosed in this Draft Letter of Offer, all Equity Shares are fully paid-up and there are no partly paid-up Equity Shares as on the date of this Draft Letter of Offer. Further, the Equity Shares allotted pursuant to the Rights Issue, shall be fully paid up. For further details on the terms of the Issue, see "*Terms of the Issue*" beginning on page 380.

OBJECTS OF THE ISSUE

The objects of the Issue are to augment our capital base for the growth of our three business verticals i.e. financial services, pharmaceuticals and healthcare insights & analytics. Our Company intends to utilize the Net Proceeds from the issue towards funding of the following objects:

1. Investment in Piramal Finance Limited ("**Piramal Finance**"), a wholly owned subsidiary of our Company;

2. Repayment or pre-payment, in full or in part, of certain borrowings availed by our Company; and

3. General corporate purposes.

The main objects set out in the Memorandum of Association enable us to undertake our existing activities and the activities through which the funds are being raised by our Company through this Issue.

Requirement of Funds

The details of the Net Proceeds are set forth in the following table:

(in ₹ million)

Particulars	Estimated Amount
Gross proceeds	20,000
Less: Issue expenses	[●][(1)]
Net Proceeds	[●][(1)]

[(1)] *To be updated in the Letter of Offer at the time of filing with the Stock Exchanges.*

Means of Finance

The Net Proceeds from the Issue will be used for augmenting capital base for the growth of our three business verticals i.e. financial services, pharmaceuticals and healthcare insights & analytics, by investing in Piramal Finance, our wholly owned Subsidiary and repayment or pre-payment, in full or in part, of certain borrowings availed by our Company. The funding requirements mentioned above are based on the internal management estimates of our Company and have not been appraised by any bank, financial institution or any other external agency. They are based on current circumstances of our business and our Company may have to revise its estimates from time to time on account of various factors beyond its control, such as market conditions, competitive environment, costs of commodities, interest or exchange rate fluctuations. Consequently, the funding requirements of our Company and deployment schedules are subject to revision in the future at the discretion of our management. If additional funds are required for the purposes mentioned above, such requirement may be met through internal accruals, additional capital infusion, debt arrangements or any combination of them. Further, in the event of any shortfall of funds for any of the activities proposed to be financed out of the Net Proceeds, our Company may re-allocate the Net Proceeds to the activities where such shortfall has arisen, subject to compliance with applicable laws. Our Company proposes to meet the entire funding requirements for the proposed objects of the Issue from the Net Proceeds and identifiable internal accruals. Therefore, our Company is not required to make firm arrangements of finance through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised from the Issue.

Schedule of Implementation, Deployment of Funds and Utilization of Net Proceeds

The utilisation of the Net Proceeds will be in accordance with the table set forth below:

(in ₹ million)

Sr. No.	Particulars	Estimated Amount to be utilised
1.	Investment in Piramal Finance, our wholly owned subsidiary for augmenting its capital base for growth of business	7,500
2.	Repayment or pre-payment, in full or part, of certain borrowings availed by our Company	10,000
3.	General corporate purposes	[•]
	Total	**[•]**

Our Company proposes to deploy the entire Net Proceeds towards the objects as described herein during Fiscal 2018. However, if the Net Proceeds are not completely utilised for the objects stated above by Fiscal 2018 due to factors including (i) any conditions attached to the borrowings restricting our ability to prepay the borrowings and time taken to fulfil, or obtain waivers for fulfilment of, such requirements, (ii) receipt of consents for prepayment from the respective lenders, (iii) terms and conditions of such consents and waivers, (iv) levy of any prepayment penalties and the quantum thereof, and (v) other commercial considerations, the same would be utilised (in part or full) in Fiscal 2019.

The details in relation to utilization of Net Proceeds of the Issue are set forth herein below.

1. Investment in one of our Subsidiaries, Piramal Finance for growth of its business

We intend to utilise a part of the Net Proceeds amounting to ₹ 7,500 million to make an investment in Piramal Finance. The investment in Piramal Finance by our Company may be in the form of equity, inter-corporate deposits or advances. The actual mode of investment has not been finalised as on the date of this Draft Letter of Offer. Piramal Finance is a non-banking finance company and is involved in the business of *inter alia* providing financial and investment services. The investment in Piramal Finance will be used for growth of its business. As a result of such investment, there will be augmentation of capital base for the growth of our business on a consolidated basis.

2. Repayment or pre-payment, in full or part, of certain borrowings availed by our Company

Our Company has entered into various financing arrangements with banks and financial institutions. The borrowing arrangements entered into by our Company comprise term loans, working capital loans, non-convertible debentures and commercial papers. As of September 30, 2017, our Company had a total borrowings on a standalone basis amounting to ₹ 141,806.9 million. Our Company proposes to utilize an amount of ₹ 10,000 million from the Net Proceeds towards full or partial repayment or pre-payment of certain borrowings availed by our Company. Our Company may repay or refinance some of its existing borrowings in the ordinary course of business. Accordingly, our Company may utilise the Net Proceeds for repayment or pre-payment of any such refinanced loans or additional loan facilities obtained by it. However, the aggregate amount to be utilized from the Net Proceeds towards repayment or pre-payment of borrowings (including re-financed or additional loans availed, if any) would not exceed ₹ 10,000 million.

We believe that such repayment or pre-payment will help reduce our outstanding indebtedness and enable utilization of our accruals for further investment in business growth and expansion. In addition, we believe that the leverage capacity of our Company will improve significantly to raise further resources in the future to fund our potential business development opportunities and plans to grow and expand our business in the coming years.

The following table provides details of certain borrowings of ₹ 14,590 availed by our Company which are currently proposed to be fully or partially repaid or pre-paid from the Net Proceeds. The borrowings in the nature of NCDs set out below have been listed on the stock exchanges in accordance with applicable laws:

(in ₹ million)

Sr. No.	Name of the Lender / ISIN Number	Nature of the borrowing	Interest Rate (%)	Amount borrowed	Principal amount outstanding as at September 30, 2017	Principal amount proposed to be repaid/ prepaid	Repayment Date/ Schedule	Purpose[1]
1.	INE140A08SJ4	NCD	These loans have a rate of interest ranging from 6%-10%	2,850	2,850	2,850	May 29, 2018	To repay the existing loan with interest accrued, payment of transaction and other related expenses and general corporate purposes
2.	INE140A08SO4	NCD		2,240	2,240	2,240	July 16, 2018	
3.	INE140A08SR7	NCD		2,000	2,000	2,000	July 20, 2018	
4.	INE140A14RA3	CP		1500	1000	100	March 22, 2018	
5.	EXIM Bank	Bank loan		1,000	1,000	1,000	March 29, 2018	
6.	Kotak Mahindra Bank	Bank loan		1,000	1,000	1,000	March 23, 2018	
7.	INE140A08SB1	NCD		1,000	1,000	1,000	March 16, 2018	
8.	NE140A08SG0	NCD		1,000	1,000	1,000	April 30, 2018	
9.	INE140A08SI6	NCD		1,000	1,000	1,000	May 25, 2018	
10.	INE140A07336	NCD		500	500	500	June 6, 2018	
11.	INE140A08SC9	NCD		500	500	500	March 16, 2018	

[1] *As certified by D.B. Ketkar & Co., Chartered Accountants (Firm Registration Number: 105007W vide its certificate dated November 6, 2017. Further, the Chartered Accountants, have confirmed that these borrowings have been utilized for the purposes for which they were availed, as provided in the relevant borrowing documents.*

Some of our loan agreements and other financing arrangements provide for the levy of prepayment penalties or premiums, which may be dependent on the repayment or pre-payment being made on dates other than those specified in the relevant documents, to be calculated based on the amount outstanding / being prepaid, as applicable. See "*Risk Factors – Our Company proposes to utilize a portion of the Net Proceeds to repay or prepay certain loans availed by* *our Company, and the utilization of that portion of the Net Proceeds will not result in creation of any tangible assets*" on page 16. We will take such provisions into consideration while deciding the loans to be repaid or pre-paid from the Net Proceeds. Payment of such pre-payment penalty or premium, if any, shall be made by our Company out of the Net Proceeds of the Issue. We may also be required to obtain consent or provide notice to some of our lenders prior to prepayment or repayment.

The selection of borrowings proposed to be repaid and/ or pre-paid from our facilities provided above shall be based on various factors, including (i) cost of the borrowings to our Company, including applicable interest rates; (ii) any conditions attached to the borrowings restricting our ability to prepay the borrowings and time taken to fulfil, or obtain waivers for fulfilment of, such requirements, (iii) receipt of consents for prepayment from the respective lenders, (iv) terms and conditions of such consents and waivers, (v) levy of any prepayment penalties and the quantum thereof, (vi) provisions of any law, rules, regulations governing such borrowings, and (vii) other commercial considerations including, among others, the amount of the loan outstanding and the remaining tenor of the loan.

Given the nature of these borrowings and the terms of repayment or pre-payment, the aggregate outstanding borrowing amounts may vary from time to time. In addition to the above, we may, from time to time, enter into further financing arrangements and draw down funds thereunder. In such cases or in case any of the above borrowings are repaid or pre-paid or further drawn-down prior to the completion of the Issue, we may utilize the Net Proceeds towards repayment or pre-payment of such additional indebtedness.

3. General Corporate Purposes

Our Company intends to deploy the balance Net Proceeds aggregating to ₹ [•] towards general corporate purposes, subject to such utilization not exceeding 25% of the Gross Proceeds, in compliance with applicable laws, to drive our business growth, including, amongst other things, (a) brand building and other marketing expenses; (b) funding growth opportunities, including strategic initiatives; (c) acquiring assets, such as plant and machinery, furniture and fixtures, and intangibles; (d) meeting any expenses incurred in the ordinary course of business by our Company and its Subsidiaries, including salaries and wages, rent, administration expenses, insurance related expenses, and the payment of taxes and duties; (e) meeting our working capital requirements including payment of interest on borrowings; (f) investment in debentures, including non-convertible debentures and inter corporate deposits in the ordinary course of business; (g) meeting of exigencies which our Company may face in course of any business and (h) any other purpose as permitted by applicable laws and as approved by our Board or a duly appointed committee thereof.

In addition to the above, certain additional funds may be raised by our Company pursuant to exercise of the right of reservation to participate in the Issue by the CCD Holders. There is no assurance that any of such CCD Holders or all of them will exercise such right and participate in the Issue. Such additional funds raised shall by utilised by our Company for the purposes of any of the objects set out above. For further details in relation to reservation in favour of the CCD Holders, see "*Capital Structure – Details of outstanding instruments*" and "*Terms of the Issue – Reservation in favour of CCD Holders*" on page 59 and 381, respectively.

4. Estimated Issue related expenses

The Issue related expenses include, among others, fees to various advisors, printing and distribution expenses, advertisement expenses, and registrar and depository fees. The estimated Issue related expenses are as follows:

(in ₹ million

Sr. No.	Activity Expense	Amount (in ₹ million)(1)	Percentage of Total Estimated Issue Expenditure(1)	Percentage of Issue Size(1)
1.	Fees of the Lead Manager	[●]	[●]	[●]
2.	Fees to the legal advisors, other professional services and statutory fees	[●]	[●]	[●]
3.	Expenses relating to printing, distribution, marketing and stationery expenses	[●]	[●]	[●]
4.	Fees of Registrar to the Issue	[●]	[●]	[●]
5.	Advertising and marketing expenses	[●]	[●]	[●]
6.	Other expenses (including miscellaneous expenses and stamp duty)	[●]	[●]	[●]
	Total estimated issue related expenses*	**[●]**	**100%**	**[●]**

* *Subject to finalisation of Basis of Allotment. In case of any difference between the estimated Issue related expenses and actual expenses incurred, the shortfall or excess shall adjusted with the amount allocated towards general corporate purposes.*

(1) To be updated in the Letter of Offer at the time of filing with the Stock Exchanges.

Interim use of proceeds

Our Company shall deposit the Net Proceeds, pending utilisation by depositing the same with scheduled commercial banks included in second schedule of Reserve Bank of India Act, 1934.

Bridge Financing Facilities

Our Company has not availed any bridge loans from any bank or financial institution as on the date of this Draft Letter of Offer, which are proposed to be repaid from the Net Proceeds.

Monitoring of Utilisation of Funds

Our Company shall appoint a monitoring agency for the Issue prior to the filing of the Letter of Offer. Our Board will monitor the utilisation of the proceeds of the Issue. We will disclose the utilisation of the proceeds of the Issue under a separate head along with details, for all such proceeds of the Issue that have not been utilised, as is required under applicable laws. We will indicate investments, if any, of unutilised proceeds of the Issue in the balance sheet of our Company for the relevant Fiscal subsequent to the listing.

Pursuant to Regulation 18(3) of the SEBI Listing Regulations, our Company shall, on a quarterly basis, disclose to the Audit Committee, the uses and applications of the Net Proceeds. The report submitted by the Monitoring Agency will be placed before the Audit Committee of our Company, so as to enable the Audit Committee to make appropriate recommendations to our Board.

Further, according to Regulation 32(1)(a) of the SEBI Listing Regulations, our Company shall furnish to the Stock Exchanges, on a quarterly basis, a statement on material deviations, if any, in the utilization of the proceeds of the Issue from the objects of the Issue as stated above. This information will also be published in newspapers simultaneously with the interim or annual financial results after review by the Audit Committee and its explanation in the Director's report in the Annual Report.

Other confirmations

No part of the Issue Proceeds will be paid by us to the Promoters and Promoter Group, the Directors, our Key Management Personnel, Associates or Group Companies, except in the usual course of business.

STATEMENT OF TAX BENEFITS

The Board of Directors
Piramal Enterprises Limited
Piramal Tower, Peninsula Corporate Park
Ganpatrao Kadam Marg
Lower Parel
Mumbai – 400013

November 6, 2017

Sub.: **Issue of right shares of par value of Rs. 2 each at an issue price of Rs. 2,380 each ("Shares") by Piramal Enterprises Limited ("the Company") in terms of Chapter IV of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("SEBI ICDR Regulations") and as per section 23 of the Companies Act, 2013 to the shareholders of the Company as on the stipulated record date ("Issue")**

Dear Sir/Madam,

We hereby certify that the enclosed annexure sets out the details in relation to the tax benefits and consequences (as applicable) under the provisions of the Income-tax Act, 1961, as amended ("IT Act") (as applicable) presently in force in India, available to shareholders, exercising or renouncing their rights in the mentioned rights issue and other persons in whose favour the rights have been renounced (collectively termed as "subscribers").

Based on the provisions of the IT Act, as amended by the Finance Act, 2017 (i.e. applicable for financial year 2017-18, relevant to assessment year 2018-19) presently in force in India as on the signing date, the enclosed annexure provides details of all material tax benefits and consequences relevant to the subscribers of the equity shares of an Indian company pursuant to the rights issue under Chapter IV of the SEBI ICDR Regulations and section 23 of the Companies Act, 2013.

Several of these tax benefits and consequences are dependent on the subscribers fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the subscribers to derive the said tax benefits is dependent upon such conditions, which, based on business imperatives a shareholder faces, it may or may not choose to fulfill.

The enclosed annexure is only intended to provide general information to the subscribers of the shares of the Company and is neither designed nor intended to be a substitute for professional tax advice. A potential investor is advised to consult their own tax consultant with respect to the tax implications of an investment in the shares, particularly in view of the fact that certain recently enacted legislations may not have a direct legal precedent, or may have a different interpretation on the benefits, which an investor can avail.

We do not express any opinion or provide any assurance as to whether:

(a) the subscribers will continue to obtain these benefits in future; or

(b) the conditions prescribed for availing the benefits have been / would be met: or

(c) the revenue authorities / courts will concur with the views expressed herein.

Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. We shall not be liable to the Company or any other person for any claims, liabilities or expenses whatsoever relating to this Statement.

We hereby consent to use the enclosed annexure in the draft letter of offer to be filed with the Securities and Exchange Board of India and the letter of offer to be filed with SEBI, BSE Limited and National Stock Exchange of India Limited (collectively referred to as the "Stock Exchanges") where the rights shares of the Company are proposed to be listed.

We also consent to include our name as 'Expert' as described under section 2(38) and section 26 of the Companies Act, 2013, as amended, in the draft letter of offer and letter of offer, for the purpose of issuance of the Statement of Tax Benefit referred above.

The enclosed annexure is intended solely for your information and for inclusion in the draft letter of offer and the letter of offer, as amended or supplemented thereto or any other written materials, in connection with the proposed Issue and is not to be used, referred to or distributed for any other purpose without our prior consent.

In so far as the Company is concerned, no special tax benefit is available to the Company.

Place: Mumbai

For BANSI S. MEHTA & CO.
Chartered Accountants
Firm Registration No. 100991W

Ronak G. Doshi
Partner
[Mem. No.116513]

Encl.: Annexure.

TAXATION

The information provided below sets out the possible tax benefits available to the shareholders of an Indian company in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the subscription, ownership and disposal of the equity shares, under the current tax laws presently in force in India. Several of these benefits are dependent on the shareholder fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the shareholder to derive the tax benefits is dependent upon fulfilling such conditions, which, based on business imperatives a shareholder faces, may or may not choose to fulfill. The following overview is not exhaustive or comprehensive and is not intended to be a substitute for professional advice. Investors are advised to consult their own tax consultant with respect to the tax implications of an investment in the shares, particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits, which an investor can avail.

INVESTORS ARE ADVISED TO CONSULT THEIR OWN TAX CONSULTANT WITH RESPECT TO THE INDIAN TAX IMPLICATIONS AND CONSEQUENCES OF PURCHASE, OWNERSHIP AND DISPOSING OF EQUITY SHARES IN YOUR PARTICULAR SITUATION.

STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO OUR SHAREHOLDERS UNDER THE INCOME TAX ACT, 1961, ("IT ACT")

1. This statement sets out below the possible tax benefits available to our shareholders under the current tax laws presently in force in India. Several of these benefits are dependent on such shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of our shareholder to derive the tax benefits is dependent upon fulfilling such conditions, which based on the business imperatives, the shareholder may or may not choose to fulfill;

2. This statement sets out below the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the subscription, ownership and disposal of the shares. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for a professional tax advice. In view of the individual nature of tax consequences and the changing tax laws, each investor is advised to consult their own tax consultant with respect to the specific tax implications arising out of their participation in the issue;

3. In respect of non-residents, the tax rates and the consequent taxation, mentioned in this section shall be further subject to any benefits available under the Double Taxation Avoidance Agreement ("DTAA"), if any, between India and the country of residence of the non-resident.

The law stated below is as per the Income-tax Act, 1961 as amended from time to time.

I. RESIDENT SHAREHOLDERS:

1. We are required to pay Dividend Distribution Tax ("DDT"), currently at the rate of 20.358% (including applicable surcharge and education cess) on the total amount distributed or declared or paid as dividend. Under section 10(34) of the IT Act, income by way of dividends referred to in section 115-O of IT Act received on our shares is exempt from income-tax in the hands of shareholders.

   However, as per section 115BBDA of the IT Act, where the total income of a specified assessee, includes dividend income, in aggregate exceeding Rs. 10 lakh, then such excess dividend shall be chargeable to tax at the rate of 10% (plus applicable surcharge and education cess). The term 'specified assessee' is defined to mean a person other than

   (i) a domestic company; or

   (ii) a fund or institution or trust or any university or other educational institution or any hospital or other medical institution referred to in sub-clause (iv) or sub-clause (v) or sub-clause (vi) or sub-clause (via) of section 10(23C); or

   (iii) a trust or institution registered under section 12A or section 12AA.

   Also, it is pertinent to note that section 14A of the IT Act restricts the claim for deduction of expenses incurred in relation to exempt income. Thus, any expense incurred to earn exempt dividend income is not an allowable expenditure.

   Further, as per section 94(7) of the IT Act, losses arising from sale/transfer of shares, where such shares are purchased within three months prior to the record date and sold within three months from the record date, will be disallowed to the extent such loss does not exceed the amount of dividend claimed exempt.

2. The characterization of gains/losses, arising from sale of shares, as Capital Gains or Business Income would depend on the nature of holding in the hands of the shareholder and various other factors.

3. Section 48 of the IT Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition/improvement and expenses incurred wholly and exclusively in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. However, in respect of Long Term Capital Gains, ("LTCG") i.e. gains from our shares, being transfer of shares of Indian company held for a period exceeding twelve months, the second proviso to section 48 of the IT Act, permits substitution of cost of acquisition/improvement with the indexed cost of acquisition/improvement, which adjusts the cost of acquisition/improvement by a cost inflation index, as prescribed from time to time. The base year for indexation has been shifted from April 1, 1981 to April 1, 2001 and the cost of acquisition of an asset acquired before April 1, 2001 would be allowed to be taken as fair market value as on April 1, 2001.

4. The period of holding for shares subscribed to by the shareholder on the basis of his right to subscribe to such shares or subscribed to by the person in whose favour the shareholder has renounced his right to subscribe to such shares, shall be reckoned from the date of allotment of such shares as provided under clause (d) to Explanation 1 to section 2(42A) of the IT Act.

   The period of holding in the hands of shareholder, for the shares which are renounced in favour of any person, shall be reckoned from the date of the offer of such right shares by the Company as per clause (e) to Explanation 1 to section 2(42A) of the Act.

5. Under section 10(38) of the IT Act, LTCG arising to a shareholder on transfer of equity shares would be exempt from tax where the sale transaction has been entered into on a recognised stock exchange of India and is chargeable to Securities Transaction Tax ("STT").

   Such exemption would be available, even though the transaction is not chargeable to STT, if such transaction is undertaken on a recognized stock exchange located in any International Financial Services Centre and where the consideration is paid or payable in foreign currency.

   The exemption under section 10(38) of the IT Act would not be available, if such shares are purchased on or after October 1, 2004 and are not chargeable to STT, unless such purchase transaction is notified by the Government. The Central Board of Direct Taxes ("CBDT") has vide Notification no. F. No. 43/2017 dated June 5, 2017 notified all transactions of acquisition of equity shares entered into on or after October 1, 2004 which are not chargeable to STT , other than those specifically listed in the notification.

6. For the purpose of computation of 'Capital Gains', the 'cost of acquisition' as provided under section 55(2)(aa) of the IT Act would be as under:

   (a) in relation to the original shares, on the basis of which the shareholder becomes entitled to the right shares, the amount actually paid for acquiring the original shares;

   (b) in relation to renouncement of the right by the shareholder in favour of any person, to subscribe the shares, the cost would be taken as *NIL*, in the hands of such shareholder;

   (c) in relation to shares which the shareholder has subscribed on the basis of the said entitlement, the amount actually paid by him for acquiring such asset;

   (d) in relation to any shares purchased by any person in whose favour the right to subscribe to such asset has been renounced, the aggregate of the amount of the purchase price paid by him to the person renouncing such right and the amount paid by him to the Company for acquiring such shares;

7. Under section 112 of the IT Act and other relevant provisions of the IT Act, LTCG, (other than those exempt under section 10(38) of the IT Act) arising on transfer of our shares would be subject to tax at the rate of 20% (plus applicable surcharge and education cess) after indexation. The amount of such tax shall, however, be limited to 10% (plus applicable surcharge and education cess) without indexation, at the option of the shareholder, in case the shares are listed. Further, no deduction under Chapter VI-A would be allowed in computing LTCG subject to tax under section 112 of the IT Act.

8. As per section 115JB of the IT Act, income received by way of dividend (whether interim or final) which is exempt under section 10(34) of the IT Act, by a company to which section 115JB is applicable, will be reduced while computing the book profits However, any LTCG exempt under section 10(38) shall be taken into account in computing the book profits under section 115JB.

9. Under section 54EC of the IT Act and subject to the conditions and to the extent specified therein, LTCG arising on the transfer of our shares would be exempt from tax, if such capital gain is invested within 6 months after the date of such transfer in the bonds (long term specified assets) issued by:

   (i) National Highway Authority of India constituted under section 3 of The National Highway Authority of India Act, 1988;

(ii) Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956;

(iii) any other bonds notified by the Central Government in this behalf.

The investment in the long term specified assets is eligible for such deduction to the extent of Rs. 50 lakh, whether invested during the financial year in which the asset is transferred or subsequent financial year.

If only part of the capital gain is so reinvested, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, in case the long term specified asset is transferred or converted into money within three years from the date of its acquisition, the amount of capital gains so exempted shall be chargeable to tax as LTCG in the year of such transfer or conversion. For this purpose, if any loans or advance is taken as against such specified securities, then such person shall be deemed to have converted such specified securities into money. The cost of the long term specified assets, which has been considered under section 54EC for calculating capital gain, shall not be allowed as a deduction from the income under section 80C of the IT Act.

10. Under section 54F of the IT Act and subject to the conditions and to the extent provided therein, LTCG (other than those exempt under section 10(38) of the IT Act) arising in the hands of the shareholder, being an Individual or Hindu Undivided Family, on transfer of our shares would be exempt from tax, if the net consideration from such transfer is utilized, for purchase within a period of 1 year before or 2 years after the date on which the transfer took place, or for construction within a period of 3 years after the date of such transfer, of one residential house in India ("new asset").

However, the said exemption shall not be available, if the shareholder:

(a) Owns more than one residential house, other than the new asset, on the date of transfer of our shares; or

(b) Purchases any residential house, other than the new asset, within a period of 1 year after the date of transfer of our shares; or

(c) Constructs any residential house, other than the new asset, within a period of 3 years after the date of transfer of our shares;

and

(d) The income from such residential house, other than the one residential house owned on the date of transfer of our shares is chargeable under the head 'Income from house property

Further, if the new asset is transferred within a period of three years from the date of its purchase or construction, the amount of capital gains for which the exemption was availed earlier would be taxed as LTCG in the year in which such residential house is transferred.

11. As per section 111A of the IT Act, Short Term Capital Gains ("STCG"), (i.e. gains from shares held for a period not exceeding twelve months) arising on transfer of our equity shares would be taxable at a rate of 15% (plus applicable surcharge and education cess) where such transaction of sale is entered on a recognised stock exchange in India and is liable to STT. Further, no deduction under Chapter VI-A would be allowed in computing STCG subject to tax under section 111A of the IT Act.

STCG arising from transfer of our shares, other than those covered by section 111A of the IT Act, would be subject to tax as calculated under the normal provisions of the IT Act.

12. As per section 70 of the IT Act, Short Term Capital Loss computed for the given year is allowed to be set off against STCG as well as LTCG computed for the said year. The balance loss, which is not set off, is allowed to be carried forward for subsequent eight assessment years, for being set off against subsequent years' STCG as well as LTCG, in terms of section 74 of the IT Act.

Long Term Capital Loss computed for a given year is allowed to be set off only against the LTCG, in terms of section 70 of the IT Act. The balance loss, which is not set off, is allowed to be carried forward for subsequent eight assessment years for being set off only against subsequent years' LTCG, in terms of section 74 of the IT Act.

Long term capital loss arising on sale of shares entered into on a recognized stock exchange and which are chargeable to STT, may not be allowed to be set off or carried forward for set off.

13. In terms of section 36(1)(xv) of the IT Act, the STT paid by the shareholder in respect of the taxable securities transactions entered into in the course of his business would be eligible for deduction from the amount of income

chargeable under the head "Profit and gains of business or profession", if the income arising from taxable securities transaction is included in such income.

14. As per the sixth proviso to section 48 of the IT Act, no deduction of amount paid on account of STT will be allowed in computing the income chargeable to tax as Capital Gains.

15. Under section 56(2)(x) of the IT Act and subject to exception provided therein, if any person receives from any person, any property, including, inter alia, shares of a company, without consideration or for inadequate consideration, the following shall be treated as 'Income from other sources' in the hands of the recipient:

(a) where the shares are received without consideration, aggregate Fair Market Value ("FMV") exceeds Rs. 50,000/-, the whole FMV;

(b) where the shares are received for a consideration less than FMV but exceeding Rs. 50,000/-, the aggregate FMV in excess of the consideration paid.

Rule 11UA of the Income-tax Rules, 1962 ("the Rules") provides for the method for determination of the FMV of various properties.

II. NON-RESIDENT SHAREHOLDERS OTHER THAN FOREIGN INSTITUTIONAL INVESTOR ("FII"s): -

1. We are required to pay Dividend Distribution Tax ("DDT"), currently at the rate of 20.358% (including applicable surcharge and education cess) on the total amount distributed or declared or paid as dividend. Under section 10(34) of the IT Act, income by way of dividends referred to in section 115-O of IT Act received on our shares is exempt from income-tax in the hands of shareholders.

However, as per section 115BBDA of the IT Act, where the total income of a specified assessee, includes dividend income, in aggregate exceeding Rs. 10 lakh, then such excess dividend shall be chargeable to tax at the rate of 10% (plus applicable surcharge and education cess). The term 'specified assessee' is defined to mean a person other than

(i) a domestic company; or

(ii) a fund or institution or trust or any university or other educational institution or any hospital or other medical institution referred to in sub-clause (iv) or sub-clause (v) or sub-clause (vi) or sub-clause (via) of section 10(23C); or

(iii) a trust or institution registered under section 12A or section 12AA.

Also, it is pertinent to note that section 14A of the IT Act restricts the claim for deduction of expenses incurred in relation to exempt income. Thus, any expense incurred to earn exempt dividend income is not an allowable expenditure.

Further, as per section 94(7) of the IT Act, losses arising from sale/transfer of shares, where such shares are purchased within three months prior to the record date and sold within three months from the record date, will be disallowed to the extent such loss does not exceed the amount of dividend claimed exempt.

2. The characterisation of gains/losses, arising from sale of shares, as Capital Gains or Business Income would depend on the nature of holding in the hands of the shareholder and various other factors.

3. The period of holding for shares subscribed to by the shareholder on the basis of his right to subscribe to such shares or subscribed to by the person in whose favour the shareholder has renounced his right to subscribe to such shares, shall be reckoned from the date of allotment of such shares as provided under clause (d) to Explanation 1 to section 2(42A) of the IT Act.

The period of holding in the hands of shareholder, for the shares which are renounced in favour of any person, shall be reckoned from the date of the offer of such right shares by the Company as per clause (e) to Explanation 1 to section 2(42A) of the Act.

4. Under the first proviso to section 48 of the IT Act, in case of a non-resident shareholder, while computing the capital gains arising from transfer of shares of our company acquired in convertible foreign exchange (as per exchange control regulations), protection is provided from fluctuations in the value of rupee in terms of foreign currency in which the original investment was made. Cost indexation benefits will not be available in such a case. The capital gains/loss in such a case is computed by converting the cost of acquisition, sales consideration and expenditure incurred wholly and exclusively in connection with such transfer into the same foreign currency which was utilised in the purchase of the shares, and the capital gains so computed shall be reconverted into Indian currency.

5. Under section 10(38) of the IT Act, LTCG arising to a shareholder on transfer of equity shares would be exempt from tax where the sale transaction has been entered into on a recognised stock exchange of India and is chargeable to STT.

Such exemption would be available, even though the transaction is not chargeable to STT, if such transaction is undertaken on a recognized stock exchange located in any International Financial Services Centre and where the consideration is paid or payable in foreign currency.

The exemption under section 10(38) of the IT Act would not be available, if such shares are purchased on or after October 1, 2004 and are not chargeable to STT, unless such purchase transaction is notified by the Government. The CBDT has vide Notification no. F. No. 43/2017 dated June 5, 2017 notified all transactions of acquisition of equity share entered into on or after the October 1, 2004 which are not chargeable to STT, other than those specifically listed in the notification.

6. For the purpose of computation of 'Capital Gains', the 'cost of acquisition' as provided under section 55(2)(aa) of the IT Act would be as under:

(a) in relation to the original shares, on the basis of which the shareholder becomes entitled to the right shares, the amount actually paid for acquiring the original shares;

(b) in relation to renouncement of the right by the shareholder in favour of any person, to subscribe the shares, the cost would be taken as *NIL*, in the hands of such shareholder;

(c) in relation to shares which the shareholder has subscribed on the basis of the said entitlement, the amount actually paid by him for acquiring such asset;

(d) in relation to any shares purchased by any person in whose favour the right to subscribe to such asset has been renounced, the aggregate of the amount of the purchase price paid by him to the person renouncing such right and the amount paid by him to the Company for acquiring such shares;

7. The provisions of section 115JB of the IT Act do not apply to a foreign company if it is a resident of a country with which India has entered into a DTAA under section 90/90A of the IT Act and the assessee does not have a Permanent Establishment in India or such company is a resident of a country with which India does not have such agreement and the assessee is not required to seek registration under any law for the time being in force, relating to companies.

8. Under section 112 of the IT Act and other relevant provisions of the IT Act, LTCG, (other than those exempt under section 10(38) of the IT Act) arising on transfer of our shares not being subject to STT, would be subject to tax at a rate of 20% (plus applicable surcharge and education cess). Further, no deduction under Chapter VI-A would be allowed in computing LTCG subject to tax under section 112 of the IT Act.

9. Under section 54EC of the IT Act and subject to the conditions and to the extent specified therein, LTCG (other than those exempt under section 10(38) of the IT Act) arising on the transfer of our shares would be exempt from tax if such capital gains is invested within 6 months after the date of such transfer in the bonds (long term specified assets) issued by:

(i) National Highway Authority of India constituted under section 3 of the National Highway Authority of India Act, 1988;

(ii) Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956;

(iii) any other bonds notified by the Central Government in this behalf

The investment in the long term specified assets is eligible for such deduction to the extent of Rs. 50 lakh whether invested during the financial year in which the asset is transferred or subsequent financial year.

If only part of the capital gain is so reinvested, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, in case the long term specified asset is transferred or converted into money within three years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year such transfer or conversion. For this purpose, if any loans or advance is taken as against such specified securities, then such person shall be deemed to have converted such specified securities into money. The cost of the long term specified assets, which has been considered under this section for calculating capital gain, shall not be allowed as a deduction from the income under Section 80C of the IT Act.

10. Under section 111A of the IT Act and other relevant provisions of the IT Act, STCG (i.e. if shares are held for a period not exceeding 12 months) arising on transfer of our equity share would be taxable at a rate of 15% (plus applicable surcharge and education cess) where such transaction of sale is entered on a recognised stock exchange in India and

is chargeable to STT. Further, no deduction under Chapter VI-A would be allowed in computing STCG subject to tax under section 111A of the IT Act.

STCG arising from transfer of our shares, other than those covered by section 111A of the IT Act, would be subject to tax as calculated under the normal provisions of the IT Act.

11. As per section 70 of the IT Act, Short Term Capital Loss computed for the given year is allowed to be set off against STCG as well as LTCG computed for the said year. The balance loss, which is not set off is allowed to be carried forward for subsequent eight assessment years, for the purpose of set off against subsequent years' STCG as well as LTCG, in terms of section 74 of the IT Act.

Long Term Capital Loss computed for a given year is allowed to be set off only against the LTCG, in terms of section 70 of the IT Act. The balance loss, which is not set off, is allowed to be carried forward for subsequent eight assessment years for being set off only against subsequent years' LTCG, in terms of section 74 of the IT Act.

Long term capital loss arising on sale of shares entered into on a recognized stock exchange and which are chargeable to STT, may not be allowed to be set off or carried forward for set off.

12. In terms of section 36(1)(xv) of the IT Act, the STT paid by the shareholder in respect of the taxable securities transactions entered into in the course of his business of transactions/trading in shares would be eligible for deduction from the amount of income chargeable under the head "Profit and gains of business or profession" if income arising from taxable securities transaction is included in such income. As such, no deduction will be allowed in computing the income chargeable to tax as capital gains, such amount paid on account of STT.

13. As per the sixth proviso to section 48, no deduction of amount paid on account of STT will be allowed in computing the income chargeable to tax as Capital Gains.

14. Under section 54F of the IT Act and subject to the conditions and to the extent provided therein, LTCG (other than those exempt under section 10(38) of the IT Act) arising in the hands of the shareholder, being an Individual or Hindu Undivided Family, on transfer of our shares would be exempt from tax, if the net consideration from such transfer is utilized, for purchase within a period of 1 year before or 2 years after the date on which the transfer took place, or for construction within a period of 3 years after the date of such transfer, of one residential house in India ("new asset").

However, the said exemption shall not be available, if the shareholder:

(a) Owns more than one residential house, other than the new asset, on the date of transfer of our shares; or

(b) Purchases any residential house, other than the new asset, within a period of 1 year after the date of transfer of our shares; or

(c) Constructs any residential house, other than the new asset, within a period of 3 years after the date of transfer of our shares; and

(d) The income from such residential house, other than the one residential house owned on the date of transfer of our shares is chargeable under the head 'Income from house property

Further, if the new asset is transferred within a period of three years from the date of its purchase or construction, the amount of capital gains for which the exemption was availed earlier would be taxed as LTCG in the year in which such residential house is transferred.

15. Where the shares have been subscribed in convertible foreign exchange, Non Resident Indians ("NRI"), i.e. an individual being a citizen of India or person of Indian origin who is not a resident, have the option of being governed by the provisions of Chapter XII-A of the IT Act, which *inter alia* entitles them to the following benefits:

(i) Under section 115E of the IT Act, the LTCG arising to the NRI shall be taxable at the rate of 10 % (plus applicable surcharge and education cess). While computing the LTCG, the benefit of indexation of cost would not be available.

(ii) Under section 115F of the IT Act, LTCG (in cases not covered under Section 10(38) of the IT Act) arising to an NRI from the transfer of the shares subscribed to in convertible foreign exchange shall be exempt from income-tax, if the net consideration is reinvested in specified assets or in any saving certificates referred to in section 10(4B) of the IT Act, within six months of the date of transfer. If only part of the net consideration is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets or saving certificate are transferred or converted into money within three years from the date of their acquisition.

(iii) Under section 115G of the IT Act, it shall not be necessary for an NRI to furnish his return of income under section 139(1) of the IT Act if his income chargeable under the IT Act consists of only investment income or LTCG or both; arising out of assets acquired, purchased or subscribed in convertible foreign exchange and tax deductible at source has been deducted there from as per the provisions of Chapter XVII-B of the IT Act.

(iv) As per provisions of Section 115-I of the IT Act, an NRI may elect not to be governed by provisions of Chapter XII-A and compute his total income as per other provisions of the IT Act.

16. As per section 90(2) of the IT Act, the provisions of the IT Act would prevail over the provisions of the DTAA entered between India and the country of residence of the non-resident, if any, to the extent they are more beneficial to the non-resident. Thus, a non-resident can opt to be governed by the provisions of the IT Act or the applicable tax treaty, whichever is more beneficial. However, the non-resident investor will have to furnish a Tax Residency Certificate of his being a resident in a country outside India, to avail the benefit of the concerned DTAA. Such investor will also have to provide Form No. 10F as prescribed under section 90(5) of the IT Act.

III. NON-RESIDENT SHAREHOLDERS – FIIs:

1. We are required to pay Dividend Distribution Tax ("DDT"), currently at the rate of 20.358% (including applicable surcharge and education cess) on the total amount distributed or declared or paid as dividend. Under section 10(34) of the IT Act, income by way of dividends referred to in section 115-O of IT Act received on our shares is exempt from income-tax in the hands of shareholders.

   However, as per section 115BBDA of the IT Act, where the total income of a specified assessee, includes dividend income, in aggregate exceeding Rs. 10 lakh, then such excess dividend shall be chargeable to tax at the rate of 10% (plus applicable surcharge and education cess). The term 'specified assessee' is defined to mean a person other than

   (i) a domestic company; or

   (ii) a fund or institution or trust or any university or other educational institution or any hospital or other medical institution referred to in sub-clause (iv) or sub-clause (v) or sub-clause (vi) or sub-clause (via) of section 10(23C); or

   (iii) a trust or institution registered under section 12A or section 12AA.

   Also, it is pertinent to note that section 14A of the IT Act restricts the claim for deduction of expenses incurred in relation to exempt income. Thus, any expense incurred to earn exempt dividend income is not an allowable expenditure.

   Further, as per section 94(7) of the IT Act, losses arising from sale/transfer of shares, where such shares are purchased within three months prior to the record date and sold within three months from the record date, will be disallowed to the extent such loss does not exceed the amount of dividend claimed exempt.

2. As per section 2(14) of the IT Act, any securities held by a FII which has invested in such securities in accordance with the regulations made under the Securities and Exchange Board of India Act, 1992, shall be treated as capital assets. Accordingly, any gains arising from transfer of such securities shall be chargeable to tax in the hands of FIIs as capital gains.

3. The provisions of Indirect transfer in terms of Explanation 5 to section 9 of the IT Act shall not apply to non-resident investors in Category-I and Category-II Foreign Portfolio Investor ("FPI") registered under Securities and Exchange Board of India (FPI) Regulations, 2014.

4. The period of holding for shares subscribed to by the shareholder on the basis of his right to subscribe to such shares or subscribed to by the person in whose favour the shareholder has renounced his right to subscribe to such shares, shall be reckoned from the date of allotment of such shares as provided under clause (d) to Explanation 1 to section 2(42A) of the IT Act.

   The period of holding in the hands of shareholder, for the shares which are renounced in favour of any person, shall be reckoned from the date of the offer of such right shares by the Company as per clause (e) to Explanation 1 to section 2(42A) of the Act.

5. Under the first proviso to Section 48 of the IT Act, in case of a non-resident shareholder, while computing the capital gains arising from transfer of shares of the company acquired in convertible foreign exchange (as per exchange control regulations), protection is provided from fluctuations in the value of rupee in terms of foreign currency in which the original investment was made. Cost indexation benefits will not be available in such a case. The capital gains/loss in such a case is computed by converting the cost of acquisition, sale consideration and expenditure incurred wholly and exclusively in connection with such transfer into the same foreign currency which was utilised in the purchase of the shares.

6. Under section 10(38) of the IT Act, LTCG arising to a shareholder on transfer of equity shares would be exempt from tax where the sale transaction has been entered into on a recognised stock exchange of India and is chargeable to STT.

Such exemption would be available, even though the transaction is not chargeable to STT, if such transaction is undertaken on a recognized stock exchange located in any International Financial Services Centre and where the consideration is paid or payable in foreign currency.

The exemption under section 10(38) of the IT Act would not be available, if such shares are purchased on or after October 1, 2004 and are not chargeable to STT, unless such purchase transaction is notified by the Government. The CBDT has vide Notification no. F. No. 43/2017 dated June 5, 2017 notified all transactions of acquisition of equity share entered into on or after the October 1, 2004 which are not chargeable to STT, other than those specifically listed in the notification.

7. For the purpose of computation of 'Capital Gains', the 'cost of acquisition' as provided under section 55(2)(aa) of the IT Act would be as under:

(a) in relation to the original shares, on the basis of which the shareholder becomes entitled to the right shares, the amount actually paid for acquiring the original shares;

(b) in relation to renouncement of the right by the shareholder in favour of any person, to subscribe the shares, the cost would be taken as *NIL*, in the hands of such shareholder;

(c) in relation to shares which the shareholder has subscribed on the basis of the said entitlement, the amount actually paid by him for acquiring such asset;

(d) in relation to any shares purchased by any person in whose favour the right to subscribe to such asset has been renounced, the aggregate of the amount of the purchase price paid by him to the person renouncing such right and the amount paid by him to the Company for acquiring such shares;

8. The provisions of section 115JB of the IT Act do not apply to a foreign company if it is a resident of a country with which India has entered into a DTAA under section 90/90A of the IT Act and the assessee does not have a Permanent Establishment in India or such company is a resident of a country with which India does not have such agreement and the assessee is not required to seek registration under any law for the time being in force, relating to companies.

9. Under section 54EC of the IT Act and subject to the conditions and to the extent specified therein, LTCG (other than those exempt under Section 10(38) of the IT Act) arising on the transfer of our shares would be exempt from tax if such capital gain is invested within six months after the date of such transfer in the bonds (long term specified assets) issued by:

(i) National Highway Authority of India constituted under section 3 of the National Highway Authority of India Act, 1988;

(ii) Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956;

(iii) any other bonds notified by the Central Government in this behalf

The investment in the long term specified assets is eligible for such deduction to the extent of Rs. 50 lakh whether invested during the financial year in which the asset is transferred or subsequent financial year.

If only part of the capital gain is so reinvested, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, in case the long term specified asset is transferred or converted into money within three years from the date of its acquisition, the amount of LTCG so exempted shall be chargeable to tax during the year such transfer or conversion. For this purpose, if any loans or advance is taken as against such specified securities, than such person shall be deemed to have converted such specified securities into money.

10. As per section 70 of the IT Act, Short Term Capital Loss computed for the given year is allowed to be set off against STCG as well as LTCG computed for the said year. The balance loss, which is not set off, is allowed to be carried forward for subsequent eight assessment years, for being set off against subsequent years' STCG as well as LTCG, in terms of section 74 of the IT Act.

Long Term Capital Loss computed for a given year is allowed to be set off only against the LTCG, in terms of section 70 of the IT Act. The balance loss, which is not set off, is allowed to be carried forward for subsequent eight assessment years for being set off only against subsequent years' LTCG, in terms of section 74 of the IT Act.

Long term capital loss arising on sale of shares entered into on a recognized stock exchange and which are chargeable to STT, may not be allowed to be set off or carried forward for set off.

11. Under section 115AD (1)(ii) of the IT Act, STCG arising to a FII on transfer of shares shall be chargeable at a rate of 30%, where such transactions are not subjected to STT, and at the rate of 15%, if such transaction of sale is entered on a recognised stock exchange in India and is chargeable to STT. The above rates are to be increased by applicable surcharge and education cess.

    Under section 115AD(1)(iii) of the IT Act, income by way of LTCG arising from the transfer of shares (other than cases exempt under section 10(38) of the IT Act) shall be chargeable to tax at the rate of 10% (plus applicable surcharge and education cess). Such capital gains would be computed without giving effect to the first and second proviso to section 48. In other words, adjustment in respect of foreign exchange fluctuation and benefit of indexation would not allowed while computing the Capital Gains.

    Further, no deduction under Chapter VI-A would be allowed in computing STCG and as well as LTCG.

12. As per the sixth proviso to section 48, no deduction of amount paid on account of STT will be allowed in computing the income chargeable to tax as Capital Gains.

13. As per section 196D of IT Act, tax is not required to be deducted at source from any income, by way of Capital Gains arising to an FII from the transfer of securities referred to in section 115AD of the IT Act.

14. As per section 90(2) of the IT Act, the provisions of the IT Act would prevail over the provisions of the DTAA entered between India and the country of residence of the non-resident, if any, to the extent they are more beneficial to the non-resident. Thus, a non-resident can opt to be governed by the provisions of the IT Act or the applicable tax treaty, whichever is more beneficial. However, the non-resident investor will have to furnish a Tax Residency Certificate of his being a resident in a country outside India, to avail the benefit of the concerned DTAA. Such investor will also have to provide Form No. 10F as prescribed under section 90(5) of the IT Act.

15. The CBDT has vide Notification No. 9/2014 dated January 22, 2014 notified FPIs registered under the Securities and Exchange Board of India (FPI) Regulations, 2014 as FII for the purpose of section 115AD of the IT Act.

IV. INVESTMENT FUNDS:

1. Under section 10(23FBA) of the IT Act, any income of an Investment Fund, other than the income chargeable under the head "Profits and gains of business or profession" would be exempt from income tax. For this purpose, an "Investment Fund" means a fund registered as Category I or Category II Alternative Investment Fund and is regulated under the Securities and Exchange Board of India (Alternate Investment Fund) Regulations, 2012.

2. As per Section 115UB(1) of the IT Act, any income accruing/arising/received by a person from his investment in Investment Fund would be taxable in the hands of the person making an investment in the same manner as if it were the income accruing/arising/received by such person had the investments been made directly in the venture capital undertaking.

3. Under section 115UB(4), the total income of an Investment Fund would be charged at the rate or rates as specified in the Finance Act of the relevant year where the Investment Fund is a company or a firm and at maximum marginal rate in any other case.

4. Further, as per Section 115UB(6) of the IT Act, the income accruing or arising to or received by the Investment Fund if not paid or credited to a person (who has made investments in an Investment Fund) shall be deemed to have been credited to the account of the said person on the last day of the previous year in the same proportion in which such person would have been entitled to receive the income had it been paid in the previous year.

V. MUTUAL FUNDS:

Under Section 10(23D) of the IT Act, any income of mutual funds registered under SEBI or Regulations made thereunder or mutual funds set up by public sector banks or public financial institutions or mutual funds authorised by the RBI and subject to the conditions specified therein, is exempt from tax subject to such conditions as the Central Government may by notification in the Official Gazette, specify in this behalf.

VI. PROVIDENT FUND AND PENSION FUND:

Under section 10(25) of the IT Act, any income received by trustees on behalf of a recognized provident fund and a recognized superannuation fund is exempt from tax.

VII. MULTI-LATERAL AND BILATERAL DEVELOPMENT FINANCIAL INSTITUTIONS:

Generally, Multilateral and bilateral development financial institutions may be exempt from taxation in India on the capital gains arising on the sale of shares of the bank depending on the applicable Statute and Acts passed in India. For e.g., World Bank, IBRD, IFC, etc. In case they are not specifically exempt from tax then the provisions as applicable for capital gains to a non-resident FII, as they should be registered as FII, should apply to these institutions.

BENEFITS AVAILABLE UNDER THE WEALTH TAX ACT, 1957:

Wealth tax is not leviable in respect of any Assessment Year on or after April 1, 2016.

BENEFITS AVAILABLE UNDER THE GIFT TAX ACT, 1958:

Gift tax is not leviable in respect of any gift made on or after October 1, 1998. Therefore any gift of share of a company will not attract gift tax.

INCOME TAX ON GIFTS

Under section 56(2)(x) of the IT Act and subject to exception provided therein, if any person receives from any person, any property, including, *inter alia*, shares of a company, without consideration or for inadequate consideration, the following shall be treated as 'Income from other sources' in the hands of the recipient:

(a) where the shares are received without consideration, aggregate Fair Market Value ("FMV") exceeds Rs. 50,000/-, the whole FMV

(b) where the shares are received for a consideration less than FMV but exceeding Rs. 50,000/-, aggregate FMV in excess of the consideration paid.

Rule 11UA of the Income-tax Rules, 1962 ("the Rules") provides for the method for determination of the FMV of various properties.

GENERAL ANTI AVOIDANCE RULES ("GAAR"):

Having regard to Chapter X-A of the IT Act, GAAR may be invoked notwithstanding anything contained in the IT Act. Thus, any arrangement entered into by a taxpayer may be declared to be impermissible avoidance arrangement, as defined in that Chapter and the consequence would inter alia include denial of tax benefit. Further, as per section 90(2A), the benefit of the DTAA will not be available to a non-resident investor, if the concerned tax authorities declare any arrangement to be an impermissible avoidance arrangement. The GAAR provisions are applicable with effect from the Financial Year 2017-18.

TAX DEDUCTION AT SOURCE:

Income-tax is not deductible at source from income by way of capital gains arising to a resident shareholder under the present provisions of the IT Act. However, as per the provisions of section 195 of the IT Act, any income by way of capital gains payable to non-residents (other than LTCG exempt under section 10(38) of the IT Act) may be subject to withholding of tax at the rates provided under the domestic tax laws or under the concerned DTAA, whichever is more beneficial to the assessee, unless a lower withholding tax certificate is obtained from the tax authorities. However, the non-resident investor will have to furnish a Tax Residency Certificate of his being a resident in a country outside India, to avail the benefit of the applicable DTAA. Such investor will also have to provide Form No. 10F as prescribed under section 90(5) of the IT Act.

The withholding tax rates are subject to the recipients of income obtaining and furnishing a Permanent Account number (PAN) to the payer, in the absence of which the applicable withholding tax rate would be the higher of the applicable rates or 20%, under section 206AA of the IT Act. The provisions of section 206AA will not apply if the non-resident shareholder provides to the payer the following documents provided in Rule 37BC:

(i) name, e-mail id, contact number;

(ii) address in the country or specified territory outside India of which the shareholder is a resident;

(iii) Tax Residency Certificate;

(iv) Tax Identification Number/ Unique Identification Number of the shareholder.

Notes:

1. The above benefits are as per the current tax law as amended from time to time as applicable to the financial year 2017-18.

2. For the Financial Year 2017-18, surcharge is to be levied as under –

Investor	Rate of Surcharge
Individual, Hindu Undivided Family, Association of Persons or Body of Individuals or Artificial Juridical Person - Total income exceeds Rs. 50 lakh - Total income exceeds Rs. 1 crore	10% 15%
Firm or Co-operative society or local authority - Total income exceeds Rs. 1 crore	12%
Domestic Company - Total income exceeds Rs. 1 crore - Total income exceeds Rs. 10 crore	7% 12%
Foreign Company - Total income exceeds Rs. 1 crore - Total income exceeds Rs. 10 crore	2% 5%

3. A 2% education cess and 1% secondary and higher education cess on the total income is payable by all categories of taxpayers for the Financial year 2017-18.

4. The above statement of possible direct tax benefits, sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of our equity shares.

5. In respect of Non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the DTAA, if any, between India and the country of residence of the non-resident.

6. This statement is intended only to provide general information to the investors and is neither designed nor intended to be substituted for professional tax advice. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her participation in the scheme.

7. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes.

8. The above statement of possible Direct-tax Benefits sets out the possible tax benefits our shareholders under the current tax laws presently in force in India. Several of these benefits available are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws.

SECTION IV: ABOUT OUR COMPANY

BUSINESS

Overview

We are an Indian multi-national business conglomerate, with a presence in financial services, pharmaceuticals and healthcare insights & analytics.

We first entered the pharmaceuticals industry in 1988 following our acquisition of Nicholas Laboratories India Limited and have expanded through our organic and inorganic growth strategy. Over the years, we have continued to carry out a series of mergers and acquisitions, joint ventures, strategic alliances and various organic initiatives, including entering into the financial services and healthcare insights & analytics space. One of the milestones in our journey was the sale of our domestic formulations business to Abbott Healthcare Private Limited.

We organise our business activities into the following core business units: financial services, pharmaceuticals, and healthcare insights & analytics. Our business units of financial services and pharmaceuticals are also further organised into various sub-business units. Our financial services business currently comprises of (i) wholesale lending and (ii) alternative asset management. In August 2017, we received a licence to start operations as a housing finance company. In relation to our distressed asset fund/platform, Piramal Asset Resurgence Fund has received certificate of registration as an alternate investment fund from SEBI on June 28, 2017. In addition, we have strategic investments in the Shriram group which gives us access to a retail lending platform Our pharmaceuticals business unit is divided into (i) global pharmaceuticals business, comprising of fully integrated end-to-end pharmaceutical development and manufacturing services offerings to other pharmaceutical companies and a portfolio of products, which includes differentiated branded hospital generic products and (ii) Indian over-the-counter ("**OTC**") consumer products business. Our global pharmaceuticals business has a presence in over 110 countries with manufacturing bases in India, United States, UK and Canada while our Indian OTC consumer products business has a pan-India distribution network. Separately, our healthcare insights & analytics business operates in a niche area of pharmaceutical and healthcare market research backed by data and technology to provide clients across the healthcare value chain with insights into their existing and future business opportunities.

For the fiscal year ended March 31, 2017, our financial services, pharmaceuticals and healthcare insights & analytics businesses accounted for 39.2%, 46.5% and 14.3% of our total net revenues from operations, respectively. For the fiscal years ended March 31 2016 and 2017, we, in all our businesses, generated total net revenues from operations of ₹ 63,814.8 million and ₹ 85,467.5 million, respectively, and our net profit for the year was ₹ 9,047.4 million and ₹ 12,523.3 million, respectively, in each case on a consolidated basis. Our consolidated net revenues from our business operations grew 33.9% in fiscal year 2017 compared to fiscal year 2016.

Financial Services

We are a diversified financial services provider with a presence across the following verticals:

Wholesale Lending

As at March 31, 2016 and March 31, 2017, our Total Loan Book amounted to ₹ 133,386.6 million and ₹ 249,746.0 million, respectively.

We provide integrated lending to corporates across sectors including real estate, infrastructure, renewable energy, cement, entertainment and auto components. We commenced our real estate financing business in 2011 by providing financing to developers to support their funding needs for the initial land purchase stage up to the stage prior to the start of construction. In 2013, we commenced funding to the infrastructure sectors and other sectors. From 2015, we commenced providing finance for construction of projects and in 2016 we commenced offering lease rental discounting for commercial projects.

Alternative Asset Management

We provide asset management services and portfolio management services to various investors. As at March 31, 2016 and March 31, 2017, the total AUM of the funds managed by us amounted to ₹ 87,170.0 million and ₹ 71,572.8 million, respectively.

Access to Retail Platform through Strategic Investments in the Shriram group

Over the course of 2013 and 2014, we made strategic investments in certain Shriram group companies – Shriram Capital Limited ("**SCL**"), Shriram Transport Finance Company Limited ("**STF**") and Shriram City Union Finance Limited ("**SCUF**"). We have gained access to a platform of retail and small and medium enterprises customer segments and the insurance sector through these strategic investments. In July 2017, certain of the Shriram group companies had approved entering into a confidentiality, exclusivity and standstill agreement (the "**CES Agreement**") with the IDFC group to evaluate a potential combination of certain businesses and subsidiaries/affiliates/associate companies of the Shriram group engaged in the credit and non-credit financial services sector with the IDFC group (the "**Proposed Transaction**"). However, on October 30, 2017, parties have agreed to call off discussions on the Proposed Transaction and the exclusivity period pursuant to the CES Agreement stands terminated with immediate effect.

Separately, in August, 2017, we have received license to start operations as a housing finance company. In relation to our distressed asset fund/platform, Piramal Asset Resurgence Fund has received certificate of registration as an alternate investment fund from SEBI on June 28, 2017.

Pharmaceuticals

Our network of development and manufacturing facilities are located in India, the United States, UK and Canada. Our global pharmaceuticals business is positioned to address customers' needs across the drug lifecycle. We have service capabilities ranging from drug discovery, clinical development, commercial manufacturing of APIs as well as formulations.

In addition to our service capabilities, we have a strong portfolio of products, including a differentiated branded hospital generic portfolio comprising of inhalation anaesthesia, injectable anaesthesia as well as pain management and intrathecal spasticity products. We have established a presence in over 110 countries while serving over 5,500 hospitals directly.

Our consumer products business operates in the OTC market in India. Our Consumer Products portfolio currently comprises products spanning categories such as skin care, antacid, women intimate range, kids wellbeing and baby care, pain management, oral care, gut health, respiratory and lifestyle problems.

Healthcare Insights & Analytics

Our healthcare insights & analytics business is carried out primarily through Decision Resources Group ("**DRG**") which we acquired in 2012. DRG provides information management solutions such as value-added data and analytics, research reports and knowledge-based services to customers in sectors including the pharmaceutical, biotech, medical device, payer (insurance) and provider (hospitals and other healthcare providers). DRG's products and services portfolio comprise three business categories, namely, research and data, custom advanced analytics and global consulting services. DRG's products and services are built around proprietary and data assets and algorithms, complemented by an in-house team of subject matter experts, therapy area expert analysts, data scientists and strategy consultants with deep industry knowledge. DRG, through a combination of organic and inorganic growth and innovation, has evolved and transformed from a life sciences syndicated market research company to a high end data-driven, technology enabled, healthcare insights & analytics business.

Our healthcare insights & analytics business is headquartered in Burlington, Massachusetts and operates across North America, Europe and Asia with 17 offices across six countries.

Our Competitive Strengths

Efficient capital allocation and track record of value creation

We are an Indian multi-national company with a history of setting up, acquiring, operating, building and divesting businesses. We believe our strength lies in identifying suitable opportunities to pursue, evaluating the scale of investment to be made in the opportunity, building the business to scale and identifying the future potential of the business coupled with a conviction to decide when to further invest or to divest these businesses. We strive to achieve consistent returns to our various stakeholders and have a consistent track record of dividend payments and share buybacks over multiple years. Our corporate structure further allows us to optimize returns by allocating capital to our different businesses appropriately when required and efficiently manage capital to deliver consistent value. Since 1988, we have declared a cumulative amount of ₹ 34,445.3 million as dividends and undertaken buyback of equity shares totalling ₹ 25,081.6 million.

Track record of entrepreneurship

We have a long track record of launching new businesses, acquiring businesses to complement our existing business offering and scaling up and growing businesses. We commenced operations with the acquisition of a generic pharmaceutical business in 1988. This business was grown organically as well as inorganically through acquisition of other companies, products and complementary businesses and services. We exited the generic pharmaceutical business in 2010 for approximately USD 3.8 billion. Similarly, our existing businesses in pharmaceuticals have been created organically and through select and strategic acquisitions with an aim to grow and add value to these businesses. We have made investments in building the infrastructure for our pharmaceuticals business. We have also grown our consumer products business through a combination of organic and inorganic investments. We commenced our financial services business in 2011 based on a similar proposition of identifying a niche area in the market and with a view to exploit the expected growth in the Indian financial services industry. We continue to build our integrated debt and equity financing platform using domain expertise. We also made strategic investments in the Shriram group to give us access to a platform to the retail financing business and are now financing borrowers from various sectors. Further, we are in the process of expanding our offering in retail housing finance and we have received a housing finance operations licence in August 2017. We also evaluate strategic investment opportunities from time to time with a view to benefit from the potential upside at the time of the sale of the investment. For example, we acquired a stake in Vodafone India Limited in 2011 and 2012 for a total consideration of approximately ₹ 58,643.7 million and then sold that investment in 2015 for ₹ 89,004.5 million. We routinely review and monitor a number of internal and external factors across all our various businesses to identify opportunities which have allowed us to build profitable business models and have enabled us to enter into and maintain partnerships across our various businesses from time to time and also attract quality long term investors as shareholders.

We have a strong Board and management team with diversified experience

Our Board of Directors comprises 13 Directors of which 8 are Independent Directors and is led by our chairman Ajay Piramal, our Promoter, who is also a member of our Promoter Group with 51.4% shareholding as at September 30, 2017. Our Board comprises members with diverse experience across sectors. This diversified experience provides us with diverse input in evaluating and managing our businesses. Also, we have created a leadership team for each of our businesses tasked with the roles and responsibilities of operating and managing these businesses. Our management structure allows the group to effectively operate as three virtual companies and also allows us to be nimble in identifying opportunities in each of the businesses while maintaining adequate control and supervision of the board of directors. In addition, the board of directors and leadership team also have access to external management advisors to provide them with strategic inputs and advice from time to time.

We believe that our management structure and team with such length, breadth and depth of experience enables us to have a strong succession pipeline for senior leadership positions and also helps us to carefully nurture our culture of growth, innovation and high quality governance. For further details, see "*Our Management*" beginning on page 95.

Our key Subsidiaries across each of our businesses are also led by Boards of Directors comprising capable members who are experienced in their respective fields and who possess a clear vision of our businesses. We believe that our experienced leadership teams across our Subsidiary boards allow us to manage our operations effectively and drive synergies across our businesses.

Established presence and domain expertise across three businesses with a track record of growth

All three of our business segments have developed significantly over the years and we look to capitalise on the anticipated growth in each of these segments.

Financial Services

Our financial services business leverages the strength of our expertise in select sectors, coupled with our localised presence across geographies in India. We are able to offer a diversified suite of financial services across wholesale and retail lending. We pride ourselves in being able to offer innovative financing solutions to our customers which we believe also benefit our business as our financing solutions are structured with a view to de-risk and optimize returns for our business. Additionally, we place a strong emphasis on risk management and are particular about the quality of our assets, aimed at ensuring underwriting of low risk. Our gross NPA, defined as the percentage of assets in our Total Loan Book which are more than 90 days overdue, was 0.9% and 0.4% for the fiscal years ended March 31, 2016 and March 31, 2017, respectively. On principal loan amount, expected credit loss provision as required under Ind AS is created, resulting in a provision of 2.2% of the outstanding loan as of March 31, 2017. For further details on our Gross NPA and expected credit losses, see "*Management's Discussion and Analysis of Financial Condition and Results of Operation - Asset Quality*" on page 320.

Pharmaceuticals

For the pharmaceutical business, we are an established player in select segments of the global pharmaceutical industry coupled with a strong Indian consumer product portfolio with a wide distribution network. Our manufacturing capabilities allow us to provide integrated solutions across commercial manufacturing of APIs and formulations and delivery systems and we have manufacturing bases in India, United States, the UK and Canada. Our branded generics portfolio is differentiated in terms of therapy areas and formulations. For example, we are a supplier of inhaled anaesthetics with the internal capability to manufacture all four generations of inhalation anaesthetic products: Halothane, Isoflurane, Sevoflurane and Desflurane. This coupled with our global distribution network gives us access to markets globally for our products. We seek to provide quality product offerings by ensuring that we are regulatory compliant and through our existing environment, health and safety systems. For example, our manufacturing facilities have been subject to various regulatory inspections including by the USFDA and maintain high standards of manufacturing competence. Our Indian consumer product portfolio has grown inorganically through various acquisitions of brands to enhance our product portfolio coupled with a nationwide distribution network.

We believe that the significant capital invested into our global pharmaceuticals business and India consumer product infrastructure has contributed to our strong product portfolio and wide reach of our distribution network. This coupled with our emphasis on quality and our compliance track record has allowed us to move up the value chain in our global pharmaceuticals business and to grow this business with a view to capitalise on such growth.

Healthcare Insights & Analytics

Our healthcare insights & analytics business operates in a niche area of pharmaceutical and healthcare market research backed by data and technology to provide clients across the healthcare value chain with insights into their existing and future business opportunities. This emphasis on healthcare, data and technology has helped us forge strong relationships with our major clients. Our clients include pharmaceutical companies, medical technology companies and insurance companies. We use a combination of research and proprietary data, employees with healthcare capabilities and advanced analytics using technology to service our clients' diverse needs. We have continuously looked to expand our service offerings by acquiring companies to expand our access to key markets, enhance our analytics capabilities, expand our customer base into insurance payer and provider customers, and access to healthcare data in key markets such as Europe. DRG's organic and inorganic growth have enabled us to differentiate ourselves in several respects, including (i) our people, who comprise experienced epidemiologists, expert data scientists and engineers, healthcare market forecasters and predictive modelers, and consultants; (ii) our comprehensive and integrated product suite that enables DRG to provide end-to-end expertise, including bespoke solutions, to address clients' complex problems; and (iii) our extensive data and analytics capabilities. The diverse skill sets and expertise of our employees, coupled with the breadth of our offerings, give us a competitive advantage over traditional consultant and analytics providers that have fewer offerings and lack DRG's capabilities to integrate research, data and analytics and custom services to meet client needs.

Our Business Strategy

Our strategy for the group and the individual businesses we operate in is as follows:

At the Group level:

Focus on efficient allocation of capital

We will actively seek growth opportunities in the businesses in which we operate as well as new businesses that we see as potential areas of growth and value creation. These opportunities can take various forms, including green field investments, acquisitions, mergers, joint ventures, strategic investments and asset purchases. To this end we will seek opportunities for organic and inorganic growth. We will pursue these growth opportunities where we see the ability to add value for our various stakeholders and also grow our footprint across the businesses we operate in. For example, we have recently received a license for undertaking a retail housing finance business, and from time to time in the past we have acquired assets, products or companies, to expand our product and services portfolios in each of our businesses.

Foster and grow entrepreneurship

We believe we have a nimble and diversified management structure, with management teams at our various businesses being empowered with the decision making ability to take strategic decisions. We believe this is an important contributor to our overall growth and success. We intend to continue to allow for business leaders and management to be efficient stakeholders in the value creation process for the group as a whole and the individual businesses in particular. We aim to manage the risks and rewards of each management team member, to encourage the business teams to deliver on specified goals for each business such as increasing productivity, reducing costs and expanding geographies.

At the business segment level:

Grow the existing businesses to benefit from market opportunities

Financial Services Business Strategy

In our financial services business, we aim to continue to grow our real estate loan book by launching customized solutions for developers. Our present product offerings cover the various stages of the real estate development cycle and we plan to enhance this product portfolio to meet specific needs of developers in tier 1 and tier 2 cities across India. We are also planning to invest in technology to assist in the credit decision making process and reducing the time in our business processes through automation. We have recently launched funding products for commercial construction finance and lease rental discounting and will look to increase the take up of these products from our existing customers as well as new customers.

We intend to focus on diversifying our loan book through focusing on corporate lending in the non real estate space including the infrastructure, renewable energy, cement, entertainment and auto components sectors. Similarly, our customers usually look to us for financing to support activities including last mile funding, promoter financing and acquisition financing and in order to provide our customers with an optimal capital structure for the customised solutions that we offer, we have expanded our product range from mezzanine loans to include senior debt products, promoter funding and loans against shares – all areas in which we will look to continue to grow our business and product offerings. In particular, we have also increased our senior secured lending portfolio with a view to mitigating credit risks and plan to make this a key focus in this space going forward.

Further, we intend to expand our retail lending business through the launch of a housing finance business, for which we recently received a license to commence operations. We believe that despite having many market players in the housing finance business, there is potential for growth to become a player of scale. We expect that the retail housing finance business will be complementary to our existing corporate real estate lending business and we intend to leverage on the existing relationships we have with our customers who are developers in our retail housing finance business. Our existing sales and marketing network, Brickex, is a key differentiator that we believe will enable us to expand into the retail housing finance business. In addition, we intend to provide a differentiated approach to our customers of the housing finance business through several means including the use of technology, analytics and world-class processes to provide quick turnaround times in underwriting and disbursements. We also intend to extend our customer base to provide lending to beyond the salaried class to self-employed customers as well.

We aim to maintain focus on asset quality while generating higher risk adjusted return on equity. We aim to improve our credit rating with an aim to diversifying our sources of funds and improving our liability profile. We also aim to diversify our lender base.

We believe that our investments in the Shriram group have given us access to both retail lending and insurance, including applicable distribution networks, resources and expertise within these spaces. We intend to capitalize on these resources to grow our business and presence in these areas. We believe that in recent years, rising bank non performing loans has put a strain on capital adequacy and credit growth and stressed assets across sectors including power, steel, construction and textiles are available and provide us an opportunity. The RBI has also introduced various guidelines to banks on ways to handle stressed assets and methods to improve the financial condition of banks. We believe that there could be strategic investment opportunities in such an economic climate and intend to seek out and participate in such opportunities through our distressed assets fund/platform.

Pharmaceuticals Strategy

In our pharmaceutical business, we aim to leverage significant investment already made in the infrastructure around our global pharmaceuticals and India consumer business to grow our market share across products and geographies. For the global pharmaceuticals business we are planning to: (a) launch differentiated branded generic products and services, (b) improve our margins through increasing revenues from high margin complex products, better utilisation of operating leverage, higher capacity utilisation and leveraging our global distribution channels, (c) undertake cost optimisation, operational improvements and increase manufacturing capabilities at our existing manufacturing facilities (including manufacturing with niche high-end capabilities). We aim to implement these initiatives whilst maintaining and improving our quality standards and ensuring strict compliance with all regulatory standards by which we are bound. We continue to evaluate inorganic growth opportunities for select products and markets. For the India consumer business, we continue to develop new brands and products and evaluate inorganic opportunities. Our focus is to further grow the India consumer business to improve margins by (a) reinvesting profits into scaling the business, (b) lower manufacturing costs by using third party vendors, (c) leveraging our India-wide sales distribution network and (d) continuing to develop and acquire new brands and products.

We also have a track record of divesting and/or discontinuing of businesses to maximise the value of our acquisitions or for strategic purposes. Some examples of our previous divestments and discontinuance of businesses include:

- Divestment of our domestic formulations business to Abbott Healthcare Private Limited;
- Divestment of our stake in Vodafone India Limited;
- Shut down of the research and development activities in our New Chemical Entity division;
- Sale of our diagnostic division to DiaSys Diagnostics India Private Limited;;
- Sale of our diagnostics services business to Super Religare Laboratories Limited ; and
- Sale of our clinical research division to Indoco Remedies.

Additionally, from time to time we may exit from such businesses, brands and products where we believe that they are not profitable in the long term or the value that we receive for their sale / and disposal is attractive.

Healthcare Insights & Analytics Strategy

For our healthcare insights & analytics business we aim to drive revenue growth by continuing to create technology-based offerings that combine our data assets and deep data science, and analytics capabilities to provide “end to end”, user-centric solutions that directly target high-value client problems. This will be coupled our leveraging our insights of the pharmaceuticals industry and our strong global relationships. We will also continue developing data-driven analytics services, wrapped around all DRG offerings, to provide comprehensive solutions to client problems. Further, we are both expanding our customer base by targeting new payer, provider and pharmaceutical clients as well as expanding existing client relationships to deliver increasingly larger projects. We intend to continue to recruit and retain talent across all three of our core disciplines, with a particular emphasis on augmenting our existing analytics expertise. We are also looking to selectively enter new markets that we believe are high growth in terms of existing and new customers. Lastly, we will look to improve our margins by leveraging our operations and base in India to maintain a cost arbitrage (including by way of a niche acquisitions).

Our principal business activities

We organise our business activities into the following three core business units:

- Financial services, being made up of the following sub-business units:
  - wholesale lending; and
  - alternative asset management.
- The following are also two key components of our financial services business:
  - strategic investments in the Shriram group which gives us access to a retail lending platform; and
  - we have received a licence to start operations as a housing finance company in August 2017. . In relation to our distressed asset fund/platform, Piramal Asset Resurgence Fund has received certificate of registration as an alternate investment fund from SEBI on June 28, 2017.
- Pharmaceuticals, being made up of the following sub-business units:
  - global pharmaceuticals, comprising of fully integrated end-to-end pharmaceutical development and manufacturing services to other pharmaceutical companies and a products portfolio which includes a differentiated branded hospital generic products; and
  - consumer products business.
- Healthcare insights & analytics.

The following table reflects certain financial information of our Group in the fiscal years 2016 and 2017:

	Fiscal Year (₹in millions)	
	2016	**2017**
Revenue	63,814.8	85,467.5
Financial Services	17,397.2	33,515.0
Pharmaceuticals(1)	34,859.2	39,728.7
Healthcare Insights & Analytics(2)	11,559.2	12,223.8
Net profit before tax and exceptional items(3)	9,085.9	14,901.1

Notes:

(1) Our pharmaceuticals business is referred to as "Pharmaceuticals Manufacturing and Services" in our consolidated Audited Financial Statements.

(2) Our healthcare insights & analytics business is referred to as "Information Management" in our consolidated Audited Financial Statements.

(3) These figures include the share of profits of associates and joint ventures which accounted for ₹ 1,942.1 million and ₹ 1,699.0 million for the fiscal years 2016 and 2017, respectively. The income derived from our associates includes our share of profits in SCL.

Financial Services

Our financial services business currently comprises of (i) wholesale lending and (ii) alternative asset management. We provide integrated lending to corporates across sectors including real estate, infrastructure, renewable energy, cement, entertainment and auto components. The income earned from our Financial Services business unit was ₹ 17,397.2 million and ₹ 33,515.0 million in fiscal years 2016 and 2017, respectively.

Wholesale Lending

Our wholesale lending business is now primarily carried out through our subsidiary Piramal Finance Limited. Our Total Loan Book comprises of (i) investments in NCDs, OCDs and ICDs and (ii) term loans. The following table sets forth a breakdown of our loan book as of March 31, 2016 and 2017:

	As at March 31 (₹in millions)	
	2016	**2017**
Investments	105,579.5	183,822.6
Term Loans	27,807.1	65,923.4
Total Loan Book	**133,386.6**	**249,746.0**

The following table also sets forth the trend of cumulative repayments between our real estate financing and our non-real estate financing in the fiscal years 2016 and 2017:

	Fiscal Year (₹in millions)	
	2016	**2017**
Real Estate	48,784.8	90,237.0
Non Real Estate	94,000.0	94,420.8
Total	**142,784.8**	**184,657.8**

The following table sets forth the composition and change of our product mix in the fiscal years 2016 and 2017:

	Fiscal Year	
	2016	**2017**
Mezzanine	44.0%	29.3%
Construction Finance (Residential)	34.2%	43.1%
Construction Finance (Commercial)	5.5%	7.7%
Lease Rental Discounting	0.0%	4.8%
Corporate Finance Group	16.3%	15.1%
Total	**100%**	**100%**

The Board of Directors of our Company pursuant to a Board meeting on October 12, 2017 have taken on a record a scheme of amalgamation involving our Subsidiaries, Piramal Finance Limited and Piramal Capital Limited with Piramal Housing Finance Private Limited which is also our Subsidiary, subject to approval from the National Company Law Tribunal in relation to our application dated October 24, 2017 and any other statutory or regulatory approvals, as may be required.

Real Estate

We operate a fully-integrated real estate financing business with our ability to deploy capital for financing across all stages of the life-cycle of a real estate project except retail housing finance, for which we received a license in 2017. Our product offerings for our real estate financing include private equity, mezzanine lending, structured debt and construction finance.

We have expanded our financial services business over the years and created a real estate developer financing platform that allows us to be able to provide real estate financing solutions to customers that require funding from the initial land purchase stage, post land purchase up till commencement of construction and actual construction stages. Additionally, we also offer lease rental discounting for commercial projects and have recently received a housing finance licence to develop our retail housing finance business. We believe that the inclusion of lease rental discounting and housing finance will diversify our product mix and also lower our credit risk profile. We commenced our real estate financing business in 2011 by providing financing to developers to support their funding needs for the initial land purchase stage up to the stage prior to the start of construction. In 2013, we commenced funding to customers in infrastructure and other sectors.

From 2015, we commenced providing finance for construction of projects. We expanded our construction finance offerings in fiscal year 2017 to include the provision of construction finance for residential projects and commercial projects and we believe that we are equipped to provide financing solutions to the complete suite of construction projects. We believe that our ability to provide innovative financing solutions to our customers is aptly demonstrated in our product offerings. For example, in a construction project, the original structured debt investment is often refinanced by the bank once the project achieves certain milestones. Our construction finance offering may be structured such that the developer need not refinance at milestone stages of the project, thereby extending the overall tenure of the financing relationship with the customer. We obtained a wider security coverage by expanding such coverage over various projects at different phases. In addition, our disbursements were also linked to the sales target milestones for the project.

We have also recently launched funding products for commercial construction finance and lease rental discounting and look to increase the take up of these products from our existing customers as well as new customers. We entered the lease rental discounting space in 2016 when we started offering term loans against the hypothecation of the rental receivables derived pursuant to leases with corporate tenants. The amount of loan to be provided to the lessor is based on a discounted value of the rental receivables and the underlying property value.

Non Real Estate

Our corporate finance group provides non real estate financing to our customers. The customers of our corporate finance group include those from sectors including infrastructure, renewable energy, cement, auto components and telecommunications. Our customers usually look to us for financing to support activities including last mile funding, promoter financing and acquisition financing. In order to provide our customers with an optimal capital structure for the customised solutions that we offer, we have expanded our product range from mezzanine loans to include senior debt products, promoter funding and loans against shares. In particular, we have also increased our senior secured lending portfolio with a view to mitigate credit risks.

Our loan products generally have a fixed interest rate. The tenor and repayment schedules of the loans we provide would also vary depending on the type of financing provided and the tenor may range primarily from four to seven years with a lock-in period of one to two years.

The forms of security that accompany our loan products may vary and include forms such as charges on fixed assets, corporate guarantees or pledge of shares, escrows on existing and future revenues or a combination of one or more of these forms of security.

Alternative Asset Management

PFMPL acts as our portfolio manager and provides portfolio management services to its existing investors. As at March 31, 2016 and March 31, 2017, the total AUM of the funds managed by our portfolio manager amounted to ₹ 87,170.0 and ₹ 71,572.8 respectively.

Investment Strategy

PFMPL's objective is to create long term wealth and provide consistent returns across its investment horizons. It aims to achieve its investment objective by investing in securities of entities from certain sectors including real estate, infrastructure and information technology.

Services offered by the Portfolio Manager

The portfolio manager provides investment consultancy or management services and other services including managing and renewing the client's portfolio, buying and selling securities, keeping safe custody of such securities and monitoring book closures, dividends and other bonuses to ensure all benefits accrue to the client. Subject to the portfolio's investment objectives and restrictions and in accordance with SEBI Regulations and applicable laws, PFMPL shall have complete discretion to amongst others, buy, sell, retain, exchange or otherwise deal in the securities of the portfolio and to take day to day decisions in respect of the portfolio.

Fees charged by the Portfolio Manager

PFMPL charges its clients certain fees for the provision of its services. These fees are set out in the applicable investment management agreement entered into between PFMPL and the client. The fees may be a fixed charge or a percentage of the quantum of funds managed or linked to the portfolio returns achieved or a combination of any of these, as may be agreed between PFMPL and the client. Details of certain fees typically charged by PFMPL are set out below:

- Upfront fee: An upfront fee may be charged as a fixed percentage of the subscription value or fixed amount of investment in a portfolio company.

- Management fees: Management fees may be chargeable either via (i) a fixed annual fee determined based on the value of investments in a portfolio company or (ii) a net asset value based fee charged on the bases of the daily, monthly or quarterly average net asset value of the portfolio at a rate and frequency to be agreed between the parties.

- Performance linked fee: Such variable fee is linked to the accrued profit of the portfolio if such profit is in excess of the benchmark / hurdle during a performance period, if any.

Investments in Shriram group

The Shriram group is a player in used commercial vehicles and micro, small and medium enterprises financing. It is also involved in other retail financing segments including consumer and gold loans and life and general insurance. We made the following investments in certain entities in the Shriram group over the course of 2013 and 2014:

- May 2013: Investment (acquisition of approximately 10% stake for approximately ₹ 16,359.6 million) in STF which is engaged in commercial vehicle finance.

- April 2014: Investment (acquisition of an effective 20% stake for approximately ₹ 21,461.6 million) in SCL, the holding company for the financial services and insurance entities of the Shriram group.

- June 2014: Investment (acquisition of approximately 10% stake for approximately ₹ 8,007.4 million) in SCUF which is engaged in retail financing and provides vehicle financing, personal loans and housing loans.

- In addition, Ajay Piramal was appointed as Chairman of SCL in November 2014.

We believe that our investments in the Shriram group have enabled us to enter into a long term association with the Shriram group and to gain a platform to the retail and insurance segments of the financial services sector.

As at the fiscal year ended March 31, 2017, the Shriram group had over 3,300 retail branches, a customer base of over 21.3 million customers and an employee strength of 67,500.

Retail Housing Finance Business

We have received license for a retail housing finance in 2017 with a view of entering the housing finance business by amongst others, leveraging on (i) our strong relationships with developers who are also our customers, (ii) our existing understanding of micro markets and (iii) repository of proprietary primary market data. We have in place a key management team for the housing finance business which will oversee the various workstreams and initiatives we intend to adopt and complete in order to build towards providing a differentiated approach for the provision of housing finance. For example, we have completed our market mapping and segmentation analysis and finalised our product plan. We are also in the process of developing build-out systems and technology, processes and credit policies for the housing finance business and are working with relevant partners to develop aspects of the business including business delivery.

Distressed Assets Fund/Platform

In 2016, we also entered into a strategic partnership with Bain Capital Credit to launch a distressed assets fund/platform with an intention to invest in businesses that require restructuring and with strong growth potential. The distressed assets fund/platform may invest capital directly into such businesses and/or acquire the debt of such businesses in order to drive restructuring with a view of a turnaround of the business. The platform's mandate would be to look at all sectors other than real estate as an asset class. Within these sectors, the platform will look to investing in businesses that require restructuring and have fundamentally strong growth prospects linked to India's infrastructure and consumption needs. In relation to our distressed asset fund/platform, Piramal Asset Resurgence Fund has received certificate of registration as an alternate investment fund from SEBI on June 28, 2017.

<u>Asset Quality and Risk Management</u>

We have in place a strong risk management framework to ensure asset quality in our financial services business. Our on-going processes for asset monitoring and management ensure that the various projects and assets which we have provided funding with or invested in remain healthy assets. Our risk management framework is established to span across the pre-qualification stage and pre-approval stage of a financing project, and also encompasses constant asset monitoring throughout the life cycle of the project.

Pre-Qualification Stage

At the pre-qualification stage of our financing projects, we are typically selective of the developers in which we provide funding to and take into consideration factors such as the developer's track record, market reputation and the status of such developer's projects. We usually select projects which are located in Tier-1 cities and select micro-markets to provide funding to.

We maintain independence amongst the risk, legal and investment teams such that investment decisions may be vetoed by our risk or legal teams if required. In addition, our investment committees include our independent directors and third party external experts such that investment decisions may be made in an independent and informed manner.

Pre-Approval Stage

At the pre-approval stage, we analyse the potential investment by leveraging on Brickex to verify price and velocity assumptions and every potential investment is also subject to a standard risk scoring system to measure the various risks associated with the investment. We believe that our strategic alliances with large funds like CPP Investment Board and APG, who independently assess each investment, also serve as an external validation of our investment thesis and decisions. We structure our financing services and offerings in a manner that links our underwriting and disbursements of loans to the income-generating milestones of a project (e.g. sales of units in the development or collection of rental income).

Constant Asset Monitoring

As part of our constant asset monitory efforts, we have set up dedicated local teams in cities in which we have investments so as to constantly assess the performance of each project from the time of our initial investment up to our exit or completion of such investment. Some measures we adopt in respect of our asset monitoring include:

- Monthly site visits to ascertain the physical progress of the project, the quality of the project and to estimate any cost overruns and delays. Site visit reports are prepared which include details illustrating the number of labourers on the site and the progress made in respect of each work stream over the course of each site visit. The site visit reports including those on stalled projects are highlighted to the management on a monthly basis;

- Monitoring monthly project escrow accounts and performance of items including developer sales volume, sales prices collections, physical progress and construction costs;

- Monthly computation of cash cover to ensure adherence to minimum stipulated cash cover and to ascertain whether additional security is required; and

- Monthly project monitoring meetings.

Our risk team assesses the risk levels of our investment portfolio by measuring a project's performance against certain factors including sales velocity, pricing of the project, approval timelines, ability to meet principal and interest obligations and site visit findings. Depending on the results of such assessment, the portfolio may fall under one of four categories of performance, namely (i) no issue with no action required over next six months, (ii) no issue but to closely monitor for next six months, (iii) stress envisaged over next six months or (iv) default. This allows our risk team to map and monitor our portfolio risk levels and adjust our exposure in each city or region accordingly.

Our gross NPA, defined as the percentage of assets in our Total Loan Book which are more than 90 days overdue, was 0.9% and 0.4% for the fiscal years ended March 31, 2016 and March 31, 2017, respectively. On principal loan amount, expected credit loss provision as required under Ind AS is created, resulting in a provision of 2.2% of the outstanding loan as of March 31, 2017. For further details on our Gross NPA and expected credit losses, see "*Management's Discussion and Analysis of Financial Condition and Results of Operation - Asset Quality*" on page 320.

Pharmaceuticals

Our pharmaceuticals business is divided into (i) global pharmaceuticals business, comprising of fully integrated end-to-end pharmaceutical development and manufacturing services to other pharmaceutical companies and portfolio of products, including differentiated branded hospital generic products and (ii) consumer products business.

Global Pharmaceuticals

Pharmaceutical Development and Manufacturing Services

We have a network of development and manufacturing facilities located in India, the United States, the United Kingdom and Canada. Through these facilities we offer end-to-end services required to bring a drug to the market place to other pharmaceutical companies. We also offer pharmaceutical development and manufacturing solutions through collaborative partnership models and work with our customers throughout the phases of the drug life cycle.

The typical stages of a drug life cycle include (i) drug discovery, (ii) pre-clinical, (iii) clinical trial, (iv) launch of drug, (v) on-patent and (vi) off-patent. The clinical trial phase contains three stages and we manufacture products for all three stages. We also manufacture products for patent holders and once such patents expire we customarily manufacture products for the subsequent broader group of companies that include such products in their portfolios Our end-to-end services are offered to customers such as innovator companies who wish to develop a drug from scratch or alternatively, each service across the drug life cycle may also be offered as a stand-alone service or in conjunction with other services across the drug life cycle.

In the drug discovery and development stage, our specialised team assists in the synthetic chemistry process and provide services including ADME (absorption, distribution, metabolism, excretion) screening services. Analytical support services are also provided by a dedicated specialist analytical team. At the clinical development stage, our research and development team is equipped to provide solutions and expertise on the process development of Active Pharmaceutical Ingredients ("**APIs**") which are substances or substance combinations used for the manufacturing of drugs. Pre-formulation services may also be provided to customers regarding information on developing the drug compounds to the next steps.

Our pharmaceutical contract manufacturing capabilities support the services we offer at various stages of the drug life cycle as we are equipped to manufacture a range of products, including starting materials, drug intermediaries, APIs and finished pharmaceutical formulations. In terms of APIs, we manufacture APIs that may be used at the pre-clinical stage and other relevant stages of the drug life cycle. Our manufacturing capabilities also allow us to manufacture finished pharmaceutical formulations in dosage forms such as oral solids (for example tablets and hard gelatine capsules) or sterile injectibles (for example solutions and lyophilites).

Portfolio of Products

Branded Hospital Generic Products

We have a differentiated branded hospital generic portfolio comprising of inhalation and injectable anaesthesia, pain management drugs, intrathecal spasticity management drugs. We have established a presence in over 110 countries while serving over 5,500 hospitals. Other branded hospital generic products such as Propofol and plasma volume expanders such as Polygeline also form a part of our offerings. We offer Sevoflurane, Isoflurane, Desflurane and Halothane under our inhaled anaesthetics portfolio. Desflurane is expected to be launched in the market in fiscal year 2018 and will complete our suite of inhalation anaesthetic product offerings.

We are a supplier of inhaled anaesthetics, with the internal capability to manufacture all four generations of inhalation anaesthetic products: Halothane, Isoflurane, Sevoflurane and Desflurane.

(a) Our Inhalation Anaesthesia Products

Sevoflurane

Sevoflurane is an inhalational anesthetic agent for use in induction and maintenance of general anesthesia.

Isoflurane

Isoflurane is a general inhalation anesthetic drug. Isoflurane is used for induction and maintenance of general anaesthesia in adult and paediatric patients for inpatient and outpatient surgeries. Terrell and Attane are our trade names for Isoflurane in human and veterinary segments, respectively.

Others

Halothane and Desflurane are forms of general anaesthetic used in inhalation anaesthesia and may be used for induction and maintenance of general anaesthesia during an operation. We intend to launch Desflurane as a generic product in fiscal year 2018.

(b) Our Injectable Anaesthesia Products

In 2016, we added five branded products to our intravenous portfolio being Sublimaze (fentanyl citrate), Sufenta (sufentanil citrate), Rapifen (alfentanil), Dipidolor (piritramide), and Hypnomidate (etomidate) following our acquisition of Janssen. The additional products are marketed throughout the world except for the United States.

All of these products, except for Hypnomidate, are controlled substances and all are brand versions of drugs that are now generic. While the products are generic, they are considered controlled substances, which limits the competition faced in respect of these products. As part of the acquisition of Janssen, its local affiliates continue to market and sell these products on our behalf while we undertake other processes including supply chain and distribution activities.

The products under our injectable anaesthesia portfolio are sold in substantially the same markets as that of our inhaled anaesthetics products portfolio.

(c) Our Intrathecal Severe Spasticity Products

Gablofen

In 2017, we acquired from Mallinckrodt LLC the intrathecal spasticity management product Gablofen (baclofen) and two pain management products under development. Gablofen is a baclofen drug currently available in prefilled syringes and vials, while the other intrathecal products in the market are available in ampoules In addition to Gablofen we also acquired other products under development which will be added to our product portfolio.

Gablofen is commercialized in the United States and is marketed through a dedicated sales team. Gablofen is also approved but not yet launched in key European markets, and we are currently developing our plans to commercialize Gablofen in those markets and others around the world. We have sought to enhance our overall portfolio with differentiated products that leverage our access to hospitals through these acquisitions.

(d) Other Products

Piramal Nutrition Solutions (PNS), a division of Piramal Group, is in the manufacture and supply of vitamin ingredients and vitamin - mineral premixes. We cater to the vitamin and mineral needs of our customers which include companies in the global pharmaceutical, food and beverage, personal care and animal feed sectors and government organizations. We manufacture Vitamin A and procure Vitamin B, C, D and E in various commercial forms such us oily forms, water miscible forms, cold water soluble powders and gelatin-encapsulated forms.

We also engage in the manufacture and supply of generic APIs across a wide spectrum of therapy areas including anti-hypertensive, anti-fungal, anti-depressants and anti-spasmodic. These APIs are manufactured across our manufacturing sites in India and UK.

Acquisitions

In line with our practice of entering into strategic investments in order to grow inorganically, we have undertaken the following key acquisitions which we believe provides us with niche capabilities:

- 2015: *Acquisition of Coldstream Laboratories Inc.* ("**Coldstream**")

  Coldstream is a speciality pharmaceutical CDMO focused on the development and manufacturing of sterile injectable products. We believe that our acquisition of Coldstream complements our sterile injectible development capabilities and allows us to further strengthen our position in the injectibles market. In addition, Coldstream also offers fill and finish options to certain of our antibody drug conjugate customers in Grangemouth, Scotland.

- 2016: *Acquisition of Ash Stevens Inc.* ("**Ash Stevens**")

  Ash Stevens is a CDMO engaged in pharmaceutical contract manufacturing and serves biotech and pharmaceutical customers. We believe that our acquisition of Ash Stevens, which is engaged in the business of manufacturing high potency APIs, is synergistic with our antibody drug conjugates and injectibles business.

- 2016: *Acquisition of injectable anaesthesia and pain management products from Janssen Pharmaceutica NV*

  Our product portfolio was further strengthened to include five additional injectable anaesthesia and pain management products, namely, Sublimaze, Sufenta, Rapifen, Dipidolor and Hypnomidate. The acquisition provided us access to over 50 countries in which these five products were being marketed.

- 2017: *Acquisition of portfolio of intrathecal spasticity and pain management drugs from Mallinckrodt LLC*

  The portfolio acquired includes Gablofen (baclofen), a severe spasticity management product, which is currently marketed in the United States, and two pain management products, which are currently under development. Gablofen has also been approved for launch in eight European markets.

Manufacturing Facilities

We currently have 13 manufacturing facilities based in India, the United States, United Kingdom and Canada out of which 9 sites are USFDA approved. In FY2015, we undertook several initiatives to increase our manufacturing capacity in order to improve efficiencies and to build capacities for future growth. These capacity expansion initiatives include:

- Doubling capacities at our discover services facility in Ahmedabad
- Expanded capacity at our Grangemouth site to handle larger batch sizes of ADC manufacturing
- Expanded capacity at our Coldstream site
- Expanded capacity at our API plants to handle higher volumes.

The following table sets out the principal details with respect to our 13 manufacturing facilities for our global pharmaceuticals business, including the products manufactured at such facility and the certifications held by the facility.

No.	Facility and Location	Key Manufacturing capabilities	Major certifications and approvals
1	Pithampur, India	Formulation manufacturing	USFDA, EU (Swedish MPA), HEALTH CANADA, WHO-GMP
2	Ahmedabad, India	Drug discovery and formulation development, clinical batch manufacturing.	EU (Swedish MPA), State-GMP
3	Digwal, India	API development and manufacturing, Manufacturing of inhaled Anesthesia	USFDA, MHRA, ANVISA, , Cofepris MEXICO, WHO-GMP, PMDA
4	Ennore, India	API and intermediate development and manufacturing	WHO-GMP
5	Mahad, India	Vitamins and Minerals premixes	USFDA, WHO-GMP

No.	Facility and Location	Key Manufacturing capabilities	Major certifications and approvals
6	Grangemouth, United Kingdom	ADC and biologics manufacturing	USFDA, MHRA
7	Morpeth, United Kingdom	API and formulation development and manufacturing	USFDA, MHRA
8	Bethlehem, USA	API and formulation - inhaled Anesthesia	USFDA, MHRA, KFDA, Turkish FDA, ISO 13485:2003
9	Aurora, Canada	API and intermediate development and manufacturing	USFDA, MHRA, HEALTH CANADA, PMDA
10	Kentucky, USA	Sterile Formulation development and manufacturing	USFDA
11	Michigan, USA	High Potency API development and manufacturing	USFDA, PMDA, MOH-RUSSIA
12	PR&D, LightHall Mumbai	Formulation Development	Not applicable
13	Ahmedabad, India	Drug discovery	Not applicable

Intrathecal spasticity and pain management and injectable pain management and anaesthesia products are contract manufactured at third party facilities.

Consumer Products Business

Our consumer products portfolio currently comprises 18 brands and various products spanning categories such as skin care, antacid, women intimate range, kids wellbeing and baby care, pain management, oral care, gut health, respiratory and lifestyle problems. Six of our brands are well established brands and brief details of these six brands are set out below:

- **Saridon**: Saridon is one of the analgesic brands used for headaches.
- **Lacto Calamine**: Lacto Calamine is a skin care brand available in various product-types such as lotions, facewash, sunscreen and anti-aging creams.
- **i-pill/i-know**: These products form our women intimate range of products and the i-pill and i-know are an emergency contraceptive pill and an ovulation test kit, respectively.
- **Polycrol**: Polycrol is an antacid brand available in the form of a consumable antacid gel.
- **Tetmosol**: Tetmosol is the brand of a medicated soap for skin infections.

The key drivers of growth behind our Consumer Products business may be attributed to our history of acquisitions of brands and products in order to expand our portfolio and distribution network. Following our decision to establish an independent OTC business in 2008, we have undertaken the following key corporate actions and acquisitions to build our Consumer Products business:

- 2015: *Acquisition of "Little's", a baby-care brand*

  The acquisition of "Little's" introduced a portfolio comprising the entire product range across six categories of products including feeding bottles, skin-care, grooming accessories, apparels and toys for babies. The "Little's" brand which caters to children in the age group of 0 – 4 years also complemented the existing "Jungle Magic" brand in our Consumer Products business which carried products for children who were 5 – 10 years old. Following such acquisition, our Consumer Products business could cater to a larger target group of children in the age group of 0 – 10 years.

- 2015: *Acquisition of five OTC brands from Organon India Private Limited. and MSD BV*

  Our product portfolio was expanded to include brands such as Naturolax, Lactobacil and Farizym.

- 2016: *Acquisition of four OTC brands from Pfizer India*

  The brands we acquired were Ferradol which is a nutritional supplement for children and adults, Neko which is a medicated soap, Sloan's which is a muscular pain reliever available in balm and liniment forms and Waterbury's Compound which is used for building cough and cold immunity.

Sales and Marketing, Distribution and Quality Control

Global Pharmaceuticals

Sales , Marketing and Distribution

We have presence in key geographies of North America, Europe and Asia and our products are sold through our global distribution network, which includes a dedicated sales force and distributors in more than 110 countries and over 5,500 hospitals. We believe that the strategic locations of our facilities along with our distribution system allow us to supply our products throughout the world in an efficient manner.

We believe that our products are generally more complex to manufacture, sell or distribute than typical generic products, including both other hospital products and non-hospital (or retail) products. We have a growing portfolio of a broad range of generic drug products focused primarily on the hospital markets.

Our Business Development function is supported by a strategic marketing team which develops market intelligence, sets strategy, drives lead generation, and designs and executes marketing and branding initiatives. Our strategic marketing team monitors industry trends, produces whitepapers and also identifies potential acquisition targets in close collaboration with the corporate M&A team.

Quality Control

Our focus on quality has led us to establish a quality management model based on four key pillars, namely governance, people, execution and review. We have established a quality leadership team led by a Global Head of Quality that reports to a Board member. The members of the quality function also receive training on a regular basis to keep them abreast of the latest regulatory developments. Our quality team is autonomous within the Pharmaceuticals group and reports directly to the Executive Director and a nominated board member.

The quality function monitors our quality practices across four work flows of technology, process, systems and people. Each of these work flows is managed by a subject matter expert from the quality leadership team and industry best practices are recommended and incorporated from time to time.

Our manufacturing sites are subject to regular reviews for quality. Each site is assigned to a designated corporate coordinator who keeps close track of quality processes and identifies areas for improvement. Upon the identification of any significant quality deviation, the affected process or system will be subject to a defined protocol in order to rectify the quality deviation.

Our quality team has developed and regularly make use of multiple proprietary tools to evaluate quality health and mitigate risks within the organization, including:

- SENSOR Quality Health Barometer – Measures the health of our sites and predicts perpetual audit readiness.
- Quality Intelligence Cell – Shares updates on, among other things, regulatory guidelines, warning letters, FDA 483 inspection notices, corporate guidelines, whitepapers, statement of non-compliances received by other firms.
- Data Integrity Governance – A data integrity checklist is prepared, self-assessment is performed by the relevant sites, the responses are evaluated and an action plan is designed for quality improvements.
- Audit Scorecard – Analyse readiness to face regulatory/customer audits at a site.
- New Site Integration – Assessment of all acquisitions and mergers from a quality perspective. This follows a quality on-boarding model that conducts due diligence and rolls out integration strategies for quality systems and processes.

India Consumer Products

Sales, Marketing and Distribution

Our Consumer Products business has expanded its direct distribution reach to cover approximately over 400,000 retail outlets with a presence in over 1,500 towns. Our direct coverage of chemists is over 220,000 outlets.

Distributors and CFAs are our other key channel partners with orders generated at the retail level being serviced by over 2,400 distributors who in turn are serviced by over 20 CFA agents. To service such a wide network, we have storage space spread across all three nodes in India. Our sales and marketing infrastructure is further supported by a distribution network of over 2,000 employees for our Consumer Products business. Our entire sales force also utilises automated systems to capture and monitor daily sales in addition to being supported by technology more widely.

Quality Control

Our India Consumer Products Business utilises flexible manufacturing whereby all of our products (except for Saridon) are made at an external site by third party vendors Such an approach provides our business with flexibility and bandwidth to focus on our core areas without compromising on product quality. Our in-house business development team follows stringent protocols for selection of vendors with each vendor being evaluated against a set of key parameters comprising manufacturing, capability, regulatory compliance, quality standards and competitive pricing. A potential vendor has to score well on each of these parameters to qualify as a business partner. Once so qualified, quality and compliance is monitored at each stage by our in-house quality assurance ("**QA**") team. The QA team conducts detailed checks at all critical points in the chain from sourcing to finished products.

Healthcare Insights & Analytics

Our healthcare insights & analytics business is carried out primarily through Decision Resources Group ("**DRG**") which we acquired in 2012. DRG provides information management solutions such as value-added data and analytics, research reports and knowledge-based services to customers in sectors including the pharmaceutical, biotech, medical device, payer (insurance), provider (hospitals and other healthcare providers) and financial services sectors. DRG's products and services portfolio comprise three business categories, namely, research and data covering the end-to-end healthcare ecosystem, custom analytics and global consulting services. DRG's products and services are built around proprietary and data assets and algorithms, complemented by an in-house team of subject matter experts, therapy area expert analysts, data scientists and strategy consultants with deep industry knowledge. Established in 1990, DRG, through a combination of organic and inorganic growth and innovation, has evolved and transformed from a life sciences syndicated market research company to a data-driven, technology enabled, healthcare insights business.

Our revenue model is largely service-related, including subscription services, and entails a high level of recurring business. Our legacy expertise in research and data gathering to support the pharmaceuticals industry has enabled DRG to build a database of proprietary data, supported by our global team of industry experts and data scientists.

Our healthcare insights & analytics business is headquartered in Burlington, Massachusetts and operates across North America, Europe and Asia with 17 offices across six countries.

Acquisitions

Growth through acquisitions has been an integral component of DRG's development as a business information company. Post our acquisition of DRG, the healthcare insights & analytics business was further expanded through various organic and inorganic initiatives. Our Company believes that various acquisitions have helped bolster DRG's existing product offerings and expanded DRG's reach to new markets. These acquisitions include:

- 2015: *Activate Networks*

  In February 2015, DRG acquired Activate Networks, a provider of network analytics that maps, analyses and activates networks for healthcare and life sciences companies. Activate Networks helps identify key connections that drive commercial success in companies. The acquisition of Activate Networks has expanded and augmented DRG's Data and Analytics business.

- 2015: *Healthcare Business Insights*

  In May 2015, DRG acquired Healthcare Business Insights, a provider of best-practice research, trainings and services. This acquisition marked DRG's entry into the provider space.

- 2015: *HealthHiway*

  In April 2015, Piramal acquired Health SuperHiway Pvt. Ltd (now known as Searchlight Health), a healthcare analytics company which provides data integration, analytics and solutions development to Indian healthcare providers.

- 2016: *Adaptive Software*

  In February 2016, DRG acquired Adaptive Software, a developer of pharmacy benefit and formulary management software platforms. This acquisition marked DRG's entry into the payer space. It also expanded DRG's capabilities in respect of the provision of data, insight and software solutions relating to amongst others, drug efficacy, pricing and market access.

- *2017: Sharp Insight Ltd. t/a Walnut Medical*

  In April 2017, DRG acquired Walnut Medical, a UK-based data company that offers hospital procedure volume data. This acquisition would provide DRG access to key European hospital-level data, to enhance and expand its data and analytics offerings.

DRG India

In 2014, DRG launched a new initiative to transform its global and talent pool by investing and expanding operations in India. In 2015, DRG Analytics & Insights Private Limited was incorporated and the business opened its first office in Whitefield, Bengaluru. A second office was subsequently opened in Cyber City, Gurugram. The India team's work is intended to be an extension of DRG's operating model across various product lines.

Competition

Financial Services

Our primary competitors according to CRISIL Research include other non-banking financial companies such as Edelweiss Financial Services, TATA Capital Financial Services Ltd., Infrastructure Leasing and Financial Services Limited (IL&FS), KKR India Financial Services Private Limited, IndoStar Capital Finance Limited and Capri Global Capital Limited. We also compete with other banks for our financial services business.

Pharmaceuticals Solutions

We believe that the Indian OTC space continues to grow generally and in respect of a few key OTC categories a rapid rise in competition has been experienced. Our products are present across all the key OTC categories, including vitamins and minerals, cough and cold preparations, analgesics, digestive remedies and medicated skincare. We consider all large established pharmaceutical companies as our director competitors in the consumer products space, particularly GSK Consumer Health, Johnson & Johnson, Cipla Ltd, Dabur India, Godrej Consumer Products Abbott India, Sun Pharmaceutical India, Sanofi, Glenmark, ITC, P&G India, Dr Reddy's, Zydus Wellness, Emami Ltd, Cadila India and Pfizer India.

Healthcare Insights & Analytics

DRG competes with several mid-size and large healthcare firms that provide a range of research, data and analytics and consulting services. Some of the firms are highly specialized in certain of these competencies, but not necessarily all competencies. These competitors include QuintilesIMS, Global Data, Datamonitor (Informa), Symphony Health, Inventiv Health, Zitter Associates, Innovalon, MMIT, Mu Sigma, Optum Health, Advisory Board, ZS Associates, IBM, Cognizant and Change Healthcare.

Additionally, DRG competes with healthcare organizations' internal research, insights, analytics, marketing and commercialization groups.

Employees

The Group had a total of 6,445 employees as of March 31, 2017. The following table shows a breakdown of our employees by geographic region:

Location	Number of Employees
India	4,478
United States of America	941
Other countries	1,026
Total	**6,445**

The following table shows a breakdown of our employees across our three core business units:

Core Business Unit	Number of Employees
Pharmaceuticals	5,169
Financial Services	193
Healthcare Insights & Analytics	1,083
Total	**6,445**

Properties

Our registered office and corporate headquarters is located at Piramal Ananta, Agastya Corporate Park, Opposite Fire Brigade, Kamani Junction, LBS Marg, Kurla (West), Mumbai – 400 070. In addition, our manufacturing facilities, research and development facilities, sales and marketing and administration offices are located in various districts in India and internationally.

Intellectual Property

We conduct our business mainly under the "Piramal" brand names and the Piramal logo. Most of the trademarks and logos have been registered in India with the Register of Trademarks.

Legal Proceedings

We are involved in a number of legal proceedings in the ordinary course of business. In addition, we are subject to inquiries, examinations, audits or investigations by certain government entities and regulatory bodies including SEBI, RBI and CCI concerning our compliance with certain laws and regulations. However, other than as described in "*Outstanding Litigation and Defaults*" beginnng on page 360, we are not currently a party to any proceedings and no proceedings are known by us to be contemplated by governmental authorities or third parties, which, we believe, if adversely determined, would have a material adverse effect on our business, prospects, financial condition or results of operations.

Insurance

We maintain insurance over our property for standard perils including fire, machinery breakdown, and earthquakes. We also have a marine export import insurance open policy, a clinical trial policy for pharmaceutical research and a public liability insurance policy. Our policies are subject to customary exclusions and deductibles. We believe that our insurance coverage is consistent with industry standards for companies in India.

Corporate Social Responsibility

Our Company conducts corporate social responsibility activities primarily through certain of its subsidiary companies (collectively known as the "**Foundation**"). The Foundation believes that positive change can occur, when we collaborate with likeminded partners and nurture projects that are scalable ensuring a long-term impact. An amount of ₹ 258.6 million and ₹ 394.7 million were contributed by our Company to the Foundation and other entities of the Group in respect of corporate social responsibility activities in the fiscal years ended March 31, 2016 and March 31, 2017, respectively. Our corporate social responsibility policy is guided by our core values, namely, Knowledge, Action and Care and we have been pursuing corporate social responsibility initiatives even before it was mandated by law in the recent years. In line with sustainable development goals, our corporate social responsibility initiatives are focused on the following areas including:

- Universal primary education;
- Reducing child mortality rates, improving maternal and child health, diabetes, hypertension; and
- Improving access to safe drinking water.

Our Company invests into various corporate social responsibility initiatives through Piramal Swasthya which is involved in the provision of healthcare facilities to rural India, Piramal Foundation for Education Leadership (PFEL) which is focused on creating leadership capacity in the education sector and Piramal Udgam which is focused on providing employment opportunities particularly for women in rural areas. Our current corporate social responsibility effort spans across numerous states in India and we have built partnerships with local governments and other international bodies in connection with our corporate social responsibility initiatives.

OUR MANAGEMENT

Board of Directors

Our Board of Directors presently consists of 13 Directors including one Chairman, one Vice Chairperson, two Executive Directors and nine Non – Executive Directors, of which eight are Independent Directors. The Articles of Association provide that our Company shall not have less than three Directors and not more than 20 Directors.

Pursuant to the provisions of the Companies Act, 2013, at least two-third of the total number of Directors, excluding the Independent Directors, are liable to retire by rotation, with one-third of such number retiring at each AGM. A retiring Director is eligible for re-election. Further, an Independent Director may be appointed for a maximum of two consecutive terms of up to five consecutive years each. Any re-appointment of Independent Directors shall, *inter alia*, be on the basis of the performance evaluation report and approved by the shareholders by way of special resolution.

The following table sets forth details regarding our Board of Directors as of the date of this Draft Letter of Offer:

<table>
<tr><th>Sr. No.</th><th>Name</th><th>Age (years)</th><th>Other Directorships</th></tr>
<tr><td>1.</td><td>Ajay Piramal

Designation: Chairman

Address: Piramal House 61, Pochkhanawala Road, Worli, Mumbai 400030

DIN: 00028116

Term: Fixed term for a period of five years with effect from April 1, 2017

Occupation: Industrialist

Nationality: Indian</td><td>62</td><td>• Akshar Fincom Private Limited;
• Allergan India Private Limited;
• Kaivalya Education Foundation;
• PEL Management Services Private Limited;
• Piramal Capital Limited;
• Piramal Finance Limited;
• Piramal Foundation for Education Leadership;
• Piramal Fund Management Private Limited;
• Piramal Glass Limited;
• Piramal Management Services Private Limited;
• Pratham Education Foundation;
• Shriram Capital Limited;
• Tata Sons Limited; and
• The Piramal Art Foundation.</td></tr>
<tr><td>2.</td><td>Dr. Swati Piramal

Designation: Vice Chairperson

Address: Piramal House 61, Pochkhanawala Road, Worli, Mumbai 400030

DIN: 00067125

Term: Appointed with effect from November 20, 2017 for a period of five years, subject to the approval of our Shareholders and liable to retire by rotation

Occupation: Industrialist

Nationality: Indian</td><td>61</td><td>• Akshar Fincom Private Limited;
• Allergan India Private Limited;
• Indiaventure Advisors Private Limited;
• Nestle India Limited;
• PEL Management Services Private Limited;
• Piramal Finance Limited;
• Piramal Glass Limited;
• Piramal Management Services Private Limited;
• Sreekovil Realty Private Limited; and
• The Piramal Art Foundation.</td></tr>
<tr><td>3.</td><td>Gautam Banerjee

Designation: Independent Director

Address: 10 Cornwall Gardens, Singapore 269639

DIN: 03031655

Term: Fixed term for a period of five years with effect from March 31, 2014</td><td>63</td><td>• Blackstone Advisors India Private Limited;
• Blackstone Singapore Pte Limited;
• EDBI Pte Limited;
• GIC Private Limited;
• Singapore Airlines Limited; and
• The Indian Hotels Company Limited.</td></tr>
</table>

Sr. No.	Name	Age (years)	Other Directorships
	Occupation: Professional ***Nationality***: Singaporean		
4.	**Keki Dadiseth** ***Designation:*** Independent Director ***Address***: 8A Manek, L D Ruparel Marg, Malabar Hill, Mumbai 400006 ***DIN***: 00052165 ***Term***: Fixed term for a period of five years with effect from March 31, 2014 ***Occupation***: Professional ***Nationality***: Indian	71	• Breach Candy Hospital Trust; • Britannia Industries Limited; • Godrej Properties Limited; • Indian School of Business; • JM Financial Limited; • JM Financial Services Limited; • Marsh & McLennan Companies Inc. India; • Omnicom India Marketing Advisory Services Private Limited; and • Siemens Limited.
5.	**Dr. Raghunath Mashelkar** ***Designation:*** Independent Director ***Address***: D-4, Varsha Park, Baner, Pune 411045 ***DIN***: 00074119 ***Term***: Fixed term for a period of five years with effect from March 31, 2014 ***Occupation***: Scientist ***Nationality***: Indian	74	• Akamara Biomedicine Private Limited; • Gharda Medical & Advanced Technologies Foundation; • Gharda Scientific Research Foundation; • Godrej Agrovet Limited; • International Longevity Centre- India; • Invictus Oncology Private Limited; • Reliance Industries Limited; • Sakal Papers Private Limited; • Tal Manufacturing Solutions Limited; • Tata Motors Limited; • Thermax Limited; and • Vyome Biosciences Private Limited.
6.	**Professor Goverdhan Mehta** ***Designation:*** Independent Director ***Address***: Q No. A-45, South Campus, HCU, Gachibowli, Hyderabad, Serilingampally, CUC, Rangareddi, Telangana State 500046 ***DIN***: 00350615 ***Term***: Fixed term for a period of five years with effect from March 31, 2014 ***Occupation***: Scientist ***Nationality***: Indian	74	• Dr. Reddy's Institute of Life Sciences
7.	**Siddharth Mehta** ***Designation:*** Independent Director ***Address***: 159 E, Walton Place, Unit 27A, Chicago, IL 60611, USA ***DIN***: 06530606 ***Term***: Fixed term for a period of five years with effect from March 31, 2014	59	• AllState Insurance; • Avant; • Entrust Datacard; and • TransUnion LLC.

<table>
<tr><th>Sr. No.</th><th>Name</th><th>Age (years)</th><th>Other Directorships</th></tr>
<tr><td></td><td>Occupation: Professional

Nationality: American</td><td></td><td></td></tr>
<tr><td>8.</td><td>Anand Piramal

Designation: Non-Executive Director

Address: 61 Pochkhanawala Road, Worli, Mumbai 400030

DIN: 00286085

Term: Liable to retire by rotation

Occupation: Industrialist

Nationality: Indian</td><td>33</td><td>• Akshar Fincom Private Limited;
• Anutham Realty Private Limited;
• Kaivalya Education Foundation;
• PEL Management Services Private Limited;
• Piramal Corporate Services Limited;
• Piramal Finance Limited;
• Piramal Foundation;
• Piramal Foundation For Education Leadership;
• Piramal Management Services Private Limited;
• Piramal Water Private Limited; and
• PRL Developers Private Limited.</td></tr>
<tr><td>9.</td><td>Nandini Piramal

Designation: Executive Director

Address: 5th Floor, Piramal House 61, Pochkhanawala Road, Worli, Mumbai 400030

DIN: 00286092

Term: Appointed for a period of five years with effect from April 1, 2017 and liable to retire by rotation

Occupation: Industrialist

Nationality: Indian</td><td>37</td><td>• Nithyam Realty Private Limited;
• Piramal Corporate Services Limited;
• Piramal Udgam Data Management Solutions;
• Piramal Water Private Limited; and
• The Swastik Safe Deposit and Investments Limited.</td></tr>
<tr><td>10.</td><td>Subramanian Ramadorai

Designation: Independent Director

Address: Flat No. 1, Wyoming, Little Gibbs Road, Malabar Hill, Mumbai 400006

DIN: 00000002

Term: Fixed term for a period of five years with effect from March 31, 2014

Occupation: Professional

Nationality: Indian</td><td>73</td><td>• Airasia (India) Limited;
• Asian Paints Limited;
• Breach Candy Hospital Trust;
• British Asian India Foundation;
• DSP Blackrock Investment Managers Private Limited;
• Hindustan Unilever Limited;
• Tata Advanced Systems Limited;
• Tata Boeing Aerospace Limited;
• Tata Lockheed Martin Aerostructures Limited;
• Tata Sikorsky Aerospace Limited; and
• Tata Technologies Limited.</td></tr>
<tr><td>11.</td><td>Deepak Satwalekar

Designation: Independent Director

Address: Flat No. 401, 4th Floor, The Orchid, 12th Road, Near Madhu Park, Khar (West), Mumbai 400052

DIN: 00009627

Term: Fixed term for a period of five years with effect from March 31, 2014</td><td>68</td><td>• Asian Paints Limited;
• Franklin Templeton Asset Management (India) Private Limited;
• Germinait Solutions Private Limited; and
• The Tata Power Company Limited.</td></tr>
</table>

Sr. No.	Name	Age (years)	Other Directorships
	Occupation: Professional ***Nationality***: Indian		
12.	**Vijay Shah** ***Designation****:* Executive Director ***Address***: Flat No. 25, 22nd Floor, Kanchanjunga, 72, Peddar Road, Mumbai 400026 ***DIN***: 00021276 ***Term***: Appointed for a period of three years with effect from January 1, 2018, subject to the approval of our Shareholders and liable to retire by rotation. ***Occupation***: Service ***Nationality***: Indian	59	• Kinnari Foundation; • PHL Fininvest Private Limited; • Piramal Corporate Services Limited; • Piramal Finance Limited; • Piramal Glass Limited; • Piramal Glass Ceylon Plc.; • Piramal Glass – USA, Inc.; • Piramal Glass (UK) Limited; • Piramal Glass International Inc.; • Piramal Glass Williamstown LLC; and • Piramal Glass Flat River LLC.
13.	**Narayanan Vaghul** ***Designation****:* Independent Director ***Address***: Flat No. 3, Sudharshan Apartments, 63, First Main Road, Near Suriya Sweets, Raja Annamalaipuram, S.O. Chennai 600028 ***DIN***: 00002014 ***Term***: Fixed term for a period of five years with effect from March 31, 2014 ***Occupation***: Professional ***Nationality***: Indian	81	• Apollo Hospitals Enterprise Limited; • Give Foundation; • IKP Trusteeship Services Private Limited; • Institute for Policy Research Studies; • Mahindra World City Developers Limited; • Piramal Finance Limited; • Universal Trustees Private Limited; and • Wipro Limited.

Relationship with other Directors

Dr. Swati Piramal is the wife of Ajay Piramal. Nandini Pirmal and Anand Piramal are daughter and son of Ajay Piramal and Dr. Swati Piramal respectively.

Biographies of our Directors

Ajay Piramal is the Chairman of our Company. He holds a bachelor's degree of science (honours) in science from the Jai Hind College and Basantsingh Institute of Science, University of Bombay, master's degree in management studies from Jamnalal Bajaj Institute of Management Studies, University of Bombay and has completed the advanced management programme from Harvard Business School Executive Education. He serves on the Harvard Business School's Board of Dean's Advisors and Pratham Education Foundation. He has been appointed as a member of the advisory committee on the Corporate Insolvency and Liquidation. He has been honoured with a doctorate degree in Philosophy (D. Phil) by the Amity University, India. He has been awarded various awards, including the "Entrepreneur of the Year" award by the UK Trade and Investment India Business Awards, 2006. He has experience in the fields of pharma, financial services, healthcare, real estate, information services, glass packaging.

Dr. Swati Piramal is the Executive Vice Chairperson and Whole Time Director of our Company. She holds a bachelor of medicine, bachelor of surgery (MBBS) degree from the University of Bombay and master's degree in public health from the Harvard University. She also holds certificate of registration from the Maharashtra Medical Council. She is a member of the Harvard Board of Overseers and Dean's Advisor to Harvard Business School and Harvard School of Public Health. Dr. Piramal has been honoured with the Padma Shri by the President of India. She has experience in the fields of medicine, public health and education.

Gautam Banerjee is an Independent Director of our Company. He holds a bachelor's degree of science (honours) from the University of Warwick. He is a fellow of the Institute of Chartered Accountants in England and Wales, the Institute of Singapore Chartered Accountants and the Singapore Institute of Directors. Previously, he has been a member of the Economic Development Board and the National Heritage Board. In the past he has served, as an Executive Chairman of PricewaterhouseCoopers (PwC) Singapore and is currently a director of GIC Private Limited and Singapore Airlines. Mr. Banerjee was awarded the Honorary Doctor of Laws (LLD) by the University of Warwick in 2014.

Keki Dadiseth is an Independent Director of our Company. He holds a bachelor's degree in commerce from University of Mumbai. He is a fellow of the Institute of Chartered Accountants of England & Wales. He is a Member of the Managing Committee, Breach Candy Hospital Trust. He has served on the boards of various companies and corporates, including Omnicom India., Marsh & McLennan Companies, India. He is a member on the advisory boards of PricewaterhouseCoopers Private Limited (PwC), Accenture Solutions Private Limited, India Infoline Finance Limited and IIFL Holdings Limited. He is currently on the board of Britannia Industries Limited, Siemens Limited, Godrej Properties Limited, JM Financial Limited and JM Financial Services Limited.

Dr. Raghunath Mashelkar is an Independent Director of our Company. He holds a doctorate degree in technology from University of Bombay. He is on the board of directors of Reliance Industries Ltd., Tata Motors Ltd., Thermax Ltd. and is also the President of Global Research Alliance. He has served as the Director General of Council of Scientific and Industrial Research and also as the President of Indian National Science Academy and President of Institution of Chemical Engineers (UK). Previously, he has been a member of the Scientific Advisory Council to the Prime Minister. He has served as National Research Professor for National Chemistry Laboratory, Pune. He was selected for formation of a committee for examination of best technologies concerning sanitation and water by the Ministry of Drinking Water and Sanitation. He is member of the expert committee on technology evaluation committee for Solid and Liquid Waste and Water Supply. Dr. Mashelkar is a Fellow of the Royal Society, London, foreign member of the National Academy of Engineering, Fellow of Royal Academy of Engineering, U.K., Fellow of World Academy of Arts & Science, U.S.A. He is currently the chairman of National Innovation Foundation-India and Reliance Innovation Council. Dr. Mashelkar has been honoured by the President of India with Padma Shri, Padma Bhushan and Padma Vibhushan.

Professor Goverdhan Mehta is an Independent Director of our Company. He holds a doctorate degree in chemistry from University of Poona. Professor Mehta has been awarded with the Padma Shri from the President of India and 'Order of Merit of the Federal Republic of Germany' by the President of Federal Republic of Germany. He has received the award of 'Knight of the Legion of Honour' from Ambassade de France En Inde.

Siddharth Mehta is an Independent Director of our Company. He holds a bachelor's degree of science (economics) in accounting and finance from the University of London. He holds master of business administration from University of Chicago. He is currently on the board of AllState Insurance, TransUnion LLC, Avant and Entrust Datacard.

Anand Piramal is a Non-Executive Director of our Company. He holds a bachelor's degree in economics from the University of Pennsylvania and master's degree in business administration from the Harvard University. He serves as a director on the board of directors of PRL Developers Private Limited.

Nandini Piramal is the Executive Director of our Company. She holds a bachelor's degree (honours) in politics, philosophy and economics from the Oxford University and master's degree in business administration from the Stanford Graduate School of Business, Leland Stanford Junior University. She also holds a general certificate of education examination from the University of London.

Subramanian Ramadorai is an Independent Director of our Company. He holds a bachelor's degree (honours) in physics from the Delhi, a bachelor's degree of engineering in electrical communication from the Indian Institute of Science, Bangalore and a master's degree in computer science from the University of California. He continues to be Chairman of AirAsia (India) Limited, Tata Technologies Limited and is on board of Tata Advanced Systems Limited. He serves as an Independent Director on the boards of Hindustan Unilever Limited and Asian Paints Limited. Mr. Ramadorai has been awarded with the Padma Bhushan.

Deepak Satwalekar is an Independent Director of our Company. He holds B. Tech – Mechanical degree from Indian Institute of Technology, Bombay ("**IIT Bombay**") and a M.B.A. from the American University, Washington D.C. He is currently on the boards of Asian Paints Limited, Franklin Templeton Asset Management (India) Private Limited, the Tata Power Company Limited and Germinait Solutions Private Limited. He is on the Advisory Council of IIT Bombay.

Vijay Shah is the Executive Director of our Company and has been associated with the Piramal Group since 2015. He is a commerce graduate and a member of the Institute of Chartered Accountants of India. He has pursued the Management Education Programme from IIM, Ahmedabad and Advanced Management Program from the Harvard Business School.

Narayanan Vaghul is an Independent Director of our Company. He holds a bachelor's degree of commerce (honours) from the University of Madras. Previously, he has served as the non-executive Chairman of ICICI Bank Limited. He was the Chairman of CRISIL. He has been awarded with various awards, including the Padma Bhushan, Lifetime Achievement Award from Economic Times, Economic Times Award for Corporate Excellence, ICSI Lifetime Achievement Award for Translating Excellence in Corporate Governance into Reality by the Institute of Company Secretaries of India, Lifetime Achievement in Management Award from All India Management Association and Ernst & Young Entrepreneur of the Year Award.

Confirmations

None of our Directors is or was a director of any listed company during the last five years preceding the date of filing of this Draft Letter of Offer, whose shares have been or were suspended from being traded on BSE or NSE, during the term of their directorship in such company.

Except as disclosed below, none of our Directors is or was a director of any listed company which has been or was delisted from any recognised stock exchange in India during the term of their directorship in such company:

Sr. No.	Name of the company	Name of the stock exchange(s) on which the company was listed	Date of delisting on stock exchanges	Whether the delisting was compulsory or voluntary delisting:	Reasons for delisting	Whether the company has been relisted	Term of directorship (along with relevant dates) in the company
1.	**Dr. Swati Piramal**						
	Piramal Glass Limited	BSE and NSE	July 28, 2014	Voluntary	To give flexibility to the Promoter Group to provide the desired financial support to the Company including modifation of the existing capital structure, infusion of additional capital and adequately supporting the Company's strategic growth initiatives.	No	Date of appointment: Febuary 6, 1998 Date of cessation: N.A.
2.	**Dr. Swati Piramal**						
	Piramal Glass Limited	BSE and NSE	July 28, 2014	Voluntary	To give flexibility to the Promoter Group to provide the desired financial support to the Company including modifation of the existing capital structure, infusion of additional capital and adequately supporting the Company's strategic growth initiatives.	No	Date of appointment: March 12, 1998 Date of cessation: N.A.
3.	**Vijay Shah**						
	Piramal Glass Limited	BSE and NSE	July 28, 2014	Voluntary	To give flexibility to the Promoter Group to provide the desired financial support to the Company including modifation of the existing capital	No	Date of appointment: February 7, 1998 Date of cessation: N.A.

Sr. No.	Name of the company	Name of the stock exchange(s) on which the company was listed	Date of delisting on stock exchanges	Whether the delisting was compulsory or voluntary delisting:	Reasons for delisting	Whether the company has been relisted	Term of directorship (along with relevant dates) in the company
					structure, infusion of additional capital and adequately supporting the Company's strategic growth initiatives.		

Service agreements with the Directors

No service contracts have been entered into by the Directors with our Company providing for benefits upon termination of employment.

As of the date of this Draft Letter of Offer, there are no arrangements or understanding with major shareholders, customers, suppliers or others, pursuant to which our Company has appointed a director or a member of the senior management.

SECTION V: FINANCIAL INFORMATION

FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT

To the Members of Piramal Enterprises Limited

Report on the Standalone Indian Accounting Standards (Ind AS) Financial Statements

1. We have audited the accompanying standalone financial statements of **Piramal Enterprises Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Ind AS Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements to give a true and fair view of the financial position, financial performance (including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company 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 standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

4. We have taken into account the provisions of the Act and the Rules made thereunder including the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

5. We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

Price Waterhouse
Chartered Accountants
FRN 301112E
Mumbai

6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017, and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Other Matter

9. The financial information of the Company for the year ended March 31, 2016 and the transition date opening balance sheet as at April 1, 2015 included in these standalone Ind AS financial statements, are based on the previously issued statutory financial statements for the years ended March 31, 2016 and March 31, 2015 prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended) which were audited by us, on which we expressed an unmodified opinion dated May 16, 2016 and May 7, 2015 respectively. The adjustments to those financial statements for the differences in accounting principles adopted by the Company on transition to the Ind AS have been audited by us, on which we have expressed an unmodified opinion vide our report dated, May 12, 2017.

   Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

10. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act ("the Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order.

11. As required by Section 143 (3) of the Act, we report 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.

Price Waterhouse
Chartered Accountants
FRN 301112E
Mumbai

(b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

(c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

(d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.

(e) On the basis of the written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 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 of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure A.

(g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:

i. The Company has disclosed the impact, if any, of pending litigations as at March 31, 2017 on its financial position in its standalone Ind AS financial statements – Refer Note 48;

ii. The Company has made provision as at March 31, 2017, as required under the applicable law or accounting standards, for material foreseeable losses, on long-term contracts – Refer Note 48 forming part of Notes to financial statements. The Company has derivative contracts as at March 31, 2017, for which there were no material foreseeable losses;

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended March 31, 2017;

iv. The Company has provided requisite disclosures in the standalone financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management – Refer Note 53.

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Jeetendra Mirchandani
Partner
Membership Number: 048125

Mumbai
May 12, 2017

Annexure A to Independent Auditors' Report

Referred to in paragraph 11 (f) of the Independent Auditors' Report of even date to the members of Piramal Enterprises Limited on the standalone financial statements for the year ended March 31, 2017

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act

1. We have audited the internal financial controls over financial reporting of Piramal Enterprises Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company 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 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 Act.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting 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") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. 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.

4. 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.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Price Waterhouse
Chartered Accountants
FRN 301112E
Mumbai

Annexure A to Independent Auditors' Report

Referred to in paragraph 11 (f) of the Independent Auditors' Report of even date to the members of Piramal Enterprises Limited on the standalone financial statements for the year ended March 31, 2017

Meaning of Internal Financial Controls Over Financial Reporting

6. 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

7. 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

8. In our opinion, the Company has, 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, 2017, based on the internal control over financial reporting criteria established by the Company 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.

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Jeetendra Mirchandani
Partner
Membership Number: 048125

Mumbai
May 12, 2017

Annexure B to Independent Auditors' Report

Referred to in paragraph 10 of the Independent Auditors' Report of even date to the members of Piramal Enterprises Limited on the standalone financial statements as of and for the year ended March 31, 2017

i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.

(b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.

(c) The title deeds of immovable properties, as disclosed in Note 3 on Property, Plant & Equipment to the financial statements, are held in the name of the Company.

ii. The physical verification of inventory excluding stocks with third parties have been conducted at reasonable intervals by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. The discrepancies noticed on physical verification of inventory as compared to book records were not material.

iii. The Company has granted unsecured loans, to twelve companies covered in the register maintained under Section 189 of the Act. The Company has not granted any secured/ unsecured loans to firms, LLPs or other parties covered in the register maintained under Section 189 of the Act.

(a) In respect of the aforesaid loans, the terms and conditions under which such loans were granted are not prejudicial to the Company's interest.

(b) In respect of the aforesaid loans, the schedule of repayment of principal and payment of interest has been stipulated, and the parties are repaying the principal amounts, as stipulated, and are also regular in payment of interest as applicable.

(c) In respect of the aforesaid loans, there is no amount which is overdue for more than ninety days.

iv. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013 in respect of the loans and investments made, and guarantees and security provided by it.

v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.

vi. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148 (1) of the Act in respect of its products.
We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of, profession tax, employees' state insurance, value added tax and service tax, though there has been a slight delay in a few cases, and is regular in depositing undisputed statutory dues, including provident fund, sales tax, income tax, duty of customs, duty of excise, cess and other material statutory dues, as applicable, with the appropriate authorities.

Price Waterhouse Chartered Accountants FRN 301112E Mumbai

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of wealth tax and value added tax which have not been deposited on account of any dispute. The particulars of dues of income tax, sales tax, service tax, duty of customs and duty of excise as at March 31, 2017 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount* (Rs. In Crores)	Period to which the amount relates	Forum where the dispute is pending
The Central Excise Act, 1944	Excise duty including interest and penalty, as applicable	7.54	2008-2009	The High Court of Judicature at Indore
		8.85	1994-1995, 1996-1997, 1999-2000 to 2000-2001, 2002-2003, 2005-2006 to 2007-2008, 2009-2010 to 2015-2016	CESTAT
		2.86	1989-1990, 1995-1996, 1996-1997, 1998-1999, 1999-2000, 2003-2004 to 2007-2008, 2009-2010 to 2013-2014	Appellate Authority upto Commissioner's Level
Service Tax (Finance Act, 1994)	Service tax including interest and penalty, as applicable	1.24	2009-2010	The High Court of Judicature at Indore
		0.90	2007-2008 to 2010-2011 and 2014-2015	CESTAT
		0.49	2005-2006 and 2009-2010 to 2014-2015	Appellate Authority upto Commissioner's Level
Custom Duty	Payment of Duty	0.20	2009-2010 to 2014-2015	Appellate Authority upto Commissioner's Level
Central Sales Tax Act and Local Sales Tax	Sales Tax including interest and penalty, as applicable	5.21	1990-1991, 1997-1998 to 2007-2008, 2009-2010, 2010-2011 and 2013-2014	Tribunal
		12.45	1998-1999, 2000-2001, 2003-2004 to 2010-2011 and 2013-2014	Appellate Authority upto Commissioner's Level
Income Tax Act, 1961	Income tax including interest and penalty, as applicable	353.69	2001-2002 to 2005-2006 and 2008-2009 to 2010-2011	Income-tax Appellate Tribunal
		149.16	2004-2005, 2005-2006, 2007-2008 and 2009-2010 to 2011-2012	Appellate Authority upto Commissioner's level

* Net of amounts paid under protest or otherwise

Price Waterhouse
Chartered Accountants
FRN 301112E
Mumbai

viii. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank or Government or dues to debenture holders as at the balance sheet date.

ix. In our opinion, and according to the information and explanations given to us, term loans have been applied for the purposes for which they were obtained. The Company has not raised any money by way of initial public offer or further public offer (including debt instruments).

x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.

xi. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.

xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015.

xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.

xv. The Company has not entered into any non cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.

xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Jeetendra Mirchandani
Partner
Membership Number: 048125

Mumbai
May 12, 2017

PIRAMAL ENTERPRISES LIMITED
Balance Sheet as at March 31, 2017

	Note No.	As at March 31, 2017 Rs. in Crores		As at March 31, 2016 Rs. in Crores		As at April 1, 2015 Rs. in Crores	
ASSETS							
Non-Current Assets							
(a) Property, Plant & Equipment	3		712.52		695.29		655.83
(b) Capital Work in Progress			575.21		91.76		56.97
(c) Intangible Assets	3		362.28		259.15		94.05
(d) Intangible Assets under development			26.65		11.12		4.44
(e) Financial Assets:							
(i) Investments	4	15,607.64		17,425.78		10,881.43	
(ii) Loans	6	3,635.83		4,598.49		736.43	
(iii) Other Financial Assets	7	47.33	19,290.80	102.86	22,127.13	30.82	11,648.68
(f) Deferred Tax Assets (Net)	5		349.95		297.08		45.05
(g) Other Non Current Assets	8		264.14		272.80		227.68
Total Non-Current Assets			**21,581.55**		**23,754.33**		**12,732.70**
Current Assets							
(a) Inventories	9		343.11		375.15		321.08
(b) Financial Assets:							
(i) Investments	4	1,666.57		628.04		916.31	
(ii) Trade Receivables	10	491.43		404.58		326.38	
(iii) Cash & Cash equivalents	11	95.10		7.72		27.27	
(iv) Bank balances other than (iii) above	12	28.97		31.76		13.12	
(v) Loans	13	1,045.24		1,713.07		3,283.61	
(vi) Other Financial Assets	14	107.80	3,435.11	97.54	2,882.71	45.36	4,612.05
(c) Other Current Assets	15		114.95		105.01		105.40
Total Current Assets			**3,893.17**		**3,362.87**		**5,038.53**
Total Assets			**25,474.72**		**27,117.20**		**17,771.23**
EQUITY AND LIABILITIES							
Equity							
(a) Equity Share capital	16	34.51		34.51		34.51	
(b) Other Equity	17	14,388.09		12,766.10		13,243.51	
Total Equity			**14,422.60**		**12,800.61**		**13,278.02**
Liabilities							
Non-Current Liabilities							
(a) Financial Liabilities:							
(i) Borrowings	18	2,739.52		5,633.23		1,199.42	
(ii) Other Financial Liabilities	19	5.65	2,745.17	11.14	5,644.37	-	1,199.42
(b) Provisions	20		30.86		34.25		42.82
Total Non-Current Liabilities			**2,776.03**		**5,678.62**		**1,242.24**
Current Liabilities							
(a) Financial Liabilities:							
(i) Borrowings	21	5,020.12		6,720.35		2,575.52	
(ii) Trade Payables							
Total outstanding dues of Micro enterprises and small enterprises		3.85		3.13		0.58	
Total outstanding dues of creditors other than Micro enterprises and small enterprises		529.51		487.26		443.98	
(iii) Other Financial Liabilities	22	2,620.74	8,174.22	1,301.33	8,512.07	108.31	3,128.39
(b) Other Current Liabilities	23		46.76		25.28		18.47
(c) Provisions	24		42.16		87.29		89.68
(d) Current Tax Liabilities (Net)	25		12.95		13.33		14.43
Total Current Liabilities			**8,276.09**		**8,637.97**		**3,250.97**
Total Liabilities			**11,052.12**		**14,316.59**		**4,493.21**
Total Equity & Liabilities			**25,474.72**		**27,117.20**		**17,771.23**

The above Balance Sheet should be read in conjuction with the accompanying notes.
As per our report of even date attached

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Jeetendra Mirchandani
Partner
Membership Number: 048125

Mumbai, May 12, 2017

For and on behalf of the Board of Directors

Ajay G. Piramal
Chairman

Rajesh Laddha
Chief Financial Officer

Leonard D'Souza
Company Secretary

Mumbai, May 12, 2017

PIRAMAL ENTERPRISES LIMITED
Statement of Profit and Loss for the Year ended March 31, 2017

	Note No.	Year Ended March 31, 2017 Rs. in Crores		Year Ended March 31, 2016 Rs. in Crores	
Revenue from operations	27		3,809.31		3,424.32
Other Income (Net)	28		357.15		471.92
Total Income			**4,166.46**		**3,896.24**
Expenses					
Cost of materials consumed	29	791.27		859.45	
Purchases of Stock-in-Trade	30	127.55		70.35	
Changes in inventories of finished goods, work-in-progress and stock-in-trade	31	19.06		(44.43)	
Excise Duty		43.10		39.97	
Employee benefits expense	32	370.63		361.19	
Finance costs	33	1,178.34		786.88	
Depreciation and amortization expense	3	94.49		79.55	
Other expenses	34	622.09		829.82	
Total Expenses			**3,246.53**		**2,982.78**
Profit Before Exceptional Items and Tax			**919.93**		**913.46**
Exceptional Items	35		-		70.19
Profit before Tax			**919.93**		**983.65**
Less: Income Tax Expense					
Current tax	49		195.42		260.17
Deferred Tax	49		(52.27)		(272.22)
			143.15		**(12.05)**
Profit for the year			**776.78**		**995.70**
Other Comprehensive Income / (Expense) (OCI), net of tax expense:	36				
A. Items that will not be reclassified to profit or loss					
(a) Changes in fair values of equity instruments through OCI		846.35		(692.64)	
(b) Remeasurement of Post Employment Benefit Obligations		(1.94)		(2.46)	
Less: Income Tax Impact on above		0.67	**845.08**	0.85	**(694.25)**
B. Items that will be reclassified to profit or loss					
(a) Deferred gains / (losses) on cash flow hedge		0.20		-	
Less: Income Tax Impact on above		(0.07)	**0.13**	-	-
Other Comprehensive Income (OCI) for the year, net of tax expense			**845.21**		**(694.25)**
Total Comprehensive Income / (Expense) for the year			**1,621.99**		**301.45**
Earnings Per Equity Share (Basic and Diluted) (Rs.) (Face value of Rs. 2/- each) (Refer Note 44)			**45.01**		**57.70**

The above Statement of Profit and Loss should be read in conjunction with the accompanying notes

As per our report of even date attached

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Jeetendra Mirchandani
Partner
Membership Number: 048125

Mumbai, May 12, 2017

For and on behalf of the Board of Directors

Ajay G. Piramal
Chairman

Rajesh Laddha
Chief Financial Officer

Leonard D'Souza
Company Secretary

Mumbai, May 12, 2017

PIRAMAL ENTERPRISES LIMITED
Statement of Changes in Equity for the Year ended March 31, 2017

A. Equity Share Capital (Refer Note 16):

Particulars	**Rs. in Crores**
Balance as at April 1, 2015	**34.51**
Changes in Equity Share Capital during the year	-
Balance as at March 31, 2016	**34.51**
Changes in Equity Share Capital during the year	-
Balance as at March 31, 2017	**34.51**

B. Other Equity:

(Rs. in Crores)

Particulars	Notes	Reserves & Surplus						Other Reserves		Total
		Capital Reserve	Securities Premium Reserve	Capital Redemption Reserve	Debenture Redemption Reserve	General Reserve	Retained Earnings	Cash Flow Hedging Reserve	FVTOCI - Equity Instruments	
Balance as at April 1, 2015		2,358.39	3.69	61.73	85.42	5,798.55	3,483.26	-	1,452.47	13,243.51
Profit for the year		-	-	-	-	-	995.70	-	-	995.70
Other Comprehensive Income		-	-	-	-	-	(1.61)	-	(692.64)	(694.25)
Total Comprehensive Income for the year	17	-	-	-	-	-	**994.09**	-	**(692.64)**	**301.45**
Transfer to Debenture Redemption Reserve		-	-	-	438.58	-	(438.58)	-	-	-
Transaction with owners in their capacity as owners: Dividends paid		-	-	-	-	-	(778.86)	-	-	(778.86)
Balance as at March 31, 2016		**2,358.39**	**3.69**	**61.73**	**524.00**	**5,798.55**	**3,259.91**	**-**	**759.83**	**12,766.10**

Particulars	Notes	Reserves & Surplus						Other Reserves		Total
		Capital Reserve	Securities Premium Reserve	Capital Redemption Reserve	Debenture Redemption Reserve	General Reserve	Retained Earnings	Cash Flow Hedging Reserve	FVTOCI - Equity Instruments	
Balance as at April 1, 2016		2,358.39	3.69	61.73	524.00	5,798.55	3,259.91	-	759.83	12,766.10
Profit for the year		-	-	-	-	-	776.78	-	-	776.78
Other Comprehensive Income		-	-	-	-	-	(1.27)	0.13	846.35	845.21
Total Comprehensive Income for the year	17	-	-	-	-	-	**775.51**	**0.13**	**846.35**	**1,621.99**
Transfer to Debenture Redemption Reserve		-	-	-	131.79	-	(131.79)	-	-	-
Balance as at March 31, 2017		**2,358.39**	**3.69**	**61.73**	**655.79**	**5,798.55**	**3,903.63**	**0.13**	**1,606.18**	**14,388.09**

The above Statement of Changes in Equity should be read in conjuction with the accompanying notes
As per our report of even date attached

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Jeetendra Mirchandani
Partner
Membership Number: 048125

Mumbai, May 12, 2017

For and on behalf of the Board of Directors

Ajay G. Piramal
Chairman

Rajesh Laddha
Chief Financial Officer

Leonard D'Souza
Company Secretary

Mumbai, May 12, 2017

PIRAMAL ENTERPRISES LIMITED
Cash Flow Statement for the Year ended March 31, 2017

		Year Ended March 31, 2017 Rs. In Crores	Year Ended March 31, 2016 Rs. In Crores
A. CASH FLOW FROM OPERATING ACTIVITIES			
Profit Before Exceptional Items and Tax		919.93	913.46
Adjustments for:			
Depreciation and amortisation expense		94.49	79.55
Amortisation of leasehold land		0.07	0.07
Finance Costs attributable to other than financial services operations		260.22	224.66
Interest Income on Loans and Bank Deposits		(268.05)	(240.21)
Measurement of financial guarantee contracts issued		-	(14.90)
Measurement of financial assets at FVTPL		(7.51)	(0.92)
Dividend on Non Current Equity Instruments		(19.60)	(47.31)
Dividend on Current Investments at FVTPL		-	(5.74)
Loss on Sale of Property Plant and Equipment		0.16	2.19
Write-down of inventories		(2.24)	4.17
Expected Credit Loss on Financial Assets (including Commitments)		(223.38)	189.30
Expected Credit Loss on Trade Receivables		2.85	3.93
Recognition of lease rent expense on straight-line method		(0.84)	7.94
Fair valuation of leased accommodation		0.01	0.02
Unrealised foreign exchange (gain) / loss		107.77	(123.16)
Operating Profit Before Working Capital Changes		**863.88**	**993.05**
Adjustments For Changes In Working Capital:			
Adjustments for (increase) / decrease in operating assets			
- Trade receivables		(93.08)	(83.35)
- Other Current Assets		(9.94)	0.39
- Other Non Current Assets		-	0.17
- Other Financial Assets - Non Current		2.52	(5.82)
- Other Financial Assets - Loans - Non Current		(700.54)	(864.53)
- Inventories		34.28	(58.24)
- Other Financial Assets - Current		(42.72)	18.32
- Other Financial Assets - Loans - Current		473.45	62.44
- Other Bank Balances		2.79	(18.64)
- Amounts invested in Debentures - (Net)		(6,667.12)	(7,122.05)
- Mutual funds		(155.03)	-
Adjustments for increase / (decrease) in operating liabilities			
- Trade Payables		45.96	46.53
- Long-term provisions		5.34	(1.60)
- Other current financial liabilities		(0.59)	33.35
- Other current liabilities		21.48	6.81
- Short-term provisions		(9.49)	4.50
- Provisions for Grants - Committed		(11.75)	-
- Interest Accrued		81.50	182.33
Cash generated from / (used in) Operations		**(6,159.06)**	**(6,806.34)**
- Taxes Paid (Net of Refunds)		(188.62)	(289.10)
Net Cash generated from / (used in) Operating Activities Before Exceptional Items		**(6,347.68)**	**(7,095.44)**
Exceptional Items:			
- Cost associated with R&D scale down, net of recoveries		-	(35.49)
Net Cash generated from / (used in) Operating Activities	**(A)**	**(6,347.68)**	**(7,130.93)**

Price Waterhouse
Chartered Accountants
FRN 301112E
Mumbai

PIRAMAL ENTERPRISES LIMITED

Cash Flow Statement for the Year ended March 31, 2017

B. CASH FLOW FROM INVESTING ACTIVITIES			
Payments for Purchase of Property Plant and Equipment / Intangible Assets		(680.59)	(340.40)
Proceeds from Sale of Property Plant and Equipment / Intangible Assets		70.35	0.55
Purchase of Current Investments:			
- in Mutual Funds		-	(10,482.92)
Proceeds from Sale of Current Investments:			
- in Mutual Funds		-	10,582.96
Interest Received		267.89	344.70
Bank balances not considered as Cash and cash equivalents			
- Fixed deposits placed		(91.25)	(73.00)
- Matured		91.25	53.00
Loans to related parties		(491.87)	(1,491.17)
Dividend on Non Current Equity Instruments		19.60	47.31
Dividend on Liquid mutual funds		-	5.74
Purchase of Equity Investments in subsidiaries		(1,642.98)	(59.97)
Purchase of Equity Investments (others)		-	(1.07)
Restricted Escrow deposit placed		33.19	(45.99)
Exceptional Items:			
- Sale of Piramal Clinical Research Business		-	5.00
- Sale of R&D assets		-	3.71
- Sale of Property		-	11.30
Net Cash Generated from / (Used in) Investing Activities	**(B)**	**(2,424.41)**	**(1,440.25)**
C. CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from Long Term Borrowings			
- Receipts		9,836.45	5,819.98
- Payments		(3,373.57)	(408.32)
Proceeds from Short Term Borrowings			
- Receipts		29,352.29	24,555.88
- Payments		(26,680.23)	(20,333.59)
Finance Costs Paid (other than those attributable to financial services operations)		(244.22)	(305.63)
Dividend Paid		(3.52)	(640.71)
Dividend Distribution Tax Paid		-	(131.74)
Net Cash Generated from / (Used In) Financing Activities	**(C)**	**8,887.20**	**8,555.87**
Net Increase / (Decrease) in Cash & Cash Equivalents [(A)+(B)+(C)]		**115.11**	**(15.31)**
Cash and Cash Equivalents as at April 1		(33.40)	(18.09)
Cash and Cash Equivalents as at March 31		**81.71**	**(33.40)**
Cash and Cash Equivalents Comprise of :			
Cash on Hand		0.06	0.04
Bank Overdraft		(13.39)	(41.12)
Balance with Scheduled Banks in Current Accounts		95.04	7.68
		81.71	**(33.40)**

Price Waterhouse
Chartered Accountants
FRN 301112E
Mumbai

PIRAMAL ENTERPRISES LIMITED
Cash Flow Statement for the Year ended March 31, 2017

Note:
During the year, the company was issued shares of Rs.1,103.98 crores (previous year NIL) against transfer of specified assets and borrowings to its wholly owned subsidiary, Piramal Finance Limited (formerly known as Piramal Finance Private Limited) (Refer Note 38 (2)).

The above Statement of cash flows should be read in conjunction with the accompanying notes
As per our report of even date attached

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Jeetendra Mirchandani
Partner
Membership Number: 048125

Mumbai, May 12, 2017

For and on behalf of the Board of Directors

Ajay G. Piramal
Chairman

Rajesh Laddha
Chief Financial Officer

Leonard D'Souza
Company Secretary

Mumbai, May 12, 2017

1. GENERAL INFORMATION

Piramal Enterprises Limited (PEL) is one of India's large diversified companies, with a presence in Healthcare, Healthcare Information Management and Financial Services.

In Healthcare, PEL is one of the leading players globally in CRAMS (custom research and manufacturing services) as well as in the critical care segment of inhalation and injectable anaesthetics. It also has a strong presence in the OTC segment in India.

PEL's Healthcare Information Management business, Decision Resources Group, is amongst the top 20 US market research organizations which provide information services to the healthcare industry.

In Financial Services, PEL, including through its subsidiaries, provides comprehensive financing solutions to real estate companies. Structured Finance Group (SFG) also provides senior and mezzanine growth capital to various businesses across varied sectors that are integral part of India's growth story. The Company also has strategic alliances with top global funds such as CPPIB Credit Investment Inc., APG Asset Management and Bain Capital Credit. PEL also has long term equity investments in Shriram Group, a leading financial conglomerate in India.

PEL is listed on the BSE Limited and the National Stock Exchange of India Limited in India.

2a. SIGNIFICANT ACCOUNTING POLICIES

i) Basis of preparation

Compliance with Ind AS

The separate financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

The financial statements up to year ended March 31, 2016 were prepared in accordance with the accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act. These financial statements are the first financial statements of the Company under Ind AS. Refer Note 50a for the details of first-time adoption exemptions availed by the Company.

Historical Cost convention

The separate financial statements have been prepared on the historical cost basis except for certain financial instruments and plan assets of defined benefit plans, which are measured at fair value.

ii) Investments in subsidiaries, associates, joint operations and joint ventures

Subsidiaries:

Subsidiaries are all entities (including structured entities) over which the group has control. The Company controls an entity when the company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity.

Associates:

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Joint Arrangements:

Under Ind AS 111 Joint Arrangements, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Company has both joint operations and joint ventures.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement.

The Company recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the financial statements under the appropriate headings.

Investments in Subsidiaries, Associates and Joint ventures are accounted at cost.

Price Waterhouse
Chartered Accountants
FRN 301112E
Mumbai

PIRAMAL ENTERPRISES LIMITED
Notes to financial statements for the Year ended March 31, 2017

iii) **Property, Plant and Equipment**

Freehold Land is carried at historical cost. All other items of Property Plant & Equipments are stated at cost of acquisition, less accumulated depreciation and accumulated impairment losses, if any. Direct costs are capitalised until the assets are ready for use and includes freight, duties, taxes and expenses incidental to acquisition and installation.
The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.
Subsequent expenditures related to an item of Property Plant & Equipment are added to its carrying value only when it is probable that the future economic benefits from the asset will flow to the Company & cost can be reliably measured.

Losses arising from the retirement of, and gains or losses arising from disposal of Property, Plant and Equipment are recognised in the Statement of Profit and Loss.

Depreciation
Depreciation is provided on a pro-rata basis on the straight line method ('SLM') over the estimated useful lives of the assets specified in Schedule II of the Companies Act, 2013 which are as follows:

Asset Class	Useful life
Buildings	10 years - 60 years
Carpeted Roads	10 years
Furniture & Fixtures	3 years - 15 years
Plant & Machinery	3 years - 15 years
Continuous Process Plant	25 years
Office Equipment	3 years - 15 years
Vehicles	8 years
Helicopter	20 years
Ships/Yachts	13 years/28 Years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.
On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1 April 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

iv) **Intangible Assets**
Intangible assets are stated at acquisition cost, net of accumulated amortisation and accumulated impairment losses, if any.
Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the disposal proceeds and the carrying amount of the asset and are recognised as income or expense in the Statement of Profit and Loss.
The research and development (R&D) cost is accounted in accordance with Ind AS - 38 'Intangibles'.

Research
Research costs, including patent filing charges, technical know-how fees, testing charges on animal and expenses incurred on development of a molecule till the stage of Pre-clinical studies and till the receipt of regulatory approval for commencing phase I trials are treated as revenue expenses and charged off to the Statement of Profit and Loss of respective year.

Development
Development costs relating to design and testing of new or improved materials, products or processes are recognized as intangible assets and are carried forward under Intangible Assets under Development until the completion of the project when they are capitalised as Intangible assets, if the following conditions are satisfied:

- it is technically feasible to complete the asset so that it will be available for use;
- management intends to complete the asset and use or sell it;
- there is an ability to use or sell the asset;
- it can be demonstrated how the asset will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the asset are available; and
- the expenditure attributable to the asset during its development can be reliably measured.

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its Intangible Assets recognised as at 1 April 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of the Intangible Assets.

Intangible Assets with finite useful lives are amortized on a straight line basis over the following period:

Brands and Trademarks	10 - 15 years
Copyrights, Know-how (including qualifying Product Development Cost) and Intellectual property rights	4 - 15 years
Computer Software	3 - 6 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Price Waterhouse
Chartered Accountants
FRN 301112E
Mumbai

v) Impairment of Assets

The Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. For the purposes of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or group of assets, is considered as a cash generating unit. If any such indication exists, the Company estimates the recoverable amount of the asset. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Statement of Profit and Loss. If at the Balance Sheet date there is an indication that a previously assessed impairment loss no longer exists or may have decreased, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

vi) Financial Instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Investments and Other Financial Assets

Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the group classifies its debt instruments:

Amortised cost:

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through other comprehensive income (FVTOCI):

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVTOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method.

Fair value through profit or loss:

Assets that do not meet the criteria for amortised cost or FVTOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the statement of profit and loss within other gains/(losses) in the period in which it arises. Interest income from these financial assets is included in other income.

Equity instruments

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments are recognised in profit or loss when the Company's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in the statement of profit and loss.

Price Waterhouse
Chartered Accountants
FRN 301112E
Mumbai

Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, loan commitments, trade receivables and other contractual rights to receive cash or other financial asset.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss ("ECL") allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

The expected credit loss is a product of exposure at default, probability of default and loss given default. The company has devised an internal model to evaluate the probability of default and loss given default based on the parameters set out in Ind AS 109. Accordingly, the financial instruments are classified into Stage 1 – Standard Assets with zero to thirty days past due (DPD), Stage 2 – Significant Credit Deterioration or overdue between 31 to 90 days and Stage 3 – Default Assets with overdue for more than 90 days. The Company also takes into account the below qualitative parameters in determining the increase in credit risk for the financial assets:

1) Significant negative deviation in the business plan of the developer
2) Internal rating downgrade for the borrower or the project
3) Current and expected financial performance of the developer
4) Need for refinance of loan due to change in cash flow of the project
5) Significant decrease in the value of collateral
6) Change in market conditions and industry trends

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.
Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

Default Assets wherein the management does not expect any realistic prospect of recovery are written off to the Statement of Profit and Loss.

Derecognition of financial assets

A financial asset is derecognised only when:
- The Company has transferred the rights to receive cash flows from the financial asset or
- retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in profit or loss except for those which are designated as hedging instruments in a hedging relationship.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a Company entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity Instrument

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognised by the Company as an acquirer in a business combination to which Ind AS 103 applies or is held for trading or it is designated as at FVTPL.

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method.

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The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the Company does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments

Financial Guarantee Contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with Ind AS 37 and the amount initially recognised less cumulative amortisation, where appropriate.

The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where guarantees in relation to loans or other payables of subsidiaries are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

Derivatives and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged and the type of hedge relationship designated.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability

(i) Cash flow hedges that qualify for hedge accounting:

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the other comprehensive income in cash flow hedging reserve within equity, limited to the cumulative change in fair value of the hedged item on a present value basis from the inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, within other gains/(losses).

(ii) Derivatives that are not designated as hedges:

The group enters into certain derivative contracts to hedge risks which are not designated as hedges. Such contracts are accounted for at fair value through profit or loss.

Embedded derivatives

Derivatives embedded in a host contract that is an asset within the scope of Ind AS 109 are not separated. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Derivatives embedded in all other host contract are separated only if the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host and are measured at fair value through profit or loss. Embedded derivatives closely related to the host contracts are not separated.

Offsetting Financial Instruments

Financial Assets and Liabilities are offset and the net amount is reflected in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or counterparty.

vii) **Trade Receivables**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

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FRN 301112E
Mumbai

viii) **Inventories**

Inventories comprise of Raw and Packing Materials, Work in Progress, Finished Goods (Manufactured and Traded) and Engineering Stores. Inventories are valued at the lower of cost and the net realisable value after providing for obsolescence and other losses, where considered necessary. Cost is determined on Weighted Average basis. Cost includes all charges in bringing the goods to their present location and condition, including octroi and other levies, transit insurance and receiving charges. The cost of Work-in-progress and Finished Goods comprises of materials, direct labour, other direct costs and related production overheads and Excise duty as applicable.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

ix) **Employee Benefits**

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(ii) Other long-term employee benefit obligations

The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

Long Term Service Awards are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date.

(iii) Post-employment obligations

The company operates the following post-employment schemes:

- Defined Contribution plans such as provident fund, superannuation, pension, employee state insurance scheme
- Defined Benefit plans such as provident fund and Gratuity

In case of Provident fund, contributions are made to a Trust administered by the Company, except in case of certain employees, where the Contributions are made to the Regional Provident Fund Office.

Defined Contribution Plans

The Company's contribution to provident fund (in case of contributions to the Regional Provident Fund office), pension and employee state insurance scheme are considered as defined contribution plans, as the Company does not carry any further obligations apart from the contributions made on a monthly basis and are charged as an expense based on the amount of contribution required to be made.

Defined Benefit Plan

The liability or asset recognised in the balance sheet in respect of defined benefit provident and gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments, changes in actuarial assumptions and return on plan assets (excluding interest income) are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

Bonus Plans

The Company recognises a liability and an expense for bonuses. The Company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

x) **Provisions and Contingent Liabilities**

Provisions are recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

Price Waterhouse
Chartered Accountants
FRN 301112E
Mumbai

PIRAMAL ENTERPRISES LIMITED
Notes to financial statements for the Year ended March 31, 2017

xi) **Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable.

Sale of goods: Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, based on the applicable Incoterms. Amounts disclosed as revenue are inclusive of excise duty and net of returns, trade allowances, rebates, value added taxes and amounts collected on behalf of third parties. The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Company and the revenue recognition criteria have been complied.

Sale of Services: In contracts involving the rendering of services/development contracts, revenue is measured using the proportionate completion method and is recognised net of service tax (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

Interest: Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the amortised cost and at the effective interest rate applicable.

Dividend: Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

xii) **Foreign Currency Transactions**

In preparing the financial statements of the Company, transactions in currencies other than the company's functional currency viz. Indian Rupee are recognised at the rates of exchange prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

xiii) **Exceptional Items**

When items of income and expense within profit or loss from ordinary activities are of such size, nature or incidence that their disclosure is relevant to explain the performance of the enterprise for the period, the nature and amount of such items is disclosed separately as Exceptional items.

xiv) **Excise Duty**

The excise duty in respect of closing inventory of finished goods is included as part of inventory. The material consumed is net of Central Value Added Tax (CENVAT) credits. The difference between the Excise duty on opening stock and closing stock is charged to the Statement of Profit and Loss.

xv) **Leases**

Operating Leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

xvi) **Taxes on Income**

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the separate financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Price Waterhouse
Chartered Accountants
FRN 301112E
Mumbai

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

xvii) **Cash and Cash Equivalents**

In the cash flow statement, cash and cash equivalents includes cash on hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

xiii) **Borrowing Costs**

General and specific borrowing costs directly attributable to acquisition or construction of qualifying assets (i.e. those Property Plant & Equipments which necessarily take a substantial period of time to get ready for their intended use) are capitalised. Other borrowing costs are recognised as an expense in the period in which they are incurred.

xix) **Deferred Revenue and Unbilled Revenue**

Amounts received from customers or billed to customers, in advance of services performed are recorded as deferred revenue under Other Current Liabilities. Unbilled revenue included in Other Financial Assets, represents amounts recognised in respect of services performed in accordance with contract terms, not yet billed to customers as at the year end.

xx) **Segment Reporting**

The Chairman of the Company has been identified as the Chief Operating Decision Maker (CODM) as defined by Ind AS 108, "Operating Segments.".

Operating segments are reported in a manner consistent with the internal reporting provided to the CODM.

The accounting policies adopted for segment reporting are in conformity with the accounting policies adopted for the Company. Revenue and expenses have been identified to segments on the basis of their relationship to the operating activities of the segment. Income / Costs which relate to the Company as a whole and are not allocable to segments on a reasonable basis, have been included under Unallocated Income / Costs. Interest income and expense are not allocated to respective segments (except in case of Financial Services segment).

xxi) **Dividends**

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

xxii) **Standards issued but not yet effective**

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows' and Ind AS 102, 'Share-based payment.' These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of cash flows' and IFRS 2, 'Share-based payment,' respectively. The amendments are applicable to the Company from April 1, 2017.

Amendment to Ind AS 7:

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

The Company is evaluating the requirements of the amendment and its effect on the financial statements.

Amendment to Ind AS 102:

The amendment to Ind AS 102 provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes.

It clarifies that the fair value of cash-settled awards is determined on a basis consistent with that used for equity-settled awards. Market-based performance conditions and non-vesting conditions are reflected in the 'fair values', but non-market performance conditions and service vesting conditions are reflected in the estimate of the number of awards expected to vest. Also, the amendment clarifies that if the terms and conditions of a cash-settled share-based payment transaction are modified with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as such from the date of the modification. Further, the amendment requires the award that include a net settlement feature in respect of withholding taxes to be treated as equity-settled in its entirety. The cash payment to the tax authority is treated as if it was part of an equity settlement.

The Company does not have any impact on account of this change.

xxiii) **Rounding of amounts**

All amounts disclosed in the financial statements and notes have been rounded off to the nearest Crores as per the requirement of Schedule III, unless otherwise stated.

Price Waterhouse
Chartered Accountants
FRN 301112E
Mumbai

2b. Critical accounting judgements and key sources of estimation uncertainties

The preparation of the financial statements in conformity with Ind AS requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

Fair Valuation:
Some of the company's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset and liability, the company uses market observable data to the extent it is available. When Level 1 inputs are not available, the company engages third party qualified external valuers to establish the appropriate valuation techniques and inputs to the valuation model.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in Note 51.

Expected Credit Loss:
When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the company's historical experience and credit assessment and including forward-looking information.

The inputs used and process followed by the company in determining the increase in credit risk have been detailed in Note 46f.

Impairment loss in Investments carried at cost:
The Company conducts impairment reviews of investments in subsidiaries / associates / joint arrangements whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable or tests for impairment annually. Determining whether an asset is impaired requires an estimation of the recoverable amount, which requires the Company to estimate the value in use which base on future cash flows and a suitable discount rate in order to calculate the present value.

Useful life of Assets:
Property, plant and equipment and Intangible Assets represent a significant proportion of the assets of the Company. Depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Company's assets are determined by management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

Deferred Taxes
Deferred tax is recorded on temporary differences between the tax bases of assets and liabilities and their carrying amounts, at the rates that have been enacted or substantively enacted at the reporting date. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable profits during the periods in which those temporary differences and tax loss carry-forwards become deductible. The Company considers the expected reversal of deferred tax liabilities and projected future taxable income in making this assessment. The amount of the deferred tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry-forward period are reduced.

Defined benefit plans:
The cost of the defined benefit plans and the present value of the defined benefit obligation are based on actuarial valuation using the projected unit credit method. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Price Waterhouse
Chartered Accountants
FRN 301112E
Mumbai

PIRAMAL ENTERPRISES LIMITED
Notes to financial statements for the Year ended March 31, 2017

3. PROPERTY, PLANT & EQUIPMENT AND INTANGIBLE ASSETS

Rs. in Crores

Particulars	GROSS CARRYING AMOUNT				ACCUMULATED DEPRECIATION / AMORTISATION				NET CARRYING AMOUNT	
	Opening As at April 1, 2016	Additions	Deductions/ Adjustments	As at March 31, 2017 (A)	Opening As at April 1, 2016	For the Year #	Deductions/ Adjustments	As at March 31, 2017 (B)	As at March 31, 2017 (A-B)	As at March 31, 2016
Tangible Assets										
Land Freehold	21.46	-	-	**21.46**	-	-	-	-	**21.46**	21.46
Buildings	161.30	6.39	0.01	**167.68**	7.47	8.32	0.01	**15.78**	**151.90**	153.83
Roads	1.05	0.23	-	**1.28**	0.16	0.16	-	**0.32**	**0.96**	0.89
Plant & Equipment	523.97	72.15	0.66	**595.46**	47.07	49.76	0.33	**96.50**	**498.96**	476.90
Furniture and fixtures	25.64	1.88	0.01	**27.51**	3.47	3.50	-	**6.97**	**20.54**	22.17
Motor Vehicles	4.69	0.77	0.28	**5.18**	0.64	0.71	0.19	**1.16**	**4.02**	4.05
Ships	1.04	-	0.16	**0.88**	0.10	0.09	0.02	**0.17**	**0.71**	0.94
Helicopter^	9.60	-	-	**9.60**	0.54	0.54	-	**1.08**	**8.52**	9.06
Office equipment	7.03	0.91	0.01	**7.93**	1.04	1.44	-	**2.48**	**5.45**	5.99
Total (I)	**755.78**	**82.33**	**1.13**	**836.98**	**60.49**	**64.52**	**0.55**	**124.46**	**712.52**	**695.29**
Intangible Assets (Acquired)										
Brands and Trademarks*+	236.97	121.84	-	**358.81**	12.37	23.12	-	**35.49**	**323.32**	224.60
Copyrights, Know-how and Intellectual property rights	17.79	-	-	**17.79**	1.89	1.76	-	**3.65**	**14.14**	15.90
Computer Software	19.20	11.26	-	**30.46**	2.68	4.90	-	**7.58**	**22.88**	16.52
Intangible Assets (Internally Generated)										
Product Know-how	2.32	-	-	**2.32**	0.19	0.19	-	**0.38**	**1.94**	2.13
Total (II)	**276.28**	**133.10**	**-**	**409.38**	**17.13**	**29.97**	**-**	**47.10**	**362.28**	**259.15**
Grand Total (I+II)	**1,032.06**	**215.43**	**1.13**	**1,246.36**	**77.62**	**94.49**	**0.55**	**171.56**	**1,074.80**	**954.44**

Price Waterhouse
Chartered Accountants
FRN 301112E
Mumbai

Rs. in Crores

Particulars	GROSS CARRYING AMOUNT				ACCUMULATED DEPRECIATION / AMORTISATION				NET CARRYING AMOUNT	
	Deemed Cost As at April 1, 2015	Additions	Deductions/ Adjustments	As at March 31, 2016 (A)	Opening As at April 1, 2015	For the Year #	Deductions/ Adjustments	As at March 31, 2016 (B)	As at March 31, 2016 (A-B)	As at March 31, 2015
Property, Plant & Equipment										
Land Freehold	28.87	-	7.41	**21.46**	-	-	-	-	**21.46**	28.87
Buildings	146.95	19.18	4.83	**161.30**	-	7.79	0.32	**7.47**	**153.83**	146.95
Roads	1.05	-	-	**1.05**	-	0.16	-	**0.16**	**0.89**	1.05
Plant & Equipment	440.45	94.01	10.49	**523.97**	-	47.46	0.39	**47.07**	**476.90**	440.45
Furniture and fixtures	23.16	4.08	1.60	**25.64**	-	3.58	0.11	**3.47**	**22.17**	23.16
Motor Vehicles	2.01	2.76	0.08	**4.69**	-	0.64	-	**0.64**	**4.05**	2.01
Ships	1.04	-	-	**1.04**	-	0.10	-	**0.10**	**0.94**	1.04
Helicopter^	9.60	-	-	**9.60**	-	0.54	-	**0.54**	**9.06**	9.60
Office equipment	2.70	4.57	0.24	**7.03**	-	1.06	0.02	**1.04**	**5.99**	2.70
Total (I)	**655.83**	**124.60**	**24.65**	**755.78**	**-**	**61.33**	**0.84**	**60.49**	**695.29**	**655.83**
Intangible Assets (Acquired)										
Brands and Trademarks*+	64.37	172.60	-	**236.97**	-	12.37	-	**12.37**	**224.60**	64.37
Copyrights, Know-how and Intellectual property rights	17.26	0.53	-	**17.79**	-	1.89	-	**1.89**	**15.90**	17.26
Computer Software	10.10	10.45	1.35	**19.20**	-	3.77	1.09	**2.68**	**16.52**	10.10
Intangible Assets (Internally Generated)										
Product Know-how	2.32	-	-	**2.32**	-	0.19	-	**0.19**	**2.13**	2.32
Total (II)	**94.05**	**183.58**	**1.35**	**276.28**	**-**	**18.22**	**1.09**	**17.13**	**259.15**	**94.05**
Grand Total (I+II)	**749.88**	**308.18**	**26.00**	**1,032.06**	**-**	**79.55**	**1.93**	**77.62**	**954.44**	**749.88**

*** Material Intangible Assets as on March 31, 2017:**

Asset Class	Asset Description	Carrying Value as at March 31, 2017	Carrying Value as at March 31, 2016	Carrying Value as at April 1, 2015	Remaining useful life as on March 31, 2017
Brands & Trademarks	Registered trademarks	323.32	224.60	64.37	7 years to 15 years

\# Depreciation for the year includes depreciation amounting to Rs. 9.34 Crores (Previous Year Rs. 5.51 Crores) on assets used for Research and Development.
+ Certain Brands are in the process of being registered in the name of the Company, for which the necessary application has been made with trade mark registry.
^ The Company has a 25% share in joint ownership of Helicopter
Refer Note 39 for the assets mortgaged as security against borrowings.
Refer Note 26B for the contractual capital commitments for purchase of Property, Plant & Equipment

Price Waterhouse Chartered Accountants FRN 301112E Mumbai

Piramal Enterprises Limited
Notes to financial statements for the Year ended March 31, 2017

4. Investments

Investments - Non Current:

Particulars	As at March 31, 2017			As at March 31, 2016			As at April 1, 2015		
	Quantity	(Rs. in crores)		Quantity	(Rs. in crores)		Quantity	(Rs. in crores)	
Investments in Equity Instruments (fully paid up):									
A. In Subsidiaries (Unquoted) - At cost:									
i. Piramal International, Mauritius	1,025,000		-	1,025,000		-	1,025,000		-
ii. PHL Fininvest Private Limited	6,726,052		7.17	6,726,052		7.17	6,726,052		7.17
iii. Piramal Holdings (Suisse) SA	21,000	106.70		21,000	106.70	-	21,000	106.70	
Add: Capital Contribution (Guarantee)		8.88	115.58		8.88	115.58		5.14	111.84
iv. Piramal Healthcare Inc.	100,000	55.67		100,000	55.67	-	100,000	55.67	
Add: Capital Contribution (Guarantee)		30.77	86.44		30.77	86.44		21.28	76.95
v. Piramal Systems and Technologies Private Limited	4,500,000		4.50	4,500,000		4.50	4,500,000		4.50
vi. Piramal Dutch Holdings N.V.	203,189,531		1,390.54	203,189,531		1,390.54	203,189,531		1,390.54
vii. PEL Finhold Private Limited	10,000		0.01	10,000		0.01	10,000		0.01
viii. Piramal Fund Management Private Limited	190,000		108.26	190,000		108.26	190,000		108.26
ix. Piramal Finance Limited (formerly known as Piramal Finance Private Limited)	2,994,401,152		2,994.64	425,420,000		425.66	425,420,000		425.66
x. Piramal Investment Advisory Services Private Limited	2,700,000		2.70	2,700,000		2.70	2,700,000		2.70
xi. DRG Holdco Inc.	7,150		47.85	7,150		47.85	-		-
xii. Piramal Assets Reconstruction Private Limited	2,000,000		2.00	2,000,000		2.00	-		-
xiii. PEL Asset Resurgence Advisory Private Limited	5,000,000		5.00	5,000,000		5.00	-		-
xiv. Piramal Consumer Products Private Limited	20,000		0.02	20,000		0.02	-		-
xv. Piramal Healthcare UK Limited (Capital Contribution - Guarantee)	-		1.06	-		1.06	-		0.35
xvi. Piramal Healthcare Canada Limited(Capital Contribution - Guarantee)	-		2.21	-		2.21	-		1.26
xvii. Piramal Dutch IM Holdco B.V.	20,000,000		143.49	-		-	-		-
xviii. PEL Pharma Inc	2,500		0.02	-		-	-		-
xix. Piramal Capital Limited	10,000,000		2.00	-		-	-		-
xx. Searchlight Health Private Limited (formerly known as Health Super Hiway Private Limited)	11,433,749		32.47	-		-	-		-
			4,945.95			2,199.00			2,129.24
B. In Joint Ventures (Unquoted) - At Cost:									
i. Convergence Chemicals Private Limited	35,705,100		35.71	35,705,100		35.71	30,605,100		30.61
ii. Shrilekha Business Consultancy Private Limited	62,234,605		2,146.16	-		-	-		-
			2,181.87			35.71			30.61
C. In Associates :									
Quoted - At Cost:									
i. Piramal Phytocare Limited	4,550,000		4.55	4,550,000		4.55	4,550,000		4.55
			4.55			4.55			4.55
Unquoted - At Cost:									
i. Allergan India Private Limited	3,920,000		3.92	3,920,000		3.92	3,920,000		3.92
ii. Shriram Capital Limited	1,000		0.01	161,077,548		2,146.17	161,077,548		2,146.17
			3.93			2,150.09			2,150.09
D. Others									
Quoted - At FVTOCI:									
i. Shriram City Union Finance Limited	6,579,840		1,552.64	6,579,840		988.46	6,579,840		1,292.94
ii. Shriram Transport Finance Company Limited	22,600,000		2,436.28	22,600,000		2,154.11	22,600,000		2,542.27
			3,988.92			3,142.57			3,835.21
Unquoted - At FVTPL:									
i. Searchlight Health Private Limited (formerly known as Health Super Hiway Private Limited)	-		-	230,858		1.07	-		-
ii. Navayuga Road Projects Private Limited	4,114		-	4,114		-	4,114		-
			-			1.07			-
Investments in Preference Shares (fully paid up):									
A. In Subsidiaries (Unquoted): **Optionally Convertible Participative Preference Shares - at FVTPL**									
Piramal Fund Management Private Limited	115,000		115.00	115,000		118.45	115,000		115.00
			115.00			118.45			115.00
Investment in Debentures:									
A. In Subsidiaries (Unquoted): **Optionally Convertible Debentures - At FVTPL**									
Piramal Systems & Technologies Private Limited	360		38.36	360		42.40	360		34.50
			38.36			42.40			34.50
B. Other Body Corporates (Refer Note 39):									
Quoted:									
Redeemable Non-Convertible Debentures - At Amortised Cost:									
VGN Developers Private Limited	-		-	24,560		195.79	22,870		228.70
Haamid Real Estates Private Limited	-		-	5,500		20.63	5,500		48.12
Haamid Real Estates Private Limited - SR - II	-		-	1,700		12.87	-		-
International Land Developers Private Limited	-		-	-		-	2,436		24.36
SPR Construction Private Limited	-		-	1,170		96.00	1,000		102.00
Three C Green Developers Private Limited	-		-	8,812		88.12	22,500		202.50
Redeemable Non-Convertible Debentures - At FVTPL									
GMR Holdings Private Limited	4,500		577.11	4,500		487.05	-		-

Price Waterhouse
Chartered Accountants
FRN 301112E
Mumbai

4. Investments

Investments - Non Current:

Particulars	As at March 31, 2017 Quantity	As at March 31, 2017 (Rs. in crores)	As at March 31, 2016 Quantity	As at March 31, 2016 (Rs. in crores)	As at April 1, 2015 Quantity	As at April 1, 2015 (Rs. in crores)
Unquoted:						
Redeemable Optionally Convertible Debentures - At Amortised Cost:						
Navayuga Road Projects Private Limited	-	-	4,250	718.05	4,250	601.96
Chitra Holdings Private Limited	-	-	1,268	3.53	2,000	10.65
Aniline Construction Company Private Limited	-	-	-	-	2,500	23.40
Regen Infrastructure Private Limited	-	-	2,000	131.48	-	-
Redeemable Non-Convertible Debentures - At FVTPL						
Ozone Urbana Infra Developers Private Limited - SR - II	-	-	1,500	184.04	-	-
Essel Green Energy Limited	-	-	75	75.92	-	-
Redeemable Non-Convertible Debentures - At Amortised Cost						
Omkar City Development Private Limited	573	569.14	750	742.22	-	-
Omkar Realtors & Developers Private Limited	365	233.12	400	361.88	2,450	27.97
Baashyaam Constructions Private Limited - SR - I	-	-	7,110	43.50	7,000	61.00
Baashyaam Constructions Private Limited - SR - II	-	-	3,900	37.16	-	-
True Value Homes (India) Private Limited	-	-	-	-	2,000	156.43
Ozone Developers Bangalore Private Limited	-	-	-	-	10,000	80.00
Darode Jog Realities Private Limited	-	-	-	-	1,600,000	71.10
Century Joint Developments Private Limited - I	-	-	-	-	6,500	53.13
Century Joint Developments Private Limited - II	-	-	210	206.28	-	-
Landcraft Developers Private Limited - I	-	-	10,450	84.80	6,200	62.00
Landcraft Developers Private Limited - II	-	-	3,150	6.25	5,000	31.25
Ozone Homes Private Limited	-	-	-	-	3,800	19.50
Skylark Arcadia Private Limited	-	-	-	-	5,000	25.00
Vijay Group Housing Private Limited - I	-	-	-	-	6,000	28.00
Vijay Group Housing Private Limited - II	-	-	10,560	103.70	-	-
Urbanize Developers (India) Private Limited	-	-	-	-	2,000	15.27
Acme Housing India Private Limited	-	-	7,600	37.51	8,300	65.47
Krishna E Campus Private Limited	-	-	520	46.87	450	39.60
Haldhar Developers Private Limited	-	-	1,000	99.04	1,000	98.60
Rajesh Estate and Nirman Private Limited - SR - I	-	-	10	5.00	20	10.00
Rajesh Estate and Nirman Private Limited - SR - II	-	-	80	40.00	120	60.00
Virgo Properties Private Limited	-	-	-	-	1,800	15.75
Adarsh Haven Private Limited	-	-	951	46.67	1,070	93.20
Arihant Unitech Realty Project Limited	-	-	4,827	44.08	2,500	22.93
Neelkanth Mansions And Infrastructure Private Limited	-	-	13,763	123.12	13,800	138.00
Neelkanth Vinayak Realtors Private Limited	-	-	3,500	20.83	2,700	27.00
Bestech India Private Limited - I	8,250	87.14	8,250	82.51	7,500	75.00
Bestech India Private Limited - II	-	-	17,329	156.54	-	-
Bhaveshwar Properties Private Limited	-	-	2,300	20.52	1,000	10.00
Tridhaatu Construction Private Limited SR - I & II	-	-	-	-	1,500	75.00
Kothari Auto Parts Manufacturers Private Limited - SR - A	-	-	159	95.96	-	-
Kothari Auto Parts Manufacturers Private Limited - SR - B	-	-	192	102.49	-	-
Kothari Auto Parts Manufacturers Private Limited - SR - C	-	-	280	28.00	-	-
Ozone Urbana Infra Developers Private Limited - SR - I	-	-	4,250	426.90	-	-
Essem Infra Private Limited	-	-	22,500,000	192.09	-	-
Wadhwa Group Holdings Private Limited	35,500	355.00	2,390	229.67	-	-
Ekta Housing Private Limited	-	-	835	72.26	-	-
Ekta Parksville Homes Private Limited	-	-	1,376	119.34	-	-
Logix City Developers Private Limited	-	-	11,850	116.76	-	-
Forum Homes Private Limited	-	-	60	58.72	-	-
Wadhwa Constructions & Infrastructure Private Limited	-	-	1,550	146.26	-	-
Nirmal Lifestyle Limited	-	-	172	152.61	-	-
Phoenix Hodu Developers Private Limited	-	-	9,500	93.80	-	-
Nilkanth Tech Park Private Limited Facility 1	-	-	7,800	77.06	-	-
Nilkanth Tech Park Private Limited Facility 2	-	-	6,000	59.65	-	-
ATS Homes Private Limited	-	-	32,175	322.52	-	-
Raghuleela Leasing and Constructions Private Limited	-	-	175	173.36	-	-
Niraj Kumar Associates Private Limited	-	-	3,200	30.41	-	-
Guardian Promoters & Developers Private Limited	-	-	6,900	65.58	-	-
Arun Excello Homes Private Limited	-	-	1,995	193.46	-	-
Arun Excello Realty Private Limited	-	-	990	97.27	-	-
Boulevard Projects Private Limited	22,500	206.69	22,500	211.83	-	-
Flagship Infrastructure Private Limited	-	-	10,000	99.24	-	-
Ambe Trade Corp Private Limited	-	-	6,969	62.44	-	-
Paranjape Schemes Construction Limited	8,176	76.20	318,000	312.21	-	-
Emami Realty Limited	-	-	100	99.51	-	-
Akarshak Realty Private Limited	-	-	15,000	146.86	-	-
Marvel Mega Realtors Private Limited	-	-	100,000	102.22	-	-
Kumar Agre Products Private Limited	-	-	30,531,013	301.75	-	-
Ideal Real Estate Private Limited	-	-	580	49.59	-	-
Kanakia King Style Constructions Private Limited	-	-	7,400	74.03	-	-
Ozone Infra Developers Private Limited	-	-	8,500	84.66	-	-
Evie Real Estate Private Limited	-	-	21,000	190.91	-	-
Keystone Realtors Private Limited - I	-	-	63	62.97	-	-
Keystone Realtors Private Limited - II	-	-	160	159.99	-	-
Vatika Infracon Private Limited	-	-	16,673	166.98	-	-
ATS Heights Private Limited	-	-	19,000	190.50	-	-
Valdel Real Estate Private Limited	-	-	70	64.70	-	-
NCL Industries Limited	-	-	400,000	40.00	-	-
Sanghi Industries Limited	-	-	2,564,829	256.47	-	-
Century Real Estate Holdings Private Limited. Series 2	4,200	39.75	-	-	-	-
Alekhya Property Developments Private Limited	183	180.79	-	-	-	-
Lodha Developers Private Limited	10,200	250.00	-	-	-	-
Shreeniwas Cotton Mills Private Limited	8,950	895.00	-	-	-	-
Vatika One on One Private Limited	100	10.00	-	-	-	-
ATS Real Estate Builders Private Limited	2,930	29.30	-	-	-	-
Nobility Estates Private Limited	11,000	110.00	-	-	-	-
Kings Canyon Private Limited	2,095	206.56	-	-	-	-
Lodha Developers Private Limited	6,250	555.00	-	-	-	-
Century Real Estate Holdings Private Limited	4,000	40.00	-	-	-	-
Less: Provision for Impairment based on Expected credit loss model		(69.37)		(207.07)		(61.49)
		4,201.43		9,704.32		2,541.68

Price Waterhouse
Chartered Accountants
FRN 301112E
Mumbai

Piramal Enterprises Limited
Notes to financial statements for the Year ended March 31, 2017

4. Investments

Investments - Non Current:

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Quantity	(Rs. in crores)	Quantity	(Rs. in crores)	Quantity	(Rs. in crores)
Investments in Alternative Investment Funds						
A. In Subsidiaries - At Cost:						
Class A Units of Piramal Investment Opportunities Fund Scheme - I	12.62	12.62	12.62	12.62	40.55	40.55
		12.62		**12.62**		**40.55**
B. In Other Body Corporates - At FVTPL:						
Class A Units of Faering Capital India Evolving Fund II	250,000	25.00	150,000	15.00	-	-
		25.00		**15.00**		-
Total Non Current Investments		**15,607.64**		**17,425.78**		**10,881.43**

* Amounts are below the rounding off norm adopted by the Company
Note: To the extent of debentures (including interest) redeemable within 12 months of the reporting date, the amount has been presented as part of current investments as per the requirements of Schedule III. The balance amount has been presented as non-current.

Investment in Partnership firm - Shrilekha Financial Services

Name of Partners	Share in profits (%)
Piramal Enterprises Limited	74.95
Shriram Ownership Trust and its Nominees	25.05
Total capital of the partnership firm	Rs.8.30 crores

The Company has a 74.95% interest in a joint operation called Shrilekha Financial Services which was set up as a partnership together with Shriram Ownership Trust and others to invest in Shriram Capital Limited. Shrilekha Financial Services holds 26.68% in Shriram Capital Limited.
The principal place of business of the joint operation is in India.

Shrilekha Financial Services has been converted into a private limited company, Shrilekha Business Consultancy Private Limited on January 9, 2017. Hence, with effect from January 9, 2017, the investment in Shrilekha Business Consultancy Private Limited is considered as investment in Joint Venture.

Price Waterhouse
Chartered Accountants
FRN 301112E
Mumbai

Investments - Current :

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Quantity	(Rs. in crores)	Quantity	(Rs. in crores)	Quantity	(Rs. in crores)
Investment in Debentures:						
A. In Other Body Corporates (Refer Note 39):						
Quoted :						
Redeemable Non-Convertible Debentures - At Amortised Cost:						
VGN Developers Private Limited	-	-	24,580	49.87	-	-
International Land Developers Private Limited	-	-	-	-	2,436	1.22
Haamid Real Estates Private Limited	-	-	5,500	27.51	5,500	6.88
Haamid Real Estates Private Limited - SR - II	-	-	1,700	7.04	-	-
SPR Construction Private Limited	-	-	1,170	20.97	-	-
Three C Green Developers Private Limited	-	-	-	-	22,500	22.50
Redeemable Non-Convertible Debentures - At FVTPL:						
GMR Holdings Private Limited	4,500.00	13.50	4,500	11.24	-	-
		13.50		116.63		30.60
Unquoted:						
Redeemable Optionally Convertible Debentures - At Amortised Cost						
Chitra Holdings Private Limited	-	-	1,268	7.33	2,000	7.32
Aniline Construction Company Private Limited - I	-	-	-	-	7,700	46.54
Aniline Construction Company Private Limited - II	-	-	-	-	2,500	1.60
Ashvi Developers Private Limited	-	-	-	-	13,591	135.91
Kohinoor Planet Constructions Private Limited	-	-	680	24.00	680	42.00
Regen Infrastructure Private Limited	-	-	2,000	10.08	-	-
Navayuga Road Projects Private Limited	2,125.00	411.45	-	-	-	-
Redeemable Non-Convertible Debentures - At FVTPL						
Essel Green Energy Limited	-	-	-	0.19	-	-
Redeemable Non-Convertible Debentures - At Amortised Cost						
Omkar Realtors & Developers Private Limited - I	365	130.00	400	34.44	-	-
Omkar Realtors & Developers Private Limited - II	-	-	320	32.59	19,450	261.08
Kothari Autopart Manufacturers Private Limited Facility 2	-	-	-	0.03	-	-
Vijay Citispace Private Limited	-	-	-	-	3,830	14.57
Baashyaam Constructions Private Limited - SR - I	-	-	7,110	15.11	7,000	8.10
True Value Homes (India) Private Limited	-	-	-	-	2,000	26.08
Ozone Developers Bangalore Private Limited	-	-	-	-	10,000	17.38
Darode Jog Realities Private Limited	-	-	704,000	70.52	1,600,000	89.30
Century Joint Developments Private Limited - I	-	-	-	-	8,500	31.88
Century Joint Developments Private Limited - II	-	-	210	4.73	-	-
Landcraft Developers Private Limited - I	-	-	3,150	25.00	5,000	16.97
Landcraft Developers Private Limited - II	-	-	10,450	19.70	-	-
Ozone Homes Private Limited	-	-	-	-	3,800	18.50
Skylark Arcadia Private Limited	-	-	-	-	5,000	25.00
Vijay Group Housing Private Limited - I	-	-	-	-	6,000	23.00
Vijay Group Housing Private Limited - II	-	-	10,560	3.40	-	-
Urbanize Developers (India) Private Limited	-	-	-	-	2,000	5.18
Acme Housing India Private Limited	-	-	7,600	37.99	8,300	16.60
Krishna E Campus Private Limited	-	-	520	9.19	450	4.15
Adarsh Haven Private Limited	-	-	951	47.47	1,070	11.89
Virgo Properties Private Limited	-	-	-	-	1,800	2.25
Bestech India Private Limited - I	8,250.00	23.57	-	-	-	-
Arihant Unitech Realty Project Limited	-	-	4,927	3.76	-	-
Neelkanth Mansions And Infrastructure Private Limited	-	-	13,763	29.51	-	-
Neelkanth Vinayak Realtors Private Limited	-	-	3,500	6.17	-	-
Bhaveshwar Properties Private Limited	-	-	2,300	6.48	-	-
Ozone Urbana Infra Developers Private Limited - SR - I	-	-	4,250	21.89	-	-
Essem Infra Private Limited	-	-	22,500,000	29.96	-	-
Ekta Housing Private Limited	-	-	835	10.37	-	-
Ekta Parksville Homes Private Limited	-	-	1,376	16.93	-	-
Nirmal Lifestyle Limited	-	-	145	17.21	-	-
Boulevard Projects Private Limited	22,500.00	57.32	22,500	8.44	-	-
Ambe Trade Corp Private Limited	-	-	6,969	6.71	-	-
Ideal Real Estate Private Limited	-	-	5,800	7.25	-	-
Evie Real Estate Private Limited	-	-	21,000	19.10	-	-
Keystone Realtors Private Limited - I	-	-	63	0.06	-	-
Arun Excello Homes Private Limited	-	-	1,995	1.65	-	-
Arun Excello Realty Private Limited	-	-	990	0.83	-	-
Logix City Developers Private Limited	-	-	-	-	-	-
Ozone Infra Developers Private Limited	-	-	8,500	1.78	-	-
Valdel Real Estate Private Limited	-	-	70	5.42	-	-
Paranjape Schemes Construction Limited	8,176.00	5.02	-	-	-	-
Lodha Developers Private Limited	10,199.98	794.87	-	-	-	-
Shreeniwas Cotton Mills Private Limited	8,950.00	26.48	-	-	-	-
Kings Canyon SEZ Private Limited	2,095.00	3.94	-	-	-	-
Century Real Estate Holdings Private Limited	4,000.00	0.01	-	-	-	-
Lodha Developers Private Limited	6,250.00	70.00	-	-	-	-
Less: Provision for Impairment based on Expected credit loss model		(24.62)		(23.88)		(19.62)
		1,511.54		628.04		816.28

Piramal Enterprises Limited
Notes to financial statements for the Year ended March 31, 2017

Investments - Current :

Particulars	As at March 31, 2017 Quantity	As at March 31, 2017 (Rs. in crores)	As at March 31, 2016 Quantity	As at March 31, 2016 (Rs. in crores)	As at April 1, 2015 Quantity	As at April 1, 2015 (Rs. in crores)
Investment in Mutual Funds (Unquoted) - At FVTPL:						
Birla Sun Life Cash Plus - Daily Dividend-Direct Plan - Reinvest	-	-	-	-	1,996,993	20.01
HDFC Cash Management Fund - Saving Plan - Direct Plan - Daily Dividend Reinvestment - Reinvest	-	-	-	-	14,106,891	15.00
ICICI Prudential Liquid - Direct Plan - Daily Dividend - Reinvest	-	-	-	-	2,499,375	25.01
Reliance Liquid Fund - Treasury Plan - Direct Daily Dividend Option - Reinvest	98,140	15.00	-	-	196,310	30.01
UTI-Liquid Cash Plan- Institutional - Direct Plan - Daily Dividend - Reinvest	-	-	-	-	98,125	10.00
DSP BlackRock Liquidity Fund - Direct Plan - Daily Divident - Reinvest	249,842	25.00	-	-	-	-
Franklin India Treasury Management Account - Super Institutional Plan - Direct - Daily Dividend Reinvestment	299,505	30.01	-	-	-	-
ICICI Prudential Money Market Fund - Direct Plan - Daily Dividend - Reinvest	2,996,275	30.01	-	-	-	-
Kotak Liquid Direct Plan Daily Dividend - Reinvest	204,486	25.00	-	-	-	-
Tata Money Market Fund Direct Plan - Daily Dividend - Reinvest	299,598	30.01	-	-	-	-
		155.03		-		100.03
Total Current Investments		1,666.57		628.04		916.31

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Aggregate market value of quoted investments			
- Non-Current	4,603.68	4,074.43	4,456.71
- Current	13.50	116.63	30.60
Aggregate carrying value of unquoted investments			
- Non-Current	11,106.43	13,586.04	6,497.48
- Current	1,677.69	535.30	905.34
Aggregate amount of impairment in value of investments	93.99	230.95	81.11

Refer Note 39 for Investments mortgaged as security against borrowings.

Details of Total Investments:

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(i) **Financial Assets carried at Cost**			
Investments in Equity Instruments of Subsidiaries	4,945.96	2,199.00	2,129.24
Investments in Equity Instruments of Joint Ventures	2,181.87	35.71	30.61
Investments in Equity Instruments of Associates	8.48	2,154.64	2,154.64
Investments in Alternative Investment Fund	12.62	12.62	40.55
	7,148.93	4,401.97	4,355.04
(ii) **Financial assets carried at fair value through profit or loss (FVTPL)**			
Equity	-	1.07	-
Preference Shares	115.00	118.45	115.00
Mutual Funds	155.03	-	100.03
Debentures	628.97	800.83	34.50
Alternative Investment Fund	25.00	15.00	-
	924.00	935.35	249.53
(iii) **Financial assets carried at amortised cost**			
Debentures	5,212.36	9,573.93	3,357.96
	5,212.36	9,573.93	3,357.96
(iv) **Financial assets measured at FVTOCI**			
Equity Instruments - Equity Shares	3,988.92	3,142.57	3,835.21
	3,988.92	3,142.57	3,835.21
Total	17,274.21	18,053.82	11,797.74

Price Waterhouse
Chartered Accountants
FRN 301112E
Mumbai

	As at March 31, 2017 Rs. in Crores		As at March 31, 2016 Rs. in Crores		As at April 1, 2015 Rs. in Crores	
5. DEFERRED TAX ASSETS (NET)						
(a) Deferred Tax Assets on account of temporary differences						
- Measurement of financial assets at amortised cost/fair value	3.05		48.51		3.29	
- Provision for assets of financial services	36.94		114.24		47.59	
- Other Provisions	5.39		4.77		15.15	
- Unused Tax Credit/losses	433.39		236.29		84.60	
- Amortisation of expenses which are allowed in current year	2.55		3.67		5.12	
- Expenses that are allowed on payment basis	40.00		34.25		25.69	
- Effect of recognition of lease rent expense on straight line basis	2.47		2.76		-	
		523.79		444.49		181.44
(b) Deferred Tax Liabilities on account of temporary differences						
- Property, Plant and Equipment and Intangible Assets	(167.42)		(140.11)		(132.09)	
- Measurement of financial liabilities at amortised cost	(3.94)		(4.23)		(1.31)	
- Fair value measurement of derivative contracts	(2.48)		(3.07)		(2.99)	
		(173.84)		(147.41)		(136.39)
NET DEFERRED TAX ASSETS		**349.95**		**297.08**		**45.05**

Deferred Tax Assets and Deferred Tax Liabilities have been offset as they relate to the same governing taxation law.
Refer Note 49 for movements during the year.

6. LOANS - NON-CURRENT

	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
LOANS (SECURED AND CONSIDERED GOOD) - AT AMORTISED COST						
Term Loans	-		120.64		156.26	
Less: Provision for expected credit loss	-	-	4.84	115.80	3.70	152.56
Inter Corporate Deposits (Refer Note 39)	40.00		1,488.21		583.25	
Less: Provision for expected credit loss	0.73	39.27	33.04	1,455.17	13.83	569.42
LOANS (SECURED AND CONSIDERED DOUBTFUL) - AT AMORTISED COST						
Term Loans	18.46		24.09		28.90	
Less: Provision for expected credit loss	7.29	11.17	10.55	13.54	14.45	14.45
LOANS (UNSECURED AND CONSIDERED GOOD) - AT AMORTISED COST						
Loans to related parties (Refer Note 38)		3,585.39		3,013.98		-
		3,635.83		**4,598.49**		**736.43**

7. OTHER FINANCIAL ASSETS - NON-CURRENT

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Bank deposits with more than 12 months maturity (Refer Note 39)	-	20.00	-
Security Deposits	34.53	36.70	30.82
Restricted Deposit - Escrow Account (Refer note below)	12.80	45.99	-
Claims Receivable	-	0.17	-
	47.33	**102.86**	**30.82**

Note: Amounts lying in Escrow deposit represent the amounts to be invested in Searchlight Health Private Limited (formerly known as Health Super Hiway Private Limited), pending fulfilment of Conditions precedent for each tranche of investment.

8. OTHER NON-CURRENT ASSETS

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Advance tax [Net of Provision of Rs. 4,463.91 Crores at March 31, 2017, Rs. 4,268.65 Crores as at March 31, 2016 and Rs.3,754.38 Crores as at April 1, 2015]	251.73	259.51	210.65
Capital Advances	6.05	6.67	9.91
Advances recoverable	0.10	0.10	0.27
Prepayments	6.26	6.52	6.85
	264.14	**272.80**	**227.68**

Price Waterhouse
Chartered Accountants
FRN 301112E
Mumbai

	As at March 31, 2017 Rs. in Crores	As at March 31, 2016 Rs. in Crores	As at April 1, 2015 Rs. in Crores
9. INVENTORIES			
Raw and Packing Materials [Includes in Transit of Rs.0.39 Crores as on March 31, 2017, Rs.6.28 Crores as on March 31, 2016, Rs.1.10 Crores as at April 1, 2015]	133.97	145.57	133.36
Work-in-Progress	129.35	142.03	118.28
Finished Goods	36.40	59.94	41.55
Stock-in-trade	28.39	11.46	7.17
Stores and Spares	15.00	16.15	20.72
TOTAL	**343.11**	**375.15**	**321.08**

Note:

1. Refer Note 39 for the inventories hypothecated as security against borrowings.
2. The cost of inventories recognised as an expense during the year was Rs. 1024.52 crores (Previous year 959.78 Crores).
3. The cost of inventories recognised as an expense includes a reversal of Rs.0.71 Crores (Previous year charge of Rs.1.17 Crores) in respect of write downs of inventory to net realisable value and a reversal of Rs.1.53 crores (Previous year charge of Rs.3.24 Crores) in respect of provisions for slow moving/non moving/expired/near expiry products

10. TRADE RECEIVABLES

		As at March 31, 2017		As at March 31, 2016		As at April 1, 2015
Secured - Considered Good	0.20		0.20		0.20	
Unsecured - Considered Good	492.65		405.60		327.39	
Unsecured - Considered Doubtful	20.22		17.57		13.63	
Less: Expected Credit Loss on Trade Receivables	(21.64)	491.43	(18.79)	404.58	(14.84)	326.38
TOTAL		**491.43**		**404.58**		**326.38**

The credit period on sale of goods generally ranges from 7 to 150 days.
The Company has a documented Credit Risk Management Policy for its Pharmaceuticals Manufacturing and Services business. For every new customer (except established large pharma companies), Company performs a credit rating check using an external credit agency. If a customer clears the credit rating check, the credit limit for that customer is derived using internally documented scoring systems. The credit limits for all the customers are reviewed on an ongoing basis.

Of the Trade Receivables balance as at March 31, 2017 of Rs.513.07 Crores (as at March 31, 2016 of Rs.423.37 Crores and as at April 1, 2015 - Rs.341.22 Crores), the top 3 customers of the Company represent the balance of Rs.163.72 Crores as at March 31, 2017 (as at March 31, 2016 - Rs.137.47 Crores and as at April 1, 2015 - Rs.160.10 Crores). There are no other customers who represent more than 5% of total balance of Trade Receivables.

The Company has used a practical expedient by computing the expected credit loss allowance for External Trade Receivables based on a provision matrix. The provision matrix takes in to account historical credit loss experience and adjusted for forward-looking information. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix. The provision matrix at the end of the reporting period is as follows:

Ageing	Expected credit loss (%) - For external customers
Less than 150 days	0.30%
151 days to 365 days	0.30%
More than 365 days	100.00%

Rs. in crores

Ageing	Expected credit loss		
	March 31, 2017	March 31, 2016	April 1, 2015
Within due date	1.20	1.06	0.94
After Due date	20.44	17.73	13.90

Price Waterhouse Chartered Accountants FRN 301112E Mumbai

PIRAMAL ENTERPRISES LIMITED
Notes to financial statements for the Year Ended March 31, 2017

Rs. in crores

Ageing of receivables	As at March 31, 2017	As at March 31, 2016	April 1, 2015
Less than 365 days	486.34	400.21	315.38
More than 365 days	26.73	23.16	25.84
Total	**513.07**	**423.37**	**341.22**

If the trade receivables (discounted) are not paid at maturity, the bank has right to request the Company to pay the unsettled balance. As the Company has not transferred the risks and rewards relating to these customers, it continues to recognize the full carrying amount of the receivables and has recognized the cash received on the transfer as a secured borrowing (Refer Note 21).

At the end of the reporting period, the carrying amount of the trade receivables that have been transferred but have not been de-recognized amounted to Rs. 20.59 Crores (Previous year Rs.66.30 Crores) and the carrying value of associated liability is Rs. 20.59 Crores (Previous year Rs.66.30 Crores) (Refer Note 21).

Movement in Expected Credit Loss Allowance:

	Year ended March 31, 2017	Year ended March 31, 2016
Balance at the beginning of the year	18.79	14.84
Add: Movement in expected credit loss allowance on trade receivables calculated at lifetime expected credit losses	2.85	3.95
Balance at the end of the year	**21.64**	**18.79**

Refer Note 38 for the receivables from Related Parties
Refer Note 39 for the receivables hypothecated as security against borrowings.

		As at March 31, 2017 Rs. in Crores		As at March 31, 2016 Rs. in Crores		As at April 1, 2015 Rs. in Crores
11. CASH AND CASH EQUIVALENTS						
- Cash and Cash equivalents						
i. Balance with Banks						
- Current Accounts	35.04		7.68		27.18	
- Deposit Accounts (less than 3 months original maturity)	60.00		-		-	
		95.04		7.68		27.18
ii. Cash on Hand		0.06		0.04		0.09
TOTAL		**95.10**		**7.72**		**27.27**

There are no repatriation restrictions with regard to Cash and Cash Equivalents as at the end of the reporting period and prior periods

12. OTHER BANK BALANCES						
i. Earmarked balances with banks						
- Unclaimed Dividend Account	15.94		19.46		13.05	
- Others	0.02		0.02		0.02	
		15.96		19.48		13.07
ii. Margin Money		13.01		12.28		0.05
TOTAL		**28.97**		**31.76**		**13.12**

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PIRAMAL ENTERPRISES LIMITED
Notes to financial statements for the Year Ended March 31, 2017

13. LOANS - CURRENT		As at March 31, 2017 Rs. in Crores		As at March 31, 2016 Rs. in Crores		As at April 1, 2015 Rs. in Crores
Loans Secured and Considered Good - At Amortised Cost:						
Term Loans	-		38.51		31.99	
Less: allowance for expected credit loss	-	-	1.43	37.08	0.69	31.30
Inter Corporate Deposits	-		379.37		57.20	
Less: allowance for expected credit loss	-	-	8.32	371.05	1.34	55.86
Loans Secured and Considered Doubtful - At Amortised Cost:						
Term Loans	6.91		8.29		5.96	
Less: allowance for expected credit loss	2.73	4.18	3.63	4.66	2.98	2.98
Loans to Related Parties - Unsecured and Considered Good - At amortised Cost:		160.69		450.28		1,918.47
Inter Corporate Deposits - Unsecured and Considered Good - At amortised Cost:		880.37		850.00		1,275.00
Inter Corporate Deposits Unsecured and Considered Doubtful - At Amortised Cost:						
Inter Corporate Deposits	8.30		8.30		8.30	
Less: allowance for expected credit loss	8.30	-	8.30	-	8.30	-
TOTAL		1,045.24		1,713.07		3,283.61

14. OTHER FINANCIAL ASSETS - CURRENT	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Security Deposits	11.04	4.22	6.29
Guarantee Commission receivable	7.42	-	-
Derivative Financial Assets	14.69	11.47	12.76
Consideration Receivable	-	70.00	5.20
Unbilled revenues	29.82	-	-
Other Receivables from Related Parties	11.13	1.51	1.24
Bank deposits (Refer Note 39)	20.00	-	-
Interest Accrued	5.82	3.33	17.03
Others	7.88	7.01	2.84
	107.80	97.54	45.36

15. OTHER CURRENT ASSETS		As at March 31, 2017		As at March 31, 2016		As at April 1, 2015
Unsecured and Considered Good (Unless otherwise stated)						
Advances :						
Unsecured and Considered Good	47.00		36.38		49.07	
Considered Doubtful	0.08		0.08		0.08	
	47.08		36.46		49.15	
Less: Provision for doubtful advances	0.08	47.00	0.08	36.38	0.08	49.07
Balance with Government Authorities		32.60		41.43		36.57
Prepayments		18.45		14.75		9.26
Claims Receivable		16.90		12.45		10.50
TOTAL		114.95		105.01		105.40

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Chartered Accountants
FRN 301112E
Mumbai

	As at March 31, 2017 Rs. in Crores	As at March 31, 2016 Rs. in Crores	As at April 1, 2015 Rs. in Crores
16. SHARE CAPITAL			
AUTHORISED SHARE CAPITAL			
250,000,000 (250,000,000) Equity Shares of Rs.2/- each	50.00	50.00	50.00
3,000,000 (3,000,000) Preference Shares of Rs.100/- each	30.00	30.00	30.00
24,000,000 (24,000,000) Preference Shares of Rs.10/- each	24.00	24.00	24.00
105,000,000 (105,000,000) Unclassified Shares of Rs.2/- each	21.00	21.00	21.00
	125.00	125.00	125.00
ISSUED, SUBSCRIBED AND PAID UP			
172,563,100 (172,563,100) Equity Shares of Rs.2/- each (fully paid up)	34.51	34.51	34.51
TOTAL	34.51	34.51	34.51

(i) **Movement in Equity Share Capital**

Particulars	As at March 31, 2017 No. of shares	As at March 31, 2017 Rs. In Crores	As at March 31, 2016 No. of shares	As at March 31, 2016 Rs. In Crores	As at April 1, 2015 No. of shares	As at April 1, 2015 Rs. In Crores
At the beginning of the year	172,563,100	34.51	172,563,100	34.51	172,563,100	34.51
Add: Issued during the year	-	-	-	-	-	-
Less: Shares cancelled during the year	-	-	-	-	-	-
At the end of the year	172,563,100	34.51	172,563,100	34.51	172,563,100	34.51

(ii) **Details of shareholders holding more than 5% shares in the Company**

Particulars	No. of shares	% Holding	No. of shares	% Holding	No. of shares	% Holding
The Sri Krishna Trust through its Trustees, Mr. Ajay Piramal and Dr.(Mrs.) Swati A. Piramal (Previously held through its Corporate Trustees, Piramal Management Services Private Limited)	75,458,452	43.73%	83,905,941	48.62%	84,120,694	48.75%
Aberdeen Global Indian Equity (Mauritius) Limited	4,185,039	2.43%	7,600,000	4.40%	10,237,882	5.93%

(iii) **Aggregate number of shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the current financial year:**

Particulars	Financial Year	No. of shares
i. Equity Shares allotted as fully paid-up pursuant to merger of PHL Holdings Private Limited into the Company	2013-14	84,092,879
ii. Equity Shares allotted as fully paid-up pursuant to demerger of R&D NCE division of Piramal Phytocare Limited (PPL) (formerly known as Piramal Life Sciences Limited) into the Company	2011-12	5,352,585
iii. Equity shares bought back by the Company	2011-12	705,529
iv. Equity shares bought back by the Company	2010-11	41,097,100

(iv) **Terms and Rights attached to equity shares**

Equity Shares:
The Company has one class of equity shares having a par value of Rs.2/- per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of Interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

17. OTHER EQUITY

	As at March 31, 2017 Rs. in Crores	As at March 31, 2016 Rs. in Crores	As at April 1, 2015 Rs. in Crores
Capital Reserve	2,358.39	2,358.39	2,358.39
Securities Premium Reserve	3.69	3.69	3.69
Capital Redemption Reserve	61.73	61.73	61.73
Debenture Redemption Reserve	655.79	524.00	85.42
General Reserve	5,798.55	5,798.55	5,798.55
FVTOCI - Equity Instruments	1,606.18	759.83	1,452.47
Cash Flow Hedging Reserve	0.13	-	-
Retained Earnings	3,903.63	3,259.91	3,483.26
	14,388.09	12,766.10	13,243.51

		March 31, 2017		March 31, 2016
CAPITAL RESERVE				
At the beginning of the year	2,358.39		2,358.39	
Add: Adjusted on Merger	-		-	
		2,358.39		2,358.39

This reserve is outcome of past Business Combinations.

SECURITIES PREMIUM RESERVE				
At the beginning of the year	3.69		3.69	
Add: Credited on Merger	-		-	
		3.69		3.69

Securities Premium is used to record the premium on issue of shares. The reserve is utilised in accordance with the Provisions of the Act

CAPITAL REDEMPTION RESERVE				
At the beginning of the year	61.73		61.73	
		61.73		61.73

This reserve was created as per requirements of Companies Act pursuant to buyback of equity shares and redemption of preference shares.

DEBENTURE REDEMPTION RESERVE				
At the beginning of the year	524.00		85.42	
Less: Transferred to General Reserve				
Add: Transfer during the year	131.79		438.58	
		655.79		524.00

The Debenture redemption reserve is created as per the requirements of Rule 18(7) of the Companies (Share Capital and Debentures) Rules, 2014. The amount represents 25% of the amount payable on redemption of debentures.

GENERAL RESERVE				
At the beginning of the year	5,798.55		5,798.55	
Add: Transfer during the year	-		-	
Less: Utilised during the year	-		-	
		5,798.55		5,798.55

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Chartered Accountants

	As at March 31, 2017 Rs. in Crores		As at March 31, 2016 Rs. in Crores	
FVTOCI - Equity Instruments				
At the beginning of the year	759.83		1,452.47	
Add: Changes in Fair value of FVTOCI Equity instruments	846.35	1,606.18	(692.64)	759.83

The Company has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within the FVOCI equity investments reserve within equity. The Company transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

Cash Flow Hedging Reserve				
At the beginning of the year	-		-	
Add: Transfer during the year	0.13		-	
		0.13		-

The Company uses hedging instruments as part of its management of foreign currency risk associated with its Foreign Currency Non-repatriable loans. To the extent these hedges are effective, the change in the fair value of hedging instrument is recognised in the cash flow hedging reserve.

Retained Earnings				
At the beginning of the year	3,259.91		3,483.26	
Add: Profit for the year	775.78		995.70	
Less: Remeasurement of Post Employment Benefit Obligations	1.27		1.61	
Less: Transfer to Debenture Redemption Reserve	131.79		438.58	
Less : Dividends paid	-		778.86	
		3,903.63		3,259.91
TOTAL		14,388.09		12,766.10

On August 17, 2015, a dividend of Rs.20 per share (total dividend Rs.345.13 Crores and dividend distribution tax of Rs.70.26 crores) was paid to holders of fully paid equity shares. On March 21, 2016, a dividend of Rs.17.50 per share (total dividend of Rs.301.99 Crores and dividend distribution tax of Rs.61.48 crores) was paid to holders of fully paid equity shares.

A Dividend of Rs.21 per equity share (1050% of the face value of Rs.2/- each) amounting to Rs.362.38 Crores (Dividend Distribution Tax thereon of Rs.73.78 Crores) has been recommended by the Board of Directors which is subject to approval of the Shareholders.

18. BORROWINGS - NON CURRENT		As at March 31, 2017 Rs. in Crores		As at March 31, 2016 Rs. in Crores		As at April 1, 2015 Rs. in Crores
Secured - at amortized cost						
Redeemable Non Convertible Debentures		1,112.79		598.27		-
Term Loan From Banks		719.12		1,542.25		344.53
Unsecured - at amortized cost						
Redeemable Non Convertible Debentures		907.61		2,795.16		854.89
Term Loan From Banks:						
Rupee Loans	-		299.31		-	
Foreign Currency Non Repatriable Loans	-		398.24		-	
		-		697.55		-
TOTAL		2,739.52		5,633.23		1,199.42

Terms of repayment, nature of security & rate of interest in case of Secured Loans:

A. Secured Term Loan from Banks

Rs. in Crores

Nature of Security	Terms of repayment	Principal Outstanding as at March 31, 2017	Principal Outstanding as at March 31, 2016	Principal Outstanding as at April 1, 2015
First Charge on the present and future Property Plant & Equipment of the company with a minimum security cover of 1.15 times.	Repayment in 10 semi annual instalments	174.99	244.99	303.33
First Pari Passu Charge on all movable and immovable Property Plant & Equipment of the borrower for Rs 100 crores with a minimum Financial Asset Cover (FACR) of 1.15 times.	Repayment in seven semi annual instalments	71.43	100.00	100.00
Hypothecation of receivables arising out of identified financial assets i.e. Borrower's investment (a) In debentures pertaining to Real Estate Sector & (b) Inter-corporate deposits pertaining to Real Estate Sector with a minimum asset cover of 1.10 times for overall facilities.	Repayment in 12 equal quarterly instalments. 1st instalment first day of the 27th month. Final Maturity 5 years from date of each drawdown.	-	500.00	-
First paripassu charge by way of hypothecation of receivables arising out of identified financial assets i.e. investment in Debentures & inter-corporate deposits pertaining to Real Estate Sector with a minimum asset cover of 1.10 times for the overall facilities.	Repayment in 3 equal tranches at the end of 24, 30 and 36 months from the date of first disbursement.	-	250.00	-
Hypothecation of all movable properties of the Company i.e. plant and machinery (excluding Current Assets and Intangible Assets) both present and future at the below locations:(a) Pithampur, Madhya Pradesh (b) Ennore, Chennai (c) Digwal Village ,Medak District ,Andhra Pradesh (d) Mahad District Raigad , Madhya Pradesh and the Equitable Mortgage of all the immovable properties, both Lease Hold and Free Hold of the Company , both present and future .The charge will be on pari-passu basis with existing Term Lenders with a minimum Financial Asset Cover (FACR) of 1.15 times.	Repayment in 5 Half Yearly instalments of Rs.40 Crores each commencing 24 months after the first disbursement.	200.00	200.00	-

Price Waterhouse Chartered Accountants FRN 301112E Mumbai

First pari passu charge by way of hypothecation or receivables arising out of identified financial assets (to the satisfaction of the Lender) covered under loan agreements of the Borrower with a minimum asset cover of 1.10 times for the overall facilities. At any point of time ,such assets will not include those assets wherein the scheduled repayment is overdue for more than 120 days or such other days of NPA recognition as per the RBI guidelines ,whichever is lower.	Repayment in 14 unequal quarterly instalments. The first of such instalment of repayment shall fall due on the first day of the 21 st month from the date of the first drawdown.	-	250.00	-
	Repayment in 14 unequal quarterly instalments after moratorium period of 18 months.	-	100.00	-
First pari passu charge by way of hypothecation over receivables of entire secured financial services investments of borrower (excluding investments in Shriram group) whether current or in future with a minimum cover of 1.10 x of the principal and accrued interest.	Moratorium of 18 months and repayment in 2 equal quarterly instalments	150.00	-	-
Charge on brands acquired on exclusive basis	Total Tenor of 30 months from date of first drawdown with 1 year moratorium and thereafter repayable in three equal half yearly instalments	175.00	-	-
Charge on brands acquired on exclusive basis	Total Tenor of 30 months from date of first drawdown with 1 year moratorium and thereafter repayable in three equal half yearly instalments	100.00	-	-

The effective costs for the above loans are in the range of 8.60 % to 10.15 % per annum (Previous Year 9.5% to 10.75% per annum)

Satisfaction of charges in respect of certain repaid loans are still awaited. Creation of charges in respect of certain loans are in process.

Refer Note 39 for assets hypothecated/mortgaged as securities against the Secured Borrowings

B. Secured Debentures:

Rs. in Crores

Particulars	Nature of Security	Terms of Repayment	Principal Outstanding as at March 31, 2017	Principal Outstanding as at March 31, 2016	Principal Outstanding as at April 1, 2015
50 (payable annually) 9.75% Secured Rated Listed Redeemable Non Convertible Debentures of Rs.1,000,000 each	Secured by a First Pari Passu mortgage over specifically Mortgaged Premises and a first pari passu hypothecation over portions of specific identified Receivables as set out in the Debenture Trust Deed and the Deed of Hypothecation.	The amount of Rs 5 Crores redeemable at par at the end of 3650 days from the date of allotment.	5.00	-	-
350 (payable annually) 9.75% Secured Rated Listed Redeemable Non Convertible Debentures of Rs.1,000,000 each	Secured by a First Pari Passu mortgage over specifically Mortgaged Premises and a first pari passu hypothecation over portions of specific identified Receivables as set out in the Debenture Trust Deed and the Deed of Hypothecation.	The amount of Rs 35 Crores redeemable at par at the end of 3652 days from the date of allotment.	35.00	-	-
100 (payable annually) 9.57% Secured Rated Listed Redeemable Non Convertible Debentures of Rs.1,000,000 each	Secured by a First Pari Passu mortgage over specifically Mortgaged Premises and a first pari passu hypothecation over portions of specific identified Receivables as set out in the Debenture Trust Deed and the Deed of Hypothecation.	The amount of Rs 10 Crores redeemable at par at the end of 1826 days from the date of allotment	10.00	-	-
150 (payable annually) 9.38% Secured Rated Listed Redeemable Non Convertible Debentures of Rs.1,000,000 each	Secured by a First Pari Passu mortgage over specifically Mortgaged Premises and a first pari passu hypothecation over portions of specific identified Receivables as set out in the Debenture Trust Deed and the Deed of Hypothecation.	The amount of Rs 15 Crores redeemable at par at the end of 1109 days from the date of allotment.	15.00	-	-
2000 (payable annually) 9.38% Secured Rated Listed Redeemable Non Convertible Debentures of Rs.1,000,000 each	Secured by a First Pari Passu mortgage over specifically Mortgaged Premises and a first pari passu hypothecation over portions of specific identified Receivables as set out in the Debenture Trust Deed and the Deed of Hypothecation.	The amount of Rs 200 Crores redeemable at par at the end of 1095 days from the date of allotment .	200.00	-	-
1500 (payable annually) 9.45% Secured Rated Listed Redeemable Non Convertible Debentures of Rs.1,000,000 each	Secured by a First Pari Passu mortgage over specifically Mortgaged Premises and a first pari passu hypothecation over portions of specific identified Receivables as set out in the Debenture Trust Deed and the Deed of Hypothecation.	Option I - Rs. 50 Crores redeemable at par at the end of 1092 days from the date of allotment and Option II - Rs.100 Crores redeemable at par at the end of 1107 days from the date of allotment.	150.00	-	-

Price Waterhouse
Chartered Accountants
FRN 301112E
Mumbai

400 Secured Rated Listed Redeemable Non Convertible Debentures (9.57%) of Rs.1,000,000 each	Secured by a First Pari Passu mortgage over specifically Mortgaged Premises and a first pari passu hypothecation over portions of specific identified Receivables as set out in the Debenture Trust Deed and the Deed of Hypothecation.	The amount of Rs 40 Crores redeemable at par at the end of 1093 days from the date of allotment.	40.00	-	-
250 (payable annually) 9.57% Secured Rated Listed Redeemable Non Convertible Debentures of Rs.1,000,000 each	Secured by a First Pari Passu mortgage over specifically Mortgaged Premises and a first pari passu hypothecation over portions of specific identified Receivables as set out in the Debenture Trust Deed and the Deed of Hypothecation.	The amount of Rs 25 Crores redeemable at par at the end of 1093 days from the date of allotment.	25.00	-	-
3000 (payable annually) 9.45% Secured Rated Listed Redeemable Non Convertible Debentures of Rs.1,000,000 each	Secured by a First Pari Passu mortgage over specifically Mortgaged Premises and a first pari passu hypothecation over portions of specific identified Receivables as set out in the Debenture Trust Deed and the Deed of Hypothecation.	Series 1 - The amount of Rs 150 Crores redeemable at par at the end of 1050 days from the date of allotment. Series II -The amount of Rs 150 Crores redeemable at the end of 1090 days from the date of allotment.	300.00	-	-
1000 (payable annually) 9.264% Secured Rated Listed Redeemable Non Convertible Debentures of Rs.1,000,000 each	Secured through a First Pari Passu charge by hypothecation over specific identified Receivables and a first ranking pari passu mortgage over specifically mortgaged premises or such other property as may be identified by the company as set out in the Debenture Trust deed and Deed of Hypothecation	The amount of Rs 100 Crores redeemable at par at the end of 970 days from the date of allotment.	100.00	-	-
100 (payable annually) 9.267% Secured Rated Listed Redeemable Non Convertible Debentures of Rs.1,000,000 each	Secured through a First Pari Passu charge by hypothecation over specific identified Receivables and a first ranking pari passu mortgage over specifically mortgaged premises or such other property as may be identified by the company as set out in the Debenture Trust deed and Deed of Hypothecation	The amount of Rs 10 Crores redeemable at par at the end of 963 days from the date of allotment.	10.00	-	-
200 (payable annually) 9.267 % Secured Rated Listed Redeemable Non Convertible Debentures of Rs.1,000,000 each	Secured through a First Pari Passu charge by hypothecation over specific identified Receivables and a first ranking pari passu mortgage over specifically mortgaged premises or such other property as may be identified by the company as set out in the Debenture Trust deed and Deed of Hypothecation	The amount of Rs 20 Crores redeemable at par at the end of 962 days from the date of allotment.	20.00	-	-
1000 (payable annually) 9.25% Secured Rated Listed Redeemable Non Convertible Debentures of Rs.1,000,000 each	Secured through a First Pari Passu charge by hypothecation over specific identified Receivables and a first ranking pari passu mortgage over specifically mortgaged premises or such other property as may be identified by the company as set out in the Debenture Trust deed	The amount of Rs 100 Crores redeemable at par at the end of 728 days from the date of allotment.	100.00	-	-
500 (payable annually) 8.95 % Secured Rated Listed Redeemable Non Convertible Debentures of Rs.1,000,000 each	Secured through a First Pari Passu charge by hypothecation over specific identified Receivables and a first ranking pari passu mortgage over specifically mortgaged premises or such other property as may be identified by the company as set out in the Debenture Trust deed and Deed of Hypothecation	The amount of Rs 50 Crores redeemable at par at the end of 646 days from the date of allotment.	50.00	-	-

Price Waterhouse
Chartered Accountants
FRN 301112E
Mumbai

1000 Secured Rated Listed Redeemable Non Convertible Debentures (9.40%) of Rs.1,000,000 each	Secured by a First Pari Passu mortgage over specifically Mortgaged Premises and a first pari passu hypothecation over portions of specific identified Receivables as set out in the Debenture Trust Deed and the Deed of Hypothecation.	Option I - Rs. 50 Crores redeemable at par at the end of 729 days from the date of allotment. and Option II - Rs.50 Crores redeemable at par at the end of 1094 days from the date of allotment.	100.00	100.00	-
5,000 Secured Rated Listed Redeemable Non Convertible Debentures (9.25%) of Rs.1,000,000 each	Secured by First Pari Passu non exclusive charge by hypothecation over the specified identified receivables and a first ranking pari passu mortgage over Specifically Mortgaged Premises or such other property as may be identified by the Company as set out in the Debenture Trust Deed and the Deed of Hypothecation.	Series A - Rs. 250 Crores redeemable at par at the end of 730 days from the date of allotment and Series B - Rs.250 Crores redeemable at par at the end of 762 days from the date of allotment.	500.00	500.00	-
400 Secured Rated Listed Redeemable Non Convertible Debentures (9.383%) of Rs.1,000,000 each	Secured by a First Pari Passu mortgage over specifically Mortgaged Premises and a first pari passu hypothecation over portions of specific identified Receivables as set out in the Debenture Trust Deed and the Deed of Hypothecation.	The amount of Rs 40 Crores redeemable at par at the end of 561 days from the date of allotment.	40.00	-	-

Creation of charges in respect of certain debentures are in process.
Refer Note 39 for assets hypothecated/mortgaged as securities against the Secured Borrowings

Terms of repayment & rate of interest in case of Unsecured Loans:

A. Unsecured Term Loans

Rs. in Crores

Particulars	Payment terms	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Long term Unsecured rupee loans from banks	Repayment from the date of disbursement repayment at the end of 15th month for Rs.75 Crores ,at the end of 16th month for Rs.75 Crores and at the end of 17th month for Rs.100 Crores	-	250.00	-
	Repayment on September 4, 2017 for an amount of Rs.100 Crores	100.00	100.00	-
	Repayment on April 10, 2017 for an amount of Rs.200 Crores	-	200.00	-
Long term Unsecured foreign currency Non Repatriable loans from banks	Repayment on June 30, 2017 for an amount of Rs.250 Crores	249.47	249.47	-
	Repayment on August 21, 2017 for an amount of Rs.150 Crores	-	149.46	-

Price Waterhouse
Chartered Accountants
FRN 301112E
Mumbai

The effective costs for the above loans are in the range of 9.5% to 10% per annum

B. Unsecured Debentures

Rs. in Crores

Particulars	Terms of Repayment	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
2,000 9.40% (payable annually) Unsecured Redeemable Non Convertible Debentures Rs.1,000,000 each	Series III - Rs. 200 Crores redeemable at par at the end of 1092 days from the date of allotment.	200.00	200.00	-
3,850 9.22% (payable annually) Unsecured Redeemable Non Convertible Debentures Rs.1,000,000 each	Series B - Rs. 100 Crores redeemable at par at the end of 1092 days from the date of allotment and Series C - Rs. 285 Crores redeemable at par at the end of 1096 days from the date of allotment.	385.00	385.00	-
1,000 9.25% (payable annually) Unsecured Redeemable Non Convertible Debentures Rs.1,000,000 each	Series D - Rs.100 Crores redeemable at par at the end of 1096 days from the date of allotment.	100.00	100.00	-
2,450 9.27% (payable annually) Unsecured Redeemable Non Convertible Debentures of Rs.1,000,000 each	Series IV - Rs. 21 Crores redeemable at par at the end of 974 days from the date of allotment and Series V - Rs. 224 Crores redeemable at par at the end of 1112 days from the date of allotment.	245.00	245.00	-
1,000 9.33% (payable annually) Unsecured Redeemable Non Convertible Debentures Rs.1,000,000 each	The amount of Rs. 100 Crores redeemable at par at the end of 517 days from the date of allotment.	100.00	100.00	-
2,000 9.35% (payable annually) Unsecured Redeemable Non Convertible Debentures Rs.1,000,000 each	Series II - Rs. 200 Crores redeemable at par at the end of 731 days from the date of allotment.	200.00	200.00	-
2,350 9.13% (payable annually) Unsecured Redeemable Non Convertible Debentures Rs.1,000,000 each	Series A - Rs. 235 Crores redeemable at par at the end of 731 days from the date of allotment.	235.00	235.00	-
4,000 9.15% (payable annually) Unsecured Redeemable Non Convertible Debentures Rs.1,000,000 each	Series A - Rs. 150 Crores redeemable at par at the end of 711 days from the date of allotment and Series B - Rs.150 Crores redeemable at par at the end of 746 days from the date of allotment and Series C -Rs.100 Crores redeemable at par at the end of 767 days from the date of allotment	400.00	400.00	-
1,550 9.18% (payable annually) Unsecured Redeemable Non Convertible Debentures Rs.1,000,000 each	Series I - Rs. 75 Crores redeemable at par at the end of 532 days from the date of allotment and Series II - Rs.15 Crores redeemable at par at the end of 644 days from the date of allotment and Series III -Rs.65 Crores redeemable at par at the end of 731 days from the date of allotment.	80.00	155.00	-
5,000 9.43% Unsecured Redeemable Non Convertible Debentures of Rs.1,000,000 each*	Series A - Rs. 350 Crores redeemable at par at the end of 731 days from the date of allotment and Series B - Rs.100 Crores redeemable at par at the end of 1095 days from the date of allotment , Series C - Rs.50 Crores redeemable at par at the end of 1095 days from the date of allotment.	150.00	500.00	500.00
7,000 9.40% (payable monthly) Unsecured Redeemable Non Convertible Debentures Rs.1,000,000 each	Option I - Rs. 400 Crores redeemable at par at the end of 1103 days from the date of allotment and Option II - Rs. 300 Crores redeemable at par at the end of 1132 days from the date of allotment.	-	700.00	-
2,500 9.27% (payable annually) Unsecured Redeemable Non Convertible Debentures of Rs.1,000,000 each	Series I - Rs. 250 Crores redeemable at par at the end of 581 days from the date of allotment.	-	250.00	-
3500 9.66% (payable annually) Unsecured Redeemable Non Convertible Debentures of Rs.1,000,000 each	Redeemable at par at the end of 5th year from the allotment date. The same has been redeemed on February 8, 2016	-	-	350.00

* Interest on Series A & B is payable annually. Interest on Series C is payable at maturity

	As at March 31, 2017 Rs. in Crores	As at March 31, 2016 Rs. in Crores	As at April 1, 2015 Rs. in Crores
19. OTHER FINANCIAL LIABILITIES - NON-CURRENT			
Derivative Financial Liabilities not designated as hedge	-	4.03	-
Lease Equalisation Liability	5.65	7.11	-
	5.65	11.14	-
20. NON-CURRENT PROVISIONS			
Provision for employee benefits (Refer Note 37)	25.95	18.32	17.47
Provisions for Grants - Committed*	4.91	15.58	24.29
Provision for Onerous contracts *	-	0.35	1.06
TOTAL	30.86	34.25	42.82

* Refer Note 48 for movements during the year

Price Waterhouse Chartered Accountants FRN 301112E Mumbai

PIRAMAL ENTERPRISES LIMITED
Notes to financial statements for the Year Ended March 31, 2017

	As at March 31, 2017 Rs. in Crores		As at March 31, 2016 Rs. in Crores		As at April 1, 2015 Rs. in Crores	
21. BORROWINGS - CURRENT						
Secured - At Amortised Cost						
Loans from banks						
- Working capital Demand Loan	35.05		35.31		35.00	
- Overdraft with banks	62.86		101.64		89.92	
- Collaterized Debt Obligations (Refer Note 10)	20.59		66.30		-	
		118.50		203.25		124.92
Unsecured - At Amortised Cost						
Loans from banks						
- Repayable on demand	952.10		526.38		402.60	
- Others	1.01		13.42		8.38	
Commercial Papers	3,948.51		5,951.30		2,039.62	
Loans from Related Parties (Refer Note 38)	-		26.00		-	
		4,901.62		6,517.10		2,450.60
TOTAL		5,020.12		6,720.35		2,575.52

Note:

Description of loan	Terms of repayment	Rate of Interest
Secured Loans:		
Working capital Demand Loan	At Call	10.45 % pa
Overdraft with banks	At Call	10 % pa to 13 % pa
Collaterized Debt Obligations	At the end of credit period (maximum 60 days from the date of sale)	0.80 % pa to 1.50 % pa
Unsecured Loans:		
Commercial Papers	Repayable within 365 days from date of disbursement	7.95 % to 9.25 % pa
Loans from related parties	At Call	8.76 % pa
Short term loans from Banks	Repayable within 365 days from date of disbursement	9.40 % pa to 9.80 % pa
Others (PCFC)	At Call	0.80 % pa to 1.50 % pa

Refer Note 39 for assets hypothecated/mortgaged as securities against the Secured Borrowings

	March 31, 2017	March 31, 2016	April 1, 2015
22. OTHER FINANCIAL LIABILITIES - CURRENT			
Current maturities of long-term debt (Refer Note 18)	2,495.78	1,206.10	58.35
Unpaid Dividend (Refer Note below)	15.94	19.46	13.05
Employee related liabilities	62.18	62.76	29.61
Capital Creditors	42.23	7.53	4.41
Lease Equalisation	1.45	0.82	-
Security Deposits Received	1.44	1.45	1.25
Other payables	1.72	1.71	1.64
Retention Money	-	1.50	-
	2,620.74	1,301.33	108.31

There are no amounts due and outstanding to be credited to Investor Education and Protection Fund as at the year end.

	March 31, 2017	March 31, 2016	April 1, 2015
23. OTHER CURRENT LIABILITIES			
Advances from Customers	42.33	21.90	10.40
Statutory Dues	4.43	1.73	8.07
Income received in advance	-	1.65	-
TOTAL	46.76	25.28	18.47

	March 31, 2017	March 31, 2016	April 1, 2015
24. CURRENT PROVISIONS			
Provision for employee benefits (Refer Note 37)	23.47	22.36	17.86
Provision for Expected Credit Loss on Loan Commitments (Refer Note 46f)	2.01	37.37	22.73
Provision for Wealth Tax	0.21	0.21	0.21
Provision for Onerous contracts +	-	0.71	35.49
Provisions for Grants - Committed +	12.97	13.25	-
Provision For Litigations & Disputes +	3.50	13.39	13.39
TOTAL	42.16	87.29	89.68

\+ Refer Note 48 for movements during the year

	March 31, 2017	March 31, 2016	April 1, 2015
25. CURRENT TAX LIABILITIES			
Provision for Income Tax [Net of Advance Tax of Rs.151.48 Crores (As on March 31, 2016 154.31 crores and As on April 1, 2015 Rs. 429.03 crores)]	12.95	13.33	14.43
	12.95	13.33	14.43

26 Contingent liabilities and commitments	**As at March 31, 2017 Rs. in Crores**	**As at March 31, 2016 Rs. in Crores**	**As at April 1, 2015 Rs. in Crores**
A Contingent liabilities			
1 Claims against the Company not acknowledged as debt: Vide Demand dated June 5, 1984, the Government has asked for payment to the credit of the Drugs Prices Equalisation Account, the difference between the common sale price and the retention price on production of Vitamin 'A' Palmitate (Oily Form) from January 28, 1981 to March 31, 1985 which is not accepted by the Company. The Company has been legally advised that the demand is untenable.	0.61	0.61	0.61
2 Guarantees issued (Other than Financial Guarantees)	453.02	466.16	438.03
3 Others			
i. Appeals filed in respect of disputed demands:			
Income Tax			
- where the Company is in appeal	678.37	677.76	740.04
- where the Department is in appeal	142.23	144.25	144.25
Sales Tax	17.66	14.43	15.41
Central / State Excise	22.08	10.36	18.29
Labour Matters	0.16	0.39	0.42
Stamp Duty	4.05	4.05	4.05
Legal Cases	8.50	8.50	8.50
ii. Unexpired Letters of Credit	8.07	12.61	10.58
Note: Future cash outflows in respect of 1 and 3(i) above are determinable only on receipt of judgments/decisions pending with various forums/authorities.			
B Commitments			
a. Estimated amount of contracts remaining to be executed on capital account and not provided for;	103.00	21.61	19.71
b. Other Commitments			
Commitment to invest in non-convertible debentures	106.45	1,257.45	798.94
Commitment to invest in Inter Company Deposits	-	439.95	60.00
Commitment to invest in Optionally Convertible Debentures	-	-	100.00
Commitment to invest in Alternative Investment Funds	75.00	85.00	-
The Company has imported raw materials at concessional rates, under the Advance License Scheme of the Government of India, to fulfil conditions related to quantified exports in stipulated period	9.38	15.44	21.64

		Year Ended March 31, 2017 Rs. in Crores		Year Ended March 31, 2016 Rs. in Crores
27. REVENUE FROM OPERATIONS				
Sale of products (Including Excise Duty)	1,875.78		1,746.72	
Sale of Services	205.04	2,080.82	120.35	1,867.07
Income of financing activities:				
Interest income on instruments measured at amortised cost	1,463.56		1,359.77	
Income on instruments mandatorily measured at FVTPL	142.42		95.00	
Dividend income on instruments designated at FVTOCI (refer Note)	32.47		32.80	
Dividend income from Associate	8.30		36.06	
Others	4.49		10.25	
		1,671.24		1,533.88
Total		3,752.06		3,400.95
Other operating revenues				
Processing Charges Received	2.88		2.89	
Miscellaneous Income	54.37		20.48	
		57.25		23.37
TOTAL		**3,809.31**		**3,424.32**

Note:
All dividends from equity investments designated as at FVTOCI recognised for both the years relate to investments held at the end of each reporting period. There was no dividend income relating to investments derecognized during the reporting period.

28. OTHER INCOME				
Interest Income on Financial Assets				
- On Loans and Bank Deposits (at amortised costs)	268.05	268.05	240.21	240.21
Dividend Income				
- On Non-current Equity Instruments in Subsidiaries/JVs/Associates	19.60		47.31	
- On Current Investments at FVTPL	17.77	37.37	5.74	53.05
Other Gains & Losses:				
- Foreign Exchange Gain (Net)		-		151.43
Miscellaneous Income		51.73		27.23
TOTAL		**357.15**		**471.92**

29. COST OF MATERIALS CONSUMED				
Opening Inventory		145.57		133.36
Add: Purchases		779.67		871.66
Less: Closing Inventory		133.97		145.57
TOTAL		**791.27**		**859.45**

30. PURCHASES OF STOCK-IN-TRADE				
Traded Goods		127.55		70.35
TOTAL		**127.55**		**70.35**

31. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE				
OPENING STOCKS :				
Work-in-Progress	142.03		118.28	
Finished Goods	59.94		41.55	
Stock-in-trade	11.46		7.17	
Less : Excise Duty	3.34	210.09	1.34	165.66
CLOSING STOCKS :				
Work-in-Progress	129.35		142.03	
Finished Goods	36.40		59.94	
Stock-in-trade	28.39		11.46	
Less : Excise Duty	3.11	191.03	3.34	210.09
TOTAL		**19.06**		**(44.43)**

	Year Ended March 31, 2017 Rs. in Crores	Year Ended March 31, 2016 Rs. in Crores
32. EMPLOYEE BENEFITS EXPENSE		
Salaries and Wages	321.17	315.24
Contribution to Provident and Other Funds	15.02	12.52
Gratuity Expenses	2.78	2.76
Staff Welfare	31.66	30.67
TOTAL	**370.63**	**361.19**

	Year Ended March 31, 2017 Rs. in Crores	Year Ended March 31, 2016 Rs. in Crores
33. FINANCE COSTS		
Finance Charge on financial liabilities measured at amortised cost	1,158.22	781.35
Interest on Income Tax	-	0.02
Other borrowing costs	20.12	5.51
TOTAL	**1,178.34**	**786.88**

During the year, the Company has capitalized borrowing costs of Rs.14.26 Crores (Previous year Rs. NIL) relating to projects, included in Capital Work in Progress. The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the Company's general borrowings during the year, in this case 9.00% (Previous year NIL).

		Year Ended March 31, 2017 Rs. in Crores		Year Ended March 31, 2016 Rs. in Crores
34. OTHER EXPENSES				
Processing Charges		6.98		3.41
Consumption of Stores and Spares Parts		43.54		34.44
Consumption of Laboratory materials		21.60		13.84
Power, Fuel and Water Charges		62.75		61.18
Repairs and Maintenance		38.97		36.24
Buildings	17.81		17.41	
Plant and Machinery	20.77		18.58	
Others	0.39		0.25	
Rent		38.34		33.90
Premises	27.34		25.02	
Leasehold Land	0.07		0.07	
Other Assets	10.93		8.81	
Rates & Taxes (includes Excise Duty)		42.31		32.05
Insurance		7.60		7.62
Travelling Expenses		37.61		31.90
Directors' Commission		1.84		1.80
Directors' Sitting Fees		0.92		0.87
Expected Credit Loss on Trade Receivables (Refer Note 10)		2.85		3.95
Expected Credit Loss on Financial Assets (including Commitments) (Refer Note 46)		(223.38)		189.30
Loss on Sale of Property Plant & Equipment (Net)		0.16		2.19
Advertisement and Business Promotion Expenses		119.65		98.86
Expenditure towards Corporate Social Responsibility activities (Refer Note below)		27.03		25.86
Donations		7.10		1.01
Contribution to Electoral Trust		21.10		-
Freight		26.65		20.04
Export Expenses		3.58		2.98
Clearing and Forwarding Expenses		7.09		5.21
Communication and Postage		12.47		10.76
Printing and Stationery		4.99		5.92
Claims		3.99		3.65
Legal Charges		5.84		2.52
Exchange Loss (net)		112.33		-
Professional Charges		49.07		50.91
Royalty Expense		9.66		16.75
Service Charges		35.41		35.74
Information Technology Costs		13.17		10.45
R & D Expenses (Net)		64.91		68.76
Miscellaneous Expenses (Refer Note 40)		20.96		17.71
TOTAL		**622.09**		**829.82**

Note:
Details in respect of Corporate Social Responsibility Expenditure:
- Gross amount required to be spent during the year – Rs.9.17 crores
- Amount spent during the year on Revenue Expenditure – Rs.27.03 crores
- Amount spent during the year on Capital Expenditure - Rs. Nil

	Year Ended March 31, 2017 Rs. in Crores	Year Ended March 31, 2016 Rs. in Crores
35. EXCEPTIONAL INCOME /(EXPENSES) - NET		
Gain on sale of properties (Refer note 35(a))	-	70.23
Loss on Sale of Piramal Clinical Research Business (Refer note 35(b))	-	(2.60)
Income associated with R&D scale down (Refer Note 47)	-	2.56
TOTAL	**-**	**70.19**

a) During the previous year, the Company had sold certain properties having a written down value of Rs.11.07 crores for Rs. 81.30 crores resulting in a net gain of Rs.70.23 crores

b) During the previous year, the Company sold its clinical research business known as PCR business. Property Plant & Equipment of this division along with the employees were transferred on a slump sale basis as a part of the transaction for a consideration of Rs.4.54 crores, resulting in a loss of Rs.2.60 crores.

	Year Ended March 31, 2017 Rs. in Crores	Year Ended March 31, 2016 Rs. in Crores
36. OTHER COMPREHENSIVE INCOME / (EXPENSE)		
Fair Valuation of Equity Investments	846.35	(692.64)
Remeasurement of post-employment benefit obligations	(1.27)	(1.61)
Deferred gains / (losses) on cash flow hedges	0.13	-
TOTAL	**845.21**	**(694.25)**

37 Employee Benefits :

Brief description of the Plans:
Other Long Term Employee Benefit Obligations
Leave Encashment, which are expected to be availed or encashed beyond 12 months from the end of the year are treated as other long term employee benefits. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/ gains are recognised in the Statement of Profit and Loss in the year in which they arise.

Long Term Service Awards are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date.

Defined Contribution plans
The Company's defined contribution plans are Provident Fund (in case of certain employees), Superannuation, Employees State Insurance Fund and Employees' Pension Scheme (under the provisions of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952). The Company has no further obligation beyond making the contributions to such plans.

Post-employment benefit plans:

Gratuity for employees in India is as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for the number of years of service. The gratuity plan is a funded plan and the Company makes contributions to recognised funds in India.
The Company's Gratuity Plan is administered by an insurer and the Investments are made in various schemes of the trust. The Company funds the plan on a periodical basis.

In case of certain employees, The Provident fund is administered through an in-house trust. Periodic contributions to the trust are invested in various instruments considering the return, maturity, safety, etc., within the overall ambit of the Provident Fund Trust Rules and investment pattern notified through the Ministry of Labour investment guidelines for exempted provident funds.

These plans typically expose the Group to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

Investment risk
The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. Plan investment is a mix of investments in government securities, and other debt instruments.
Interest risk
A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments.
Longevity risk
The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary risk
The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

The gratuity plan is a funded plan and the Company makes contributions to recognised funds in India. The Company does not fully fund the liability and maintains a target level of funding to be maintained over a period of time based on estimations of expected gratuity payments. In respect of certain employees, Provident Fund contributions are made to a Trust administered by the Company. The contributions made to the trust are recognised as plan assets. Plan assets in the Provident fund trust are governed by local regulations, including limits on contributions in each class of investments.

The Company actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the employee benefit obligations, with the objective that assets of the gratuity / provident fund obligations match the benefit payments as they fall due. Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets.

A large portion of assets consists of government and corporate bonds, although the Company also invests in equities, cash and mutual funds. The plan asset mix is in compliance with the requirements of the regulations in case of Provident fund.

I. Charge to the Statement of Profit and Loss based on Defined Contribution Plans:

Rs. In Crores

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Employer's contribution to Regional Provident Fund Office	0.74	0.62
Employer's contribution to Superannuation Fund	0.41	0.49
Employer's contribution to Employees' State Insurance	0.61	0.35
Employer's contribution to Employees' Pension Scheme 1995	4.28	3.85

Included in Contribution to Provident and Other Funds and R&D Expenses (Refer Note 32 and 34)

PIRAMAL ENTERPRISES LIMITED
Notes to financial statements for the Year Ended March 31, 2017

II. Disclosures for defined benefit plans based on actuarial valuation reports:

A. Change in Defined Benefit Obligation

(Rs. in Crores)

Particulars	(Funded)			
	Gratuity		Provident Fund	
	Year Ended March 31,		Year Ended March 31,	
	2017	2016	2017	2016
Present Value of Defined Benefit Obligation as at beginning of the year	39.30	35.08	151.69	133.56
Interest Cost	3.07	2.79	12.92	10.61
Current Service Cost	3.01	3.29	9.68	8.56
Contributions from plan participants	-	-	15.31	13.49
Liability Transferred In for Employees Joined	-	-	5.56	7.07
Liability Transferred Out for Employees left	-	-	(4.96)	(7.72)
Benefits Paid from the fund	(2.53)	(3.78)	(8.81)	(13.88)
Actuarial (Gains)/loss - due to change in Demographic Assumptions	-	(0.92)	-	-
Actuarial (Gains)/loss - due to change in Financial Assumptions	1.58	0.32	-	-
Actuarial (Gains)/loss - due to experience adjustments	1.07	2.52	-	-
Present Value of Defined Benefit Obligation as at the end of the year	**45.50**	**39.30**	**181.39**	**151.69**

B. Changes in the Fair Value of Plan Assets

Particulars	(Funded)			
	Gratuity		Provident Fund	
	Year Ended March 31,		Year Ended	
	2017	2016	2017	2016
Fair Value of Plan Assets as at beginning of the year	28.30	25.58	151.69	133.56
Interest Income	2.21	2.04	12.92	10.61
Contributions from employer	0.40	5.00	9.68	8.56
Contributions from plan participants		-	15.31	13.49
Assets Transferred In for Employees Joined	0.04	-	5.56	7.07
Assets Transferred out for Employees left		-	(4.96)	(7.72)
Benefits Paid from the fund	(2.53)	(3.78)	(8.81)	(13.88)
Return on Plan Assets, Excluding Interest Income	0.71	(0.54)	-	-
Fair Value of Plan Assets as at the end of the year	**29.13**	**28.30**	**181.39**	**151.69**

C. Amount recognised in the Balance Sheet

(Rs. in Crores)

Particulars	(Funded)					
	Gratuity			Provident Fund		
	As at March 31,			As at March 31,		
	2017	2016	2015	2017	2016	2015
Present Value of Defined Benefit Obligation as at the end of the year	45.50	39.30	35.08	181.39	151.69	133.56
Fair Value of Plan Assets as at end of the year	29.13	28.30	25.58	181.39	151.69	133.56
Net Liability/(Asset) recognised in the Balance Sheet (Refer Note 20 and 24)	**16.37**	**11.00**	**9.50**	-	-	-

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Recognised under:						
Non Current provision (Refer note 20)	**6.38**	**1.89**	1.74	-	-	-
Current provision (Refer note 24)	**9.99**	**9.11**	7.76	-	-	-

The Provident Fund has a surplus that is not recognised on the basis that future economic benefits are not available to the Company in the form of a reduction in future contributions or a cash refund due to local regulations.

The Company has no legal obligation to settle the deficit in the funded plan (Gratuity) with an immediate contribution or additional one off contributions. The Company intends to continue to contribute the defined benefit plans in line with the actuary's latest recommendations.

D. Expenses recognised in Statement of Profit and Loss

(Rs. in Crores)

Particulars	(Funded)			
	Gratuity		Provident Fund	
	Year ended March 31		Year ended March 31	
	2017	2016	2017	2016
Current Service Cost	3.01	3.29	9.68	8.56
Past Service Cost	-	-	-	-
Net interest Cost	0.86	0.75	-	-
Curtailments Cost / (Credit)	-	-	-	-
Settlements Cost / (Credit)	-	-	-	-
Net Actuarial (gain) / loss	-	-	-	-
Total Expenses / (Income) recognised in the Statement of Profit And Loss*	**3.87**	**4.04**	**9.68**	**8.56**

*Included in Salaries and Wages, Contribution to Provident and Other Funds, Gratuity Fund and R&D Expenses (Refer Note 32 and 34)

E. Expenses Recognized in the Other Comprehensive Income (OCI) for Current Year

(Rs. in Crores)

Particulars	Gratuity	
	Year ended March 31	
	2017	2016
Actuarial (Gains)/Losses on Obligation For the Period - Due to changes in demographic assumptions		
Actuarial (Gains)/Losses on Obligation For the Period - Due to changes in financial assumptions	-	(0.92)
Actuarial (Gains)/Losses on Obligation For the Period - Due to experience adjustment	1.58	0.32
Return on Plan Assets, Excluding Interest Income	1.07	2.52
Change in Asset Ceiling	(0.71)	0.54
Net (Income)/Expense For the Period Recognized in OCI	**1.94**	**2.46**

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PIRAMAL ENTERPRISES LIMITED
Notes to financial statements for the Year Ended March 31, 2017

F. Significant Actuarial Assumptions:

(%)

Particulars	(Funded)					
	Gratuity			Provident Fund		
	As at			As at		
	March 31, 2017	March 31, 2016	April 1, 2015	March 31, 2017	March 31, 2016	April 1, 2015
Discount Rate (per annum)	7.09	7.80	7.96	7.09	7.56	7.96
Salary escalation rate	7.00	7.00	7.00	7.00	7.00	7.00
Expected Rate of return on Plan Assets (per annum)	7.09	7.80	7.96	7.09	7.56	7.96

The expected rate of return on plan assets is based on market expectations at the beginning of the year. The rate of return on long-term government bonds is taken as reference for this purpose.

In case of certain employees, the Provident Fund contribution is made to a Trust administered by the Company. In terms of the Guidance note issued by the Institute of Actuaries of India, the actuary has provided a valuation of Provident fund liability based on the assumptions listed above and determined that there is no shortfall at the end of each reporting period.

G. Movements in the present value of net defined benefit obligation are as follows:

(Rs. in Crores)

Particulars	As at March 31, 2017	As at March 31, 2016
Opening Net Liability	11.00	9.50
Expenses Recognized in Statement of Profit or Loss	3.87	4.04
Expenses Recognized in OCI	1.94	2.46
Net Liability/(Asset) Transfer In	(0.04)	-
Net (Liability)/Asset Transfer Out	-	-
Benefit Paid Directly by the Employer	-	-
Employer's Contribution	(0.40)	(5.00)
Net Liability/(Asset) Recognized in the Balance Sheet	16.37	11.00

H. Category of Assets

(Rs. in Crores)

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Gratuity	Provident Fund	Gratuity	Provident Fund	Gratuity	Provident Fund
Government of India Assets (Central & State)	12.97	73.84	15.32	56.75	11.43	48.27
Public Sector Unit Bonds	-	41.75	-	49.10	-	46.87
Corporate Bonds	11.19	33.90	10.26	15.88	11.41	9.50
Fixed Deposits under Special Deposit Schemes of Central Government*	1.34	27.05	-	28.75	-	28.92
Equity Shares of Listed Entities	3.59	4.75	2.72	1.21	2.74	-
Others	0.04	0.10	-	-	-	-
Total	**29.13**	**181.39**	**28.30**	**151.69**	**25.58**	**133.56**

* Except this, all the other investments are quoted.

Price Waterhouse
Chartered Accountants
FRN 301112E
Mumbai

PIRAMAL ENTERPRISES LIMITED
Notes to financial statements for the Year Ended March 31, 2017
I. Other Details

Particulars	As at March 31, 2017	As at March 31, 2016
No of Active Members	3,856	3,783
Per Month Salary For Active Members	9.99	9.11
Average Expected Future Service (Years)	7.00	8.00
Projected Benefit Obligation (PBO)	45.50	39.30
Prescribed Contribution For Next Year (12 Months)	**9.99**	**9.11**

J. Cash Flow Projection: From the Fund

(Rs. in Crores)

Projected Benefits Payable in Future Years From the Date of Reporting	Estimated for the year ended March 31, 2017	Estimated for the year ended March 31, 2016
1st Following Year	14.52	12.96
2nd Following Year	2.41	2.44
3rd Following Year	2.94	2.69
4th Following Year	3.07	3.39
5th Following Year	3.15	3.82
Sum of Years 6 To 10	17.25	27.22

The Company's Gratuity Plan is administered by an Insurer and the Investments are made in various schemes of the trust. The Company funds the plan on a periodical basis.

In case of certain employees, The Provident fund is administered through an in-house trust. Periodic contributions to the trust are invested in various instruments considering the return, maturity, safety, etc., within the overall ambit of the Provident Fund Trust Rules and Investment pattern notified through the Ministry of Labour investment guidelines for exempted provident funds.

Weighted average duration of the defined benefit obligation is 7 years (Previous year 6 years)

Price Waterhouse
Chartered Accountants
FRN 301112E
Mumbai

PIRAMAL ENTERPRISES LIMITED
Notes to financial statements for the Year Ended March 31, 2017

K. Sensitivity Analysis

(Rs. in Crores)

Projected Benefits Payable in Future Years From the Date of Reporting	As at March 31, 2017	As at March 31, 2016
Impact of +1% Change in Rate of Discounting	(2.23)	(1.89)
Impact of -1% Change in Rate of Discounting	2.52	2.13
Impact of +1% Change in Rate of Salary Increase	2.49	2.12
Impact of -1% Change in Rate of Salary Increase	(2.25)	(2.05)

The above sensitivity analysis are based on change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The liability for Leave Encashment (Non – Funded) as at year end is Rs.30.93 crores (As at March 31, 2016 - Rs.27.67 crores, As at April 1, 2015 - Previous year Rs. 24.89 Crores)

The liability for Long term Service Awards (Non – Funded) as at year end is Rs.2.09 crores (As at March 31, 2016 - Rs.1.97 crores, As at April 1, 2015 - Previous year Rs. 0.88 Crores)

Price Waterhouse
Chartered Accountants
FRN 301112E
Mumbai

Notes to financial statements for the Year Ended March 31, 2017

38 Information in accordance with the requirements of Indian Accounting Standard 24 on Related Party Disclosures.

1. List of related parties

A. Controlling Entities

The Ajay G. Piramal Foundation @
Piramal Life Sciences Limited - Senior Employees Stock Option Trust through its Trustee, Mr. Ajay G Piramal@
The Sri Krishna Trust through its Trustees, Mr.Ajay Piramal and Dr.(Mrs.) Swati A. Piramal (Previously held through its Corporate Trustees, Piramal Management Services Private Limited) @
Aasan Info Solutions (India) Private Limited @
Piramal Welfare Trust (Formerly known as The Piramal Enterprise Executives Trust) through its Trustee, Piramal Corporate Services Limited @
PRL Realtors LLP @

@There are no transactions during the year.

B. Subsidiaries

The Subsidiary companies including step down subsidiaries :

Name of the Company	Principal Place of Business	Proportion of Ownership interest held as at March 31, 2017
PHL Fininvest Private Limited	India	100%
Searchlight Health Private Limited (w.e.f. December 23, 2016) (formerly known as Health Superhiway Private Limited)	India	51%
Piramal International	Mauritius	100%
Piramal Holdings (Suisse) SA (Piramal Holdings)	Switzerland	100%
Piramal Imaging SA*	Switzerland	98.34%
Piramal Imaging GmbH *	Germany	100%
Piramal Imaging Limited*	U.K.	100%
Piramal Critical Care Italia, S.P.A**	Italy	100%
Piramal Critical Care Deutschland GmbH**	Germany	100%
Piramal Critical Care Limited (formerly known as Piramal Life Sciences (UK) Limited) **	U.K.	100%
Piramal Healthcare (Canada) Limited ** (Piramal Healthcare, Canada)	Canada	100%
Piramal Healthcare UK Limited ** (Piramal Healthcare UK)	U.K.	100%
Piramal Healthcare Pension Trustees Limited**	U.K.	100%
Piramal Critical Care South Africa (Pty) Ltd ** (w.e.f. November 16, 2016)	South Africa	100%
Piramal Dutch Holdings N.V. (Piramal Dutch Holdings)	Netherlands	100%
Piramal Healthcare Inc. **	U.S.A	100%
Piramal Critical Care, Inc. ** (PCCI)	U.S.A	100%
Piramal Pharma Inc.**	U.S.A	100%
Piramal Pharma Solutions Inc. (formerly known as Coldstream Laboratories Inc.) **	U.S.A	100%
PEL Pharma Inc.** (w.e.f. July 26, 2016)	U.S.A	100%
Ash Stevens LLC ** (w.e.f. August 31, 2016)	U.S.A	100%
DRG Holdco Inc. $ (DRG Holdco)	U.S.A	100%
Piramal IPP Holdings LLC $	U.S.A	100%
Decision Resources Inc. $	U.S.A	100%
Decision Resources International, Inc. $	U.S.A	100%
DR/Decision Resources, LLC $	U.S.A	100%
DR/MRG Holdings, LLC $	U.S.A	100%
Millennium Research Group Inc. $	Canada	100%
Decision Resources Group Asia Ltd $	Hong Kong	100%
DRG UK Holdco Limited $	U.K.	100%
Decision Resources Group UK Limited $	U.K.	100%
Sigmatic Limited $	U.K.	100%
Activate Networks Inc. $	U.S.A	100%
DRG Analytics & Insights Private Limited $	India	100%
DRG Singapore Pte Ltd $ (w.e.f. July 21, 2016)	Singapore	100%
Piramal Dutch IM Holdco B.V.	Netherlands	100%
PEL-DRG Dutch Holdco B.V.$	Netherlands	100%
Piramal Fund Management Private Limited (Piramal Fund)	India	100%
Piramal Finance Limited (Formerly known as Piramal Finance Private Limited) (Piramal Finance)	India	100%
Piramal Housing Finance Private Limited ## (w.e.f February 10, 2017)	India	100%
Piramal Investment Advisory Services Private Limited	India	100%
Piramal Investment Opportunities Fund (PIOF)	India	100%
INDIAREIT Investment Management Co. $$	Mauritius	100%
Piramal Asset Management Private Limited $$	Singapore	100%
Piramal Systems & Technologies Private Limited (Piramal System)	India	100%
Piramal Technologies SA @	Switzerland	100%
PEL Finhold Private Limited	India	100%
PEL Asset Resurgence Advisory Private Limited (PARAPL)	India	100%
Piramal Consumer Products Private Limited	India	100%
Piramal Capital Limited (w.e.f. July 26, 2016)	India	100%
Piramal Asset Reconstruction Private Limited	India	100%
Healthcare Business Insights LLC @@	U.S.A	100%
Cost & Quality Academy, LLC@@	U.S.A	100%
Information Technology Academy, LLC@@	U.S.A	100%
Labor & Productivity Academy, LLC@@	U.S.A	100%
Supply Chain Academy, LLC@@	U.S.A	100%
Solution Provider Academy, LLC@@	U.S.A	100%
Revenue Cycle Academy, LLC@@	U.S.A	100%
Revenue Cycle 360, LLC@@	U.S.A	100%

Price Waterhouse
Chartered Accountants
FRN 301112E
Mumbai

* held through Piramal Holdings (Suisse) SA
** held through Piramal Dutch Holdings N.V.
@ held through Piramal Systems & Technologies Private Limited
$ held through Piramal Dutch IM Holdco B.V.
$$ held through Piramal Fund Management Private Limited
\# merged into DR/Decision Resources, LLC w.e.f. January 17, 2017
@@ merged into Decision Resources Inc w.e.f. October 3, 2016
\#\# held through Piramal Finance Limited

Name of the Company	Principal Place of Business	Proportion of Ownership interest held as at March 31, 2016	Proportion of Ownership interest held as at March 31, 2015
PHL Fininvest Private Limited	India	100%	100%
Piramal International	Mauritius	100%	100%
Piramal Holdings (Suisse) SA (Piramal Holdings)	Switzerland	100%	100%
Piramal Imaging SA*	Switzerland	98.34%	98.34%
Piramal Imaging GmbH *	Germany	100%	100%
Piramal Imaging Limited*	U.K.	100%	100%
Piramal Critical Care Italia, S.P.A*	Italy	100%	100%
Piramal Critical Care Deutschland GmbH ##	Germany	100%	100%
Piramal Critical Care Limited (formerly known as Piramal Life Sciences (UK) Limited) ###	U.K.	100%	100%
Piramal Healthcare (Canada) Limited ## (Piramal Healthcare, Canada)	Canada	100%	100%
Piramal Healthcare (UK) Limited ## (Piramal Healthcare UK)	U.K.	100%	100%
Piramal Healthcare Pension Trustees Limited ##	U.K.	100%	100%
Piramal Dutch Holdings N.V. (Piramal Dutch Holdings)	Netherlands	100%	100%
Piramal Healthcare Inc. **	U.S.A	100%	100%
Piramal Critical Care, Inc. ** (PCCI)	U.S.A	100%	100%
Piramal Pharma Inc.**	U.S.A	100%	100%
Piramal Pharma Solutions Inc. (formerly known as Coldstream Laboratories Inc.) **	U.S.A	100%	100%
DRG Holdco Inc. ** (DRG Holdco) (w.e.f August 26, 2015)	U.S.A	100%	-
Piramal IPP Holdings LLC ** (w.e.f November 6, 2015)	U.S.A	100%	-
Decision Resources Inc. **	U.S.A	100%	100%
Decision Resources International, Inc. **	U.S.A	100%	100%
DR/Decision Resources, LLC **	U.S.A	100%	100%
DR/MRG Holdings, LLC **	U.S.A	100%	100%
Millennium Research Group Inc. **	Canada	100%	100%
Decision Resources Group Asia Ltd **	Hong Kong	100%	100%
DRG UK Holdco Limited **	U.K.	100%	100%
Decision Resources Group UK Limited **	U.K.	100%	100%
Sigmatic Limited **	U.K.	100%	100%
Activate Networks Inc.**	U.S.A	100%	100%
Healthcare Business Insights LLC** (w.e.f. May 14, 2015)	U.S.A	100%	-
DRG Analytics & Insights Private Limited** (w.e.f May 11, 2015)	India	100%	-
Piramal Dutch IM Holdco B.V.** (w.e.f. March 7, 2016)	Netherlands	100%	-
PEL-DRG Dutch Holdco B.V.** (w.e.f. March 7, 2016)	Netherlands	100%	-
Piramal Fund Management Private Limited	India	100%	100%
Piramal Finance Limited (Formerly known as Piramal Finance Private Limited) (Piramal Finance)	India	100%	100%
Piramal Investment Advisory Services Private Limited	India	100%	100%
INDIAREIT Investment Management Co. $$	Mauritius	100%	100%
Piramal Asset Management Private Limited $$	Singapore	100%	100%
Piramal Systems & Technologies Private Limited (Piramal System)	India	100%	100%
Piramal Technologies SA @	Switzerland	100%	100%
Piramal Investment Opportunities Fund (PIOF)	India	99.16%	99.71%
PEL Finhold Private Limited	India	100%	100%
PEL Asset Resurgence Advisory Private Limited (w.e.f. 22 February, 2016) (PARAPL)	India	100%	-
Piramal Consumer Products Private Limited (w.e.f. 23 March, 2016)	India	100%	-
Piramal Asset Reconstruction Private Limited (w.e.f. 29 January, 2016) (PARPL)	India	100%	-
Cost & Quality Academy, LLC** (w.e.f. May 14, 2015)	U.S.A	100%	-
Information Technology Academy, LLC** (w.e.f. May 14, 2015)	U.S.A	100%	-
Labor & Productivity Academy, LLC** (w.e.f. May 14, 2015)	U.S.A	100%	-
Supply Chain Academy, LLC** (w.e.f. May 14, 2015)	U.S.A	100%	-
Solution Provider Academy, LLC** (w.e.f. May 14, 2015)	U.S.A	100%	-
Revenue Cycle Academy, LLC** (w.e.f. May 14, 2015)	U.S.A	100%	-
Revenue Cycle 360, LLC** (w.e.f. May 14, 2015)	U.S.A	100%	-

* held through Piramal Holdings (Suisse) SA
\#\# held through Piramal Holdings (Suisse) SA till March 22, 2016; After March 22, 2016, held through Piramal Dutch Holdings N.V
** held through Piramal Dutch Holdings N.V.
$$ held through Piramal Fund Management Private Limited
@ held through Piramal Systems & Technologies Private Limited
\#\#\# held through Piramal Holdings (Suisse) SA till December 1, 2015; After December 1, 2015, held through Piramal Dutch Holdings N.V.

CSR (Corporate Social Responsibilities) subsidiaries:

- Piramal Udgam Data Management Solutions (Udgam) ###
- Piramal Foundation for Educational Leadership (PFEL) ###
- Piramal Swasthya Management and Research Institute (formerly known as "Health Management and Research Institute") (PSMRI)
- Piramal Healthcare Foundation ###

These CSR companies (###) incorporated under section 25 of the Companies Act, 1956 (Section 8 of the Companies Act, 2013), being limited by guarantee (not having share capital) and PSMRI (being a society) are engaged in Corporate Social Responsibility activities. Based on the control assessment carried out by the company, the same is not consolidated as per IndAS 110.

C. Associates and Joint Operations / Joint Ventures

Name of the Entity	Principal Place of business	% voting power held as at March 31, 2017	% voting power held as at March 31, 2016	% voting power held as at April 1, 2015	Relationship
Convergence Chemicals Private Limited (Convergence)	India	51%	51%	51%	Joint Venture
Shrilekha Financial Services (partnership firm) (upto January 6, 2017)	India	-	74.95%	74.95%	Joint Operation
Shrilekha Business Consultancy Private Limited (w.e.f. January 9, 2017)	India	74.95%	-	-	Joint Venture
Novus Cloud Solutions Private Limited (upto April 1, 2015)	India	-	-	74.95%	Joint Venture
Zebra Management Services Private Limited (w.e.f April 1, 2015)	India	74.95%	74.95%	-	Joint Venture
Shriram Capital Limited (Shriram Capital) (through Shrilekha Business Consultancy Private Limited (formerly Shrilekha Financial Services (partnership firm))	India	20%	20%	20%	Associate
Context Matters Inc. (w.e.f September 22, 2016)	U.S.A.	22.73%	-	-	Associate
Allergan India Private Limited (Allergan)	India	49%	49%	49%	Associate
Piramal Phytocare Limited (PPL)	India	17.53%	17.53%	17.53%	Associate
Bluebird Aero Systems Limited	Israel	27.83%	27.83%	27.83%	Associate

Price Waterhouse
Chartered Accountants
FRN 301112E
Mumbai

Other Intermediates:

Shriram Transport Finance Company Limited (Shriram Transport) (w.e.f. July 21, 2015)
Shriram City Union Finance Limited (Shriram City Union) (w.e.f. July 21, 2015)
Shriram Life Insurance Company Limited (Shriram Life) (w.e.f. July 21, 2015)
Shriram General Insurance Company Limited (w.e.f. July 21, 2015) @
Shriram Credit Company Limited (w.e.f. July 21, 2015) @
Bharat Re-insurance Brokers Private Limited (w.e.f. July 21, 2015) @
Shriram Overseas Investment Private Limited (w.e.f. July 21, 2015) @
Shriram Investments Holdings Limited (w.e.f. July 21, 2015) @

@ There are no transactions during the year with the above companies

D. Other related parties

Entities controlled by Key Management Personnel

Aasan Corporate Solutions Private Limited (Formerly known as Aasan Developers Private Limited) (Demerged from Piramal Estates) (Aasan Developers)
Gopikrishna Piramal Memorial Hospital (GPMH)
Piramal Corporate Services Limited (PCSL)
Piramal Estates Private Limited (Piramal Estates)
Piramal Glass Limited (PGL)
Piramal Forging Private Limited (Piramal Forging)
Piramal Security Private Limited (Piramal Security)
Piramal Hospitality Private Limited (Piramal Hospitality)
Topzone Mercantile Company LLP (Topzone)
PRL Developers Private Limited (PRL)
Piramal Water Private Limited
PRL Agastya Private Limited

Employee Benefit Trusts

Staff Provident Fund of Piramal Healthcare Limited (PPFT)
Piramal Healthcare Limited Employees Group Gratuity Assurance Scheme

E. Key Management Personnel and their relatives

Mr. Ajay G. Piramal
Dr. (Mrs.) Swati A. Piramal
Ms. Nandini Piramal
Mr. Vijay Shah
Mr. Peter De Young (husband of Ms. Nandini Piramal)

F. Non Executive/Independent Directors

Dr. R. A. Mashelkar
Mr. Gautam Banerjee
Mr. Goverdhan Mehta
Mr. N. Vaghul
Mr. S. Ramadorai
Mr. Deepak Satwalekar
Mr. Keki Dadiseth
Mr. Siddharth N Mehta

Price Waterhouse
Chartered Accountants
FRN 301112E
Mumbai

PIRAMAL ENTERPRISES LIMITED
Notes to financial statements for the Year Ended March 31, 2017

2. Details of transactions with related parties.

(Rs. in Crores)

Details of Transactions	Subsidiaries		Jointly Controlled Entities		Associates & Intermediates		Other Related Parties		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Purchase of Goods										
- PGL	-	-	-	-	-	-	4.70	4.12	4.70	4.12
- PCCI	16.89	25.68	-	-	-	-	-	-	16.89	25.68
TOTAL	**16.89**	**25.68**	-	-	-	-	**4.70**	**4.12**	**21.59**	**29.80**
Sale of Goods										
- Allergan	-	-	-	-	65.69	59.24	-	-	65.69	59.24
- Piramal Healthcare UK	20.15	26.90	-	-	-	-	-	-	20.15	26.90
- PCCI	78.64	56.76	-	-	-	-	-	-	78.64	56.76
- Others	3.32	1.70	-	-	-	-	-	-	3.32	1.70
TOTAL	**102.11**	**85.36**	-	-	**65.69**	**59.24**	-	-	**167.80**	**144.60**
Rendering of Services										
- Piramal Finance	2.00	2.00	-	-	-	-	-	-	2.00	2.00
- Allergan	-	-	-	-	0.53	0.94	-	-	0.53	0.94
- Piramal Healthcare UK	28.37	0.22	-	-	-	-	-	-	28.37	0.22
- Piramal Critical Care Limited	23.75	-	-	-	-	-	-	-	23.75	-
- Others	0.11	0.64	-	-	-	-	-	0.01	0.11	0.65
TOTAL	**54.23**	**2.86**	-	-	**0.53**	**0.94**	-	**0.01**	**54.76**	**3.81**
Guarantee commission income										
- Piramal Finance	9.44	2.46	-	-	-	-	-	-	9.44	2.46
- Piramal Healthcare UK	0.59	-	-	-	-	-	-	-	0.59	-
- Piramal Healthcare Inc.	1.82	-	-	-	-	-	-	-	1.82	-
- Piramal Holdings	1.24	-	-	-	-	-	-	-	1.24	-
- Piramal Dutch Holdings N.V.	3.21	-	-	-	-	-	-	-	3.21	-
- Piramal Healthcare, Canada	0.03	-	-	-	-	-	-	-	0.03	-
- DRG Holdco Inc.	5.51	-	-	-	-	-	-	-	5.51	-
- Piramal Pharma Inc.	1.34	-	-	-	-	-	-	-	1.34	-
- Piramal Critical Care Limited	0.22	-	-	-	-	-	-	-	0.22	-
TOTAL	**23.40**	**2.46**	-	-	-	-	-	-	**23.40**	**2.46**
Deemed capital contribution (Financial Guarantee)										
- Piramal Healthcare Inc.	-	9.50	-	-	-	-	-	-	-	9.50
- Piramal Holdings	-	3.74	-	-	-	-	-	-	-	3.74
- Others	-	1.66	-	-	-	-	-	-	-	1.66
TOTAL	-	**14.90**	-	-	-	-	-	-	-	**14.90**
Receiving of Services										
- Piramal Pharma Inc	23.50	20.36	-	-	-	-	-	-	23.50	20.36
- Piramal Healthcare UK	11.90	14.60	-	-	-	-	-	-	11.90	14.60
- Others	0.04	0.10	-	-	-	-	-	-	0.04	0.10
TOTAL	**35.44**	**35.06**	-	-	-	-	-	-	**35.44**	**35.06**

Price Waterhouse
Chartered Accountants
FRN 301112E
Mumbai

Details of Transactions	Subsidiaries		Jointly Controlled Entities		Associates & Intermediates		Other Related Parties		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Royalty Expense										
- PCSL	-	-	-	-	-	-	9.66	15.89	9.66	15.89
TOTAL	-	-	-	-	-	-	9.66	15.89	9.66	15.89
Rent Expense										
- Piramal Estates	-	-	-	-	-	-	-	9.34	-	9.34
- Aasan Developers	-	-	-	-	-	-	12.49	1.76	12.49	1.76
- Others	-	-	-	-	-	-	1.16	0.44	1.16	0.44
TOTAL	-	-	-	-	-	-	13.65	11.54	13.65	11.54
Reimbursement of expenses recovered										
- PCCI	0.66	1.60	-	-	-	-	-	-	0.66	1.60
- Piramal Healthcare UK	1.88	2.21	-	-	-	-	-	-	1.88	2.21
- PPL	-	-	-	-	0.05	0.12	-	-	0.05	0.12
- PARAPL	3.14	-	-	-	-	-	-	-	3.14	-
- PEL Pharma Inc.	4.75	-	-	-	-	-	-	-	4.75	-
- PRL Developers	-	-	-	-	-	-	0.22	-	0.22	-
- Piramal Critical Care Limited	0.52	-	-	-	-	-	-	-	0.52	-
- PGL	-	-	-	-	-	-	1.65	-	1.65	-
- Others	0.65	1.00	0.19	-	-	-	-	0.06	0.84	1.06
TOTAL	11.60	4.81	0.19	-	0.05	0.12	1.87	0.06	13.71	4.99
Reimbursement of expenses paid										
- Piramal Healthcare UK	-	0.28	-	-	-	-	-	-	-	0.28
- GPMH	-	-	-	-	-	-	-	1.52	-	1.52
- Others	-	0.08	-	-	-	-	-	-	-	0.08
TOTAL	-	0.36	-	-	-	-	-	1.52	-	1.88

Price Waterhouse
Chartered Accountants
FRN 301112E
Mumbai

Details of Transactions	Subsidiaries		Jointly Controlled Entities		Associates & Intermediates		Other Related Parties		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Expenditure towards Corporate Social Responsibility activities										
- PFEL	17.39	15.88	-	-	-	-	-	-	17.39	15.88
- Udgam	0.21	0.57	-	-	-	-	-	-	0.21	0.57
- PSMRI	9.14	1.10	-	-	-	-	-	-	9.14	1.10
TOTAL	**26.74**	**17.55**	-	-	-	-	-	-	**26.74**	**17.55**
Contribution to Provident Fund										
- PPFT	-	-	-	-	-	-	24.98	29.06	24.98	29.06
- Piramal Healthcare Limited Employees Group Gratuity Assurance Scheme	-	-	-	-	-	-	-	5.00	-	5.00
TOTAL	-	-	-	-	-	-	**24.98**	**34.06**	**24.98**	**34.06**
Donation										
- PSMRI	0.45	0.52	-	-	-	-	-	-	0.45	0.52
- Piramal Water Private Limited	-	-	-	-	-	-	0.02	-	0.02	-
TOTAL	**0.45**	**0.52**	-	-	-	-	**0.02**	-	**0.47**	**0.52**
Purchase of Assets										
- PRL Agastya Private Limited	-	-	-	-	-	-	408.03	-	408.03	-
TOTAL	-	-	-	-	-	-	**408.03**	-	**408.03**	-
Sale of Assets										
- Topzone	-	-	-	-	-	-	-	70.00	-	70.00
TOTAL	-	-	-	-	-	-	-	**70.00**	-	**70.00**
Purchase of Securities										
- Piramal Forging	-	-	-	-	-	-	-	0.01	-	0.01
- Piramal Security	-	-	-	-	-	-	-	-	-	-
- Piramal Hospitality	-	-	-	-	-	-	-	-	-	-
TOTAL	-	-	-	-	-	-	-	**0.01**	-	**0.01**
Dividend Income/Distribution										
- Shriram Capital	-	-	-	-	8.30	36.06	-	-	8.30	36.06
- Shriram Transport	-	-	-	-	22.60	22.60	-	-	22.60	22.60
- Shriram City Union	-	-	-	-	9.87	10.20	-	-	9.87	10.20
- Allergan	-	-	-	-	19.60	-	-	-	19.60	-
- Piramal Healthcare Inc.	-	47.31	-	-	-	-	-	-	-	47.31
- PIOF	1.78	2.38	-	-	-	-	-	-	1.78	2.38
TOTAL	**1.78**	**49.69**	-	-	**60.37**	**68.86**	-	-	**62.15**	**118.55**
Finance granted /(repayments) - Net (including loans and Equity contribution in cash or in kind)										
- Piramal Healthcare Inc.	65.79	796.39	-	-	-	-	-	-	65.79	796.39
- Piramal Dutch Holdings	345.10	410.42	-	-	-	-	-	-	345.10	410.42
- DRG Holdco	(11.58)	325.19	-	-	-	-	-	-	(11.58)	325.19
- Piramal Dutch IM Holdco B.V.	422.83	-	-	-	-	-	-	-	422.83	-
- Convergence	-	-	16.91	12.29	-	-	-	-	16.91	12.29
- Piramal Fund	(55.50)	62.50	-	-	-	-	-	-	(55.50)	62.50
- Piramal Finance (refer note below)	2,568.98	(38.00)	-	-	-	-	-	-	2,568.98	(38.00)
- Piramal Holding	(355.78)	-	-	-	-	-	-	-	(355.78)	-
- Others	30.64	8.51	-	-	-	-	-	-	30.64	8.51
TOTAL	**3,010.48**	**1,565.01**	**16.91**	**12.29**	-	-	-	-	**3,027.39**	**1,577.30**

Price Waterhouse
Chartered Accountants
FRN 301112E
Mumbai

Details of Transactions	Subsidiaries		Jointly Controlled Entities		Associates & Intermediates		Other Related Parties		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Loan Taken / (repayments) - Net										
- Piramal Finance	(21.00)	21.00	-	-	-	-	-	-	(21.00)	21.00
- Shriram Life	-	-	-	-	(5.00)	5.00	-	-	(5.00)	5.00
TOTAL	**(21.00)**	**21.00**	**-**	**-**	**(5.00)**	**5.00**	**-**	**-**	**(26.00)**	**26.00**
Interest Received on Loans/Investments										
- Piramal Holdings	48.99	45.92	-	-	-	-	-	-	48.99	45.92
- Piramal Healthcare Inc.	101.91	96.27	-	-	-	-	-	-	101.91	96.27
- Convergence	-	-	3.74	-	-	-	-	-	3.74	-
- Piramal Fund	15.28	9.80	-	-	-	-	-	-	15.28	9.80
- Piramal Dutch Holdings N.V.	10.26	0.01	-	-	-	-	-	-	10.26	0.01
- DRG Holdco Inc.	12.45	-	-	-	-	-	-	-	12.45	-
- Others	8.13	5.82	-	0.02	-	-	-	-	8.13	5.84
TOTAL	**197.02**	**157.82**	**3.74**	**0.02**	**-**	**-**	**-**	**-**	**200.76**	**157.84**
Interest Received on debentures										
- Piramal System	2.16	2.16	-	-	-	-	-	-	2.16	2.16
TOTAL	**2.16**	**2.16**	**-**	**-**	**-**	**-**	**-**	**-**	**2.16**	**2.16**
Interest paid on loans										
- Piramal Finance	1.56	0.57	-	-	-	-	-	-	1.56	0.57
- Shriram Life	-	-	-	-	0.21	0.02	-	-	0.21	0.02
TOTAL	**1.56**	**0.57**	**-**	**-**	**0.21**	**0.02**	**-**	**-**	**1.77**	**0.59**

* Amounts are below the rounding off norms adopted by the Company

Interest rates charged to subsidiaries are made at market rates comparable with prevailing rates in the respective geographies. All other transactions were made on normal commercial terms and conditions and at market rates.

During the year, the Company has down-sold a portion of its lending portfolio comprising of Loan book assets of Rs.13,950.27 crores (Previous year Rs. NIL) and Borrowings of Rs.12,510.58 crores (Previous year NIL), forming part of its financial services business to its wholly owned subsidiary Piramal Finance Limited (formerly known as Piramal Finance Private Limited), for a net consideration of Rs. 1,439.69 crores (Previous year Rs. NIL). Accordingly, the results for the year ended March 31, 2017 are not comparable with the previous year. Expected Credit Loss provision of Rs.201.91 crores (Previous year Rs. NIL) on this loan book has been reversed accordingly.

Price Waterhouse
Chartered Accountants
FRN 301112E
Mumbai

PIRAMAL ENTERPRISES LIMITED
Notes to financial statements for the Year Ended March 31, 2017

Compensation of key managerial personnel
The remuneration of directors and other members of key managerial personnel during the year was as follows:

Rs. in crores

Particulars	2017	2016
Short-term employee benefits	19.93	17.41
Post-employment benefits	3.26	2.78
Other long-term benefits	0.85	0.74
Commission and other benefits to non-executive/independent directors	2.76	2.67
Total	**26.80**	**23.60**

Payments made to the directors and other members of key managerial personnel are approved by the Nomination & Remuneration Committee

5. Balances of related parties.

Rs. in crores

Account Balances	Subsidiaries			Jointly Controlled Entities			Associates and intermediates			Other related Parties			Total		
	2017	2016	2015	2017	2016	2015	2017	2016	2015	2017	2016	2015	2017	2016	2015
Loans to related parties - Unsecured (at amortised cost)															
- Piramal Healthcare Inc.	2,026.98	1,947.23	701.48	-	-	-	-	-	-	-	-	-	2,026.98	1,947.23	701.48
- Piramal Holdings	682.70	1,066.75	1,130.52	-	-	-	-	-	-	-	-	-	682.70	1,066.75	1,130.52
- Piramal Dutch Holdings N.V.	348.49	-	-	-	-	-	-	-	-	-	-	-	348.49	-	-
- Piramal Dutch IM Holdco B.V.	281.64	-	-	-	-	-	-	-	-	-	-	-	281.64	-	-
- PEL Pharma Inc.	6.85	-	-	-	-	-	-	-	-	-	-	-	6.85	-	-
- Convergence	-	-	-	26.29	7.19	-	-	-	-	-	-	-	26.29	7.19	-
- Others	373.13	450.28	86.47	-	-	-	-	-	-	-	-	-	373.13	450.28	86.47
TOTAL	**3,719.79**	**3,464.27**	**1,918.47**	**26.29**	**7.19**	-	-	-	-	-	-	-	**3,746.08**	**3,471.46**	**1,918.47**
Current Account balances with related parties															
- Piramal Healthcare UK	1.88	0.46	0.80	-	-	-	-	-	-	-	-	-	1.88	0.46	0.80
- PEL Asset Resurgence Advisory Private Limited	3.14	0.06	-	-	-	-	-	-	-	-	-	-	3.14	0.06	-
- Piramal Pharma Inc.	4.75	-	-	-	-	-	-	-	-	-	-	-	4.75	-	-
- Piramal Healthcare Inc.	0.33	-	-	-	-	-	-	-	-	-	-	-	0.33	-	-
- PCSL	-	-	-	-	-	-	-	-	-	0.03	-	-	0.03	-	-
- PGL	-	-	-	-	-	-	-	-	-	1.71	-	-	1.71	-	-
- PPL	-	-	-	-	-	-	0.01	-	-	-	-	-	0.01	-	-
- PRL	-	-	-	-	-	-	-	-	-	0.22	-	-	0.22	-	-
- Others	0.78	0.99	0.44	-	-	-	-	-	-	-	-	-	0.78	0.99	0.44
TOTAL	**10.89**	**1.51**	**1.24**	-	-	-	**0.01**	-	-	**1.96**	-	-	**12.85**	**1.51**	**1.24**
Income Receivable															
- PIOF	2.22	1.39	16.91	-	-	-	-	-	-	-	-	-	2.22	1.39	16.91
TOTAL	**2.22**	**1.39**	**16.91**	-	-	-	-	-	-	-	-	-	**2.22**	**1.39**	**16.91**
Trade Receivables															
- Piramal Healthcare UK	33.61	21.20	19.83	-	-	-	-	-	-	-	-	-	33.61	21.20	19.83
- PCCI	17.39	24.73	-	-	-	-	-	-	-	-	-	-	17.39	24.73	-
- PGL	-	-	-	-	-	-	-	-	-	-	-	0.81	-	-	0.81
- Others	1.46	0.60	6.65	-	-	-	-	-	0.19	-	0.05	-	1.46	0.65	6.84
TOTAL	**52.46**	**46.53**	**26.48**	-	-	-	-	-	**0.19**	-	**0.05**	**0.81**	**52.46**	**46.58**	**27.48**
Unbilled Revenue															
- Piramal Healthcare UK	4.18	-	-	-	-	-	-	-	-	-	-	-	4.18	-	-
- Piramal Critical Care Limited	23.75	-	-	-	-	-	-	-	-	-	-	-	23.75	-	-
TOTAL	**27.93**	-	-	-	-	-	-	-	-	-	-	-	**27.93**	-	-
Advance from Customer															
- Allergan	-	-	-	-	-	-	-	2.87	-	-	-	-	-	2.87	-
TOTAL	-	-	-	-	-	-	-	**2.87**	-	-	-	-	-	**2.87**	-
Consideration Receivable															
- Topzone	-	-	-	-	-	-	-	-	-	-	70.00	-	-	70.00	-
TOTAL	-	-	-	-	-	-	-	-	-	-	**70.00**	-	-	**70.00**	-

Price Waterhouse
Chartered Accountants
FRN 301112E
Mumbai

PIRAMAL ENTERPRISES LIMITED
MUMBAI

Account Balances

	Subsidiaries			Jointly Controlled Entities			Associates and Intermediates			Other related Parties			Total		
	2017	2016	2015	2017	2016	2015	2017	2016	2015	2017	2016	2015	2017	2016	2015
Loans from Related Parties at amortized cost															
- Piramal Finance	-	21.00	-	-	-	-	-	-	-	-	-	-	-	21.00	-
- Shriram Life	-	-	-	-	-	-	-	5.00	-	-	-	-	-	5.00	-
TOTAL	-	21.00	-	-	-	-	-	5.00	-	-	-	-	-	26.00	-
Long-Term Financial Assets															
- Piramal Estates	-	-	-	-	-	-	-	-	-	-	-	6.72	-	-	6.72
- Aasan Developers	-	-	-	-	-	-	-	-	-	7.28	7.28	-	7.28	7.28	-
TOTAL	-	-	-	-	-	-	-	-	-	7.28	7.28	6.72	7.28	7.28	6.72
Trade Payable															
- Piramal Pharma Inc.	32.15	34.10	31.18	-	-	-	-	-	-	-	-	-	32.15	34.10	31.18
- Piramal Healthcare UK	4.29	2.05	4.12	-	-	-	-	-	-	-	-	-	4.29	2.05	4.12
- PCCI	6.54	22.84	2.52	-	-	-	-	-	-	-	-	-	6.54	22.84	2.52
- PCSI	-	-	-	-	-	-	-	-	-	-	4.89	-	-	4.89	-
- PGL	-	-	-	-	-	-	-	-	-	0.15	-	-	0.15	-	-
- Piramal Finance	31.36	-	-	-	-	-	-	-	-	-	-	-	31.36	-	-
- Others	-	-	1.91	-	-	-	-	-	0.19	-	0.71	0.45	-	0.71	2.55
TOTAL	74.34	56.99	39.73	-	-	-	-	-	0.19	0.15	5.60	0.45	74.49	64.59	40.37
Payable for purchase of Assets															
- PRL Agastya Private Limited	-	-	-	-	-	-	-	-	-	36.38	-	-	36.38	-	-
	-	-	-	-	-	-	-	-	-	36.38	-	-	36.38	-	-
Guarantee Commission Receivable / (Payable)															
- Piramal Healthcare UK	0.59	-	-	-	-	-	-	-	-	-	-	-	0.59	-	-
- Piramal Healthcare Inc.	(0.13)	-	-	-	-	-	-	-	-	-	-	-	(0.13)	-	-
- Piramal Holdings	1.24	-	-	-	-	-	-	-	-	-	-	-	1.24	-	-
- Piramal Critical Care Deutschland GmbH	3.21	-	-	-	-	-	-	-	-	-	-	-	3.21	-	-
- Piramal Healthcare, Canada	0.03	-	-	-	-	-	-	-	-	-	-	-	0.03	-	-
- DRG Holdco Inc.	1.56	-	-	-	-	-	-	-	-	-	-	-	1.56	-	-
- Piramal Pharma Inc.	0.71	-	-	-	-	-	-	-	-	-	-	-	0.71	-	-
- Piramal Critical Care Limited (formerly known as Piramal Life Sciences (UK) Limited)	0.22	-	-	-	-	-	-	-	-	-	-	-	0.22	-	-
	7.43	-	-	-	-	-	-	-	-	-	-	-	7.43	-	-

Contingent Liabilities

	Subsidiaries			Jointly Controlled Entities			Associates and Intermediates			Other related Parties			Total		
	2017	2016	2015	2017	2016	2015	2017	2016	2015	2017	2016	2015	2017	2016	2015
Guarantees Outstanding															
- Piramal Healthcare UK	391.90	400.84	378.22	-	-	-	-	-	-	-	-	-	391.90	400.84	378.22
- Piramal Healthcare Inc.	32.43	33.13	31.25	-	-	-	-	-	-	-	-	-	32.43	33.13	31.25
- Piramal Critical Care Italia, SPA	14.83	17.10	15.14	-	-	-	-	-	-	-	-	-	14.83	17.10	15.14
- Piramal Critical Care Deutschland GmbH	13.86	15.09	13.42	-	-	-	-	-	-	-	-	-	13.86	15.09	13.42
TOTAL	453.02	466.16	438.03	-	-	-	-	-	-	-	-	-	453.02	466.16	438.03

All outstanding balances are unsecured and are repayable in cash.

Price Waterhouse
Chartered Accountants
FRN 301112E
Mumbai

39 Property, Plant & Equipment, Capital Work In Progress, Brands and Trademarks, Non Convertible Debentures, Inter Corporate Deposits and Other Financial Assets amounting Rs.2653.38 Crores (As on March 31, 2016 and Rs.2,436.74 Crores as on April 1, 2015 Rs.463.83 Crores) are mortgaged / hypothecated as a security against long term secured borrowings as at March 31, 2017.

Inventories and Trade receivables amounting Rs.118.5 Crores (As on March 31, 2016 Rs.203.25 Crores and as on April 1, 2015 Rs.124.92 Crores) are hypothecated as a security against short term secured borrowings as at March 31, 2017.

(Rs. in Crores)

40 Miscellaneous Expenditure in Note 34 includes Auditors' Remuneration in respect of:	For the year ended March 31, 2017	For the year ended March 31, 2016
Statutory Auditors:		
a) Audit Fees	1.00	1.00
b) Other Services	0.10	0.09
c) Reimbursement of Out of pocket Expenses	0.01	0.03

41 Disclosures as required by the Micro, Small and Medium Enterprises Development Act, 2006 are as under:

(Rs. in Crores)

Particulars	As at March 31, 2017	As at March 31, 2016
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	6.67	3.46
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	4.21	2.49
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	79.25	89.75
Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest due and payable towards suppliers registered under MSMED Act, for payments already made	1.72	1.38
Further interest remaining due and payable for earlier years	2.49	1.11

The above information regarding Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company.

42 The Company has advanced loans to its subsidiary companies. The disclosures pursuant to Regulation 34(3) read with para A of Schedule V to SEBI Listing Regulations, 2015:

Principal amounts outstanding as at the year-end were:

(Rs. in Crores)

Subsidiary Companies	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Piramal Holdings (Suisse) SA	677.19	1,032.96	569.40
PHL Fininvest Private Limited	-	8.60	7.85
Piramal Healthcare Inc.	2,013.02	1,947.24	1,067.45
Piramal Systems & Technologies Private Limited	14.77	14.06	13.70
Piramal Dutch Holdings N.V.	345.64	0.55	0.13
Piramal Dutch IM Holdco N.V.	279.34	-	-
Piramal Fund Management Private Limited	88.25	143.75	81.25
Piramal Finance Limited	-	-	38.00
PEL Pharma Inc	6.81	-	-
DRG Hold Co Inc.	263.40	274.98	-
Piramal Swasthya Management Research Institute	1.50	-	-

The maximum amounts due during the year were:

(Rs. in Crores)

Subsidiary Companies	2016-17	2015-16
PHL Fininvest Private Limited	21.28	8.60
Piramal Healthcare Inc.	2,013.02	1,947.24
Piramal Holdings (Suisse) SA	1,143.27	1,032.96
Piramal Fund Management Private Limited	149.75	143.75
Piramal Finance Limited (Formerly known as Piramal Finance Private Limited)	47.00	151.00
Piramal Systems & Technologies Private Limited	14.77	14.06
Piramal Dutch Holdings N.V.	367.40	0.55
DRG Hold Co Inc.	277.34	318.52
Piramal Dutch IM Holdco N.V.	289.22	-
PEL Pharma Inc	7.09	-
Searchlight Health Private Limited (formerly known as Health Super Hiway Private Limited)	3.20	-
Piramal Swasthya Management Research Institute	4.95	-

Price Waterhouse
Chartered Accountants
Mumbai

43 The Company's significant operating lease arrangements are mainly in respect of residential / office premises and computers. The aggregate lease rentals payable on these leasing arrangements are charged as rent under "Other Expenses" in Note 34.

These lease arrangements are for a period not exceeding five years and are in most cases renewable by mutual consent, on mutually agreeable terms.

(Rs. in Crores)

Payable	As at		
	March 31, 2017	March 31, 2016	April 1, 2015
Not Later than one year	21.22	22.32	37.23
Later than one year but not later than five years	42.66	62.13	8.33
Later than five years	-	-	-

Rent expenses, recognised under Other Expenses (Refer Note 34) pertains to minimum lease payment only.

44 Earnings Per Share (EPS) – EPS is calculated by dividing the profit attributable to the equity shareholders by the weighted average number of equity shares outstanding

Particulars	For the Year Ended	
	March 31, 2017	March 31, 2016
1. Profit after tax (Rs. in Crores)	776.78	995.70
2. Weighted Average Number of Shares (nos.)	172,563,100	172,563,100
3. Earnings Per Share - Basic and Diluted (Rs.) attributable to Equity Shareholders	45.01	57.70
4. Face value per share (Rs.)	2.00	2.00

45 Capital Risk Management

The Company manages its capital to ensure that it will be able to continue as going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Company consists of net debt (borrowings as detailed in notes 18, 21 and 22 offset by cash and bank balances) and total equity of the Company.

The Company determines the amount of capital required on the basis of annual as well as long term operating plans and other strategic investment plans. The funding requirements are met through non convertible debt securities or other long-term /short-term borrowings. The Company monitors the capital structure on the basis of total debt to equity ratio and maturity profile of the overall debt portfolio of the Company.

The capital components of the Company are as given below:

Rs. in crores

	March 31, 2017	March 31, 2016	April 1, 2015
Total Equity	**14,422.60**	**12,800.61**	**13,278.02**
Borrowings - Non Current	2,739.52	5,633.23	1,199.42
Borrowings - Current	5,020.12	6,720.35	2,575.52
Current Maturities of Long Term Debt	2,495.78	1,206.10	58.35
Total Debt	**10,255.42**	**13,559.68**	**3,833.29**
Cash & Cash equivalents	(95.10)	(7.72)	(27.27)
Net Debt	**10,160.32**	**13,551.96**	**3,806.02**
Debt/Equity Ratio	**0.70**	**1.06**	**0.29**

The terms of the Secured and unsecured loans and borrowings contain certain financial covenants primarily requiring the Company to maintain certain financial ratios like Total Debt to Total Net Worth, Interest Coverage Ratio, Fixed Asset Cover ratio, Minimum net worth conditions, etc. The Company is broadly in compliance with the said covenants and the banks have generally waived / condoned such covenants.

46 Risk Management

The Company's activities expose it to market risk, liquidity risk and credit risk.

The Company has an independent and dedicated Enterprise Risk Management (ERM) system to identify, manage and mitigate business risks.

Board has approved the Asset Liability Management Policy and the formation of Asset Liability Management Committee (ALCO). The ALCO includes the Company's senior management and an external industry expert. It defines the strategy for managing liquidity and interest rate risks in the business.

This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the impact of hedge accounting in the financial statements

Risk	Exposure arising from	Management
Liquidity risk	Borrowings and other liabilities	ALCO deliberates on the static liquidity gap statement, future asset growth plans, tenor of assets, market liquidity and pricing of various sources of funds. It decides on the optimal funding mix taking into consideration the asset strategy and a focus on diversifying sources of funds.
Market risk - Interest rate	Long-term borrowings at variable rates	ALCO reviews the interest rate gap statement and the mix of floating and fixed rate assets and liabilities. The Risk Management Group has also initiated a scenario analysis to assess the short-term impact of interest rates on net interest income (NII).
Market risk - Securities price risks	Sensitivity analysis	The Company continue to effectively evaluate various risks involved in underlying assets, before and after making any such strategic investments.
Market risk - Foreign exchange	Sensitivity analysis	The centralised treasury function aggregates the foreign exchange exposure and takes prudent measures to hedge the exposure based on prevalent macroeconomic conditions.
Credit risk	Cash and cash equivalents, trade receivables, derivative financial instruments, financial assets measured at amortised cost.	Diversification of bank deposits, credit limits and letters of credit Each investment in financial services is assessed by the investment team as well as independent risk team on the risk-return framework. The combined analysis of these teams is presented to the Investment Committee for investment decision. The risk is being partly mitigated by setting up a concentration risk framework, which incentivises business units to diversify portfolio across counterparties, sectors and geographies.

a. Liquidity Risk Management

Liquidity Risk refers to insufficiency of funds to meet the financial obligations. Liquidity Risk Management implies maintenance of sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit lines to meet obligations when due.

The Company has formulated an Asset Liability Management Policy. The Asset Liability Management Committee (ALCO) is responsible for the management of the Company's short-term, medium-term and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and by continuously monitoring forecast and actual cash flows, and by assessing the maturity profiles of financial assets and liabilities. The Company has access to undrawn borrowing facilities at the end of each reporting period, as detailed below:

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Chartered Accountants
FRN 301112E
Mumbai

The Company has the following undrawn credit lines available as at the end of the reporting period.

(Rs. in Crores)

Particulars	**March 31, 2017**	**March 31, 2016**	**April 1, 2015**
- Expiring within one year	4,768.56	3,450.29	3,789.20
- Expiring beyond one year	-	-	-
	4,768.56	3,450.29	3,789.20

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the rate applicable as of reporting period ends respectively has been considered. The contractual maturity is based on the earliest date on which the Company may be required to pay.

Rs. in Crores

Maturities of Financial Liabilities	**March 31, 2017**			
	Upto 1 year	**1 to 3 years**	**3 to 5 years**	**5 years & above**
Borrowings	7,731.98	3,013.44	19.70	59.49
Trade Payables	533.36	-	-	-
Other Financial Liabilities	124.96	4.90	0.74	-
	8,390.30	**3,018.34**	**20.44**	**59.49**

Maturities of Financial Liabilities	**March 31, 2016**			
	Upto 1 year	**1 to 3 years**	**3 to 5 years**	**5 years & above**
Borrowings	8,381.14	5,881.56	480.66	-
Trade Payables	490.39	-	-	-
Derivative Financial liabilities	-	4.03	-	-
Other Financial Liabilities	95.23	3.55	3.56	-
	8,966.76	**5,889.14**	**484.22**	**-**

Maturities of Financial Liabilities	**April 1, 2015**			
	Upto 1 year	**1 to 3 years**	**3 to 5 years**	**5 years & above**
Borrowings	2,750.38	1,244.26	143.83	
Trade Payables	444.56	-	-	-
Other Financial Liabilities	49.96	-	-	-
	3,244.90	**1,244.26**	**143.83**	**-**

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis. Hence, maturities of the relevant assets have been considered below.

Rs. in crores

Maturities of Financial Assets	**March 31, 2017**			
	Upto 1 year	**1 to 3 years**	**3 to 5 years**	**5 years & above**
Investments & Loans	3,125.58	4,099.23	1,021.50	850.13
Loans to related parties	327.08	385.78	385.78	4,164.07
Trade Receivables	513.07	-	-	-
	3,965.73	**4,485.01**	**1,407.28**	**5,014.20**

Maturities of Financial Assets	**March 31, 2016**			
	Upto 1 year	**1 to 3 years**	**3 to 5 years**	**5 years & above**
Investments & Loans	3,647.81	10,004.41	5,101.76	994.94
Loans to related parties	624.62	382.47	348.68	3,677.57
Trade Receivables	423.37	-	-	-
	4,695.80	**10,386.88**	**5,450.44**	**4,672.51**

Maturities of Financial Assets

	April 1, 2015			
	Upto 1 year	**1 to 3 years**	**3 to 5 years**	**5 years & above**
Investments & Loans	2,991.35	3,884.14	956.60	236.56
Loans to related parties	1,918.47	-	-	-
Trade Receivables	341.22	-	-	-
	5,251.04	**3,884.14**	**956.60**	**236.56**

The balances disclosed in the table above are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant

In case of loan commitments, the expected maturities are as under:

	March 31, 2017	March 31, 2016	(Rs. in Crores) April 1, 2015
	Upto 1 year	Upto 1 year	Upto 1 year
Commitment to invest in non-convertible debentures	106.45	1,257.45	798.94
Commitment to invest in Inter Company Deposits	-	439.95	60.00
Commitment to invest in Optionally Convertible Debentures	-	-	100.00
Total	**106.45**	**1,697.40**	**958.94**

	March 31, 2017	March 31, 2016	April 1, 2015
	1 to 3 years	1 to 3 years	1 to 3 years
Commitment to invest in AIF	75.00	85.00	-
	75.00	**85.00**	-

b. Interest Rate Risk Management

The Company is exposed to interest rate risk as it has assets and liabilities based on floating interest rates as well. The Company has an approved Asset and Liability Management Policy which empowers the Asset and Liability Management Committee (ALCO) to assess the interest rate risk run by it and provide appropriate guidelines to the Treasury to manage the risk. The ALCO reviews the interest rate risk on periodic basis and decides on the asset profile and the appropriate funding mix. The ALCO reviews the interest rate gap statement and the interest rate sensitivity analysis.

The exposure of the Company's borrowings to the interest rate risk at the end of the reporting period is mentioned below:

Particulars	**March 31, 2017**	**March 31, 2016**	**(Rs. in Crores) April 1, 2015**
Variable rate borrowings	1,071.43	2,894.99	403.33
Fixed rate borrowings	9,007.80	10,530.01	3458.27
	10,079.23	13,425.00	3,861.60

The sensitivity analyses below have been determined based on the exposure to interest rates for assets and liabilities at the end of the reporting period. For floating rate assets and liabilities, the analysis is prepared assuming the amount of the liabilities/assets outstanding at the end of the reporting period was outstanding for the whole year and the rates are reset as per the applicable reset dates. The basis risk between various benchmarks used to reset the floating rate assets and liabilities has been considered to be insignificant.

If interest rates related to borrowings had been 100 basis points higher/lower and all other variables were held constant, the Company's

- Profit before tax for the year ended/Other Equity (pre-tax) as on March 31, 2017 would decrease/increase by Rs.10.71 Crores (Previous year Rs.28.95 Crores). This is mainly attributable to the Company's exposure to borrowings at floating interest rates.

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If interest rates related to loans given / debentures invested had been 100 basis points higher/lower and all other variables were held constant, the Company's

- Profit before tax for the year ended/Other Equity (pre-tax) as on March 31, 2017 would decrease/increase by Rs.47.84 Crores (Previous year Rs.41.98 Crores). This is mainly attributable to the Company's exposure to lendings at floating interest rates.

c. **Other price risks**

The Company is exposed to equity price risks arising from equity investments and classified in the balances sheet at fair value through Other Comprehensive Income.

Equity price sensitivity analysis:

The table below summarises the impact of increases/decreases on the Company's Equity and OCI for the period. Analysis is based on the assumption that equity index had increased/decreased by 5% with all the other variables held constant, and these investments moved in the line with the index.

Rs. in crores

Particulars	Impact on OCI	
	March 31, 2017	March 31, 2016
NSE Nifty 100, Increase by 5%	199.46	157.13
NSE Nifty 100, Decrease by 5%	(199.46)	(157.13)

The Company has designated the following securities as FVTOCI Investments:

Shriram City Union Finance Limited

Shriram Transport Finance Company Limited

The Company chose this presentation alternative because the investment were made for strategic purposes rather than with a view to profit on subsequent sale, and there are no plans to dispose of these investments.

d. Foreign Currency Risk Management

The Company is exposed to Currency Risk arising from its trade exposures and Capital receipt / payments denominated, in other than the Functional Currency. The Company has a detailed policy which includes setting of the recognition parameters, benchmark targets, the boundaries within which the treasury has to perform and also lays down the checks and controls to ensure the effectiveness of the treasury function.
The Company has defined strategies for addressing the risks for each category of exposures (e.g. for exports , for imports, for loans, etc.). The centralised treasury function aggregates the foreign exchange exposure and takes prudent measures to hedge the exposure based on prevalent macro-economic conditions.

a) Derivatives outstanding as at the reporting date

i. Firm commitment and highly probable forecast transaction	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	FC in Crores	Rs. In Crores	FC in Crores	Rs. In Crores	FC in Crores	Rs. In Crores
Forward contracts to sell USD / INR	5.38	351.54	3.90	267.17	7.28	473.92
Forward contracts to sell EUR / USD	0.50	37.51	1.20	91.38	-	-
Forward contracts to sell GBP / USD	0.19	19.02	1.20	114.57	0.95	87.28

ii. Receivable of Loan to related parties	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	FC in Crores	Rs. In Crores	FC in Crores	Rs. In Crores	FC in Crores	Rs. In Crores
Forward contracts to sell USD	4.18	271.70	4.33	296.94	3.07	194.36

iii. Loans payable to banks	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	FC in Crores	Rs. In Crores	FC in Crores	Rs. In Crores	FC in Crores	Rs. In Crores
Cross currency interest rate swap USD/INR	3.77	244.18	6.02	398.93	-	-

b) Particulars of foreign currency exposures as at the reporting date

Currencies	March 31, 2017				March 31, 2016				As at April 1, 2015			
	Advances from customers		Trade receivables		Advances from customers		Trade receivables		Advances from customers		Trade receivables	
	FC in Crores	Rs. In Crores	FC in Crores	Rs. In Crores	FC in Crores	Rs. In Crores	FC in Crores	Rs. In Crores	FC in Crores	Rs. In Crores	FC in Crores	Rs. In Crores
AUD	-	-	0.01	0.35	-	-	-	-	*	0.09	0.01	0.47
EUR	0.04	2.96	0.34	23.54	0.04	2.69	0.42	31.55	0.01	0.91	0.82	54.79
GBP	0.12	9.45	1.51	122.51	*	0.14	0.73	69.22	0.01	0.65	0.66	61.15
USD	0.62	39.96	3.13	203.10	0.46	30.56	2.82	187.15	0.28	17.53	2.37	147.87
CAD	-	-	-	-	-	-	0.02	0.78	-	-	-	-
SGD	-	-	0.01	0.35	-	-	*	0.16	-	-	-	-

Currencies	March 31, 2017				March 31, 2016				As at April 1, 2015			
	Advances to vendors		Trade payables		Advances to vendors		Trade payables		Advances to vendors		Trade payables	
	FC in Crores	Rs. In Crores	FC in Crores	Rs. In Crores	FC in Crores	Rs. In Crores	FC in Crores	Rs. In Crores	FC in Crores	Rs. In Crores	FC in Crores	Rs. In Crores
CAD	*	*	-	-	-	-	*	0.03	*	*	-	-
CHF	*	0.24	0.06	3.71	0.10	7.12	0.03	2.04	*	0.31	0.04	2.83
EUR	0.01	0.96	0.04	3.00	0.09	6.70	0.11	8.11	0.13	8.49	0.07	4.56
GBP	0.01	0.44	0.04	2.97	0.02	1.57	0.03	2.77	0.02	1.96	0.05	4.83
THB	0.04	0.07	-	-	0.04	0.07	-	-	0.04	0.04	-	-
SEK	0.13	1.01	0.04	0.27	0.13	1.03	0.04	0.28	0.13	0.97	0.04	0.26
USD	0.10	6.36	1.17	75.69	0.29	19.18	1.87	124.13	0.29	18.13	1.58	98.74
NZD	-	-	*	*	-	-	*	*	-	-	*	*
JPY	0.09	5.31	0.13	7.49	0.03	0.02	0.02	0.01	-	-	-	-
SGD	-	-	-	-	*	*	-	-	-	-	-	-

Currencies	March 31, 2017		March 31, 2016		As at April 1, 2015	
	Loan from Banks		Loan from Banks		Loan from Banks	
	FC in Crores	Rs. In Crores	FC in Crores	Rs. In Crores	FC in Crores	Rs. In Crores
USD	7.53	488.37	7.14	472.87	0.85	52.94

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Notes to financial statements for the Year ended March 31, 2017

Currencies	March 31, 2017				March 31, 2016				As at April 1, 2015			
	Loans to Related Parties		Current Account Balances		Loans to Related Parties		Current Account Balances		Loans		Current Account Balances	
	FC in Crores	Rs. In Crores	FC in Crores	Rs. In Crores	FC in Crores	Rs. In Crores	FC in Crores	Rs. In Crores	FC in Crores	Rs. In Crores	FC in Crores	Rs. In Crores
USD	42.55	2,759.49	0.09	5.60	39.22	2,598.35	*	0.46	22.91	1,409.51	0.01	0.38
GBP	2.44	197.35	0.02	1.89	2.06	196.78	0.01	0.35	1.09	101.01	0.01	0.80
EUR	9.21	638.66	-	-	6.26	472.32	-	-	3.69	247.67	-	-
CHF	0.25	16.39	-	-	0.32	22.08	-	-	0.28	18.22	*	0.06

* Amounts are below the rounding off norms adopted by the Company

Sensitivity Analysis:
Of the above, the Company is mainly exposed to USD, GBP, EUR & CHF. Hence the following table analyses the Company's Sensitivity to a 5% increase and a 5% decrease in the exchange rates of these currencies against INR.

Particulars		For the year ended March 31, 2017				For the year ended March 31, 2016			
Currencies	Increase/Decrease	Total Assets in FC	Total Liabilities in FC	Change in exchange rate	Impact on Profit or Loss before tax/Other Equity (pre-tax) for the year	Total Assets in FC	Total Liabilities in FC	Change in exchange rate	Impact on Profit or Loss before tax/Other Equity (pre-tax) for the year
USD	Increase by 5%*	45.87	9.32	3.24	118.52	42.33	9.47	3.31	108.85
USD	Decrease by 5%*	45.87	9.32	(3.24)	(118.52)	42.33	9.47	(3.31)	(108.85)
GBP	Increase by 5%*	3.98	0.16	4.05	15.46	2.82	0.03	4.77	13.29
GBP	Decrease by 5%*	3.98	0.16	(4.05)	(15.46)	2.82	0.03	(4.77)	(13.29)
EUR	Increase by 5%*	9.57	0.08	3.47	32.87	6.76	0.14	3.77	24.99
EUR	Decrease by 5%*	9.57	0.08	(3.47)	(32.87)	6.76	0.14	(3.77)	(24.99)
CHF	Increase by 5%*	0.25	0.06	3.27	0.63	0.42	0.03	3.47	1.36
CHF	Decrease by 5%*	0.25	0.06	(3.27)	(0.63)	0.42	0.03	(3.47)	(1.36)

* Holding all the other variables constant

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FRN 301112E
Mumbai

PIRAMAL ENTERPRISES LIMITED
Notes to the financial statements for the year ended March 31, 2017

e. Accounting for cash flow hedge

The Company has taken foreign currency floating rate borrowings which are linked to LIBOR. For managing the foreign currency risk and interest rate risk arising from changes in LIBOR on such borrowings, the company has entered into cross-currency interest rate swap (CCIRS) for the entire loan liability. The Company has designated the CCIRS (hedging instrument) and the borrowing (hedged item) into a hedging relationship and applies hedge accounting.

Under the terms of the CCIRS, the Company pays interest at the fixed rate to the swap counterparty in INR and receives the floating interest payments based on LIBOR in foreign currency. As the critical terms of the hedged item and the hedging instrument (notional, interest periods, underlying and fixed rates) are matching and the interest cashflows are off-setting, an economic relationship exists between the two. This ensures that the hedging instrument and hedged item have values that generally move in the opposite direction.

Hedge Effectiveness Testing is assessed at designation date of the hedging relationship, and on an ongoing basis. The ongoing assessment is performed at a minimum at each reporting date or upon a significant change in circumstances affecting the hedge effectiveness requirements, whichever comes first.

The date on which CCIRS and the borrowings were designated into hedging relationship is later than the date on which the respective contracts were entered into. This timing difference has caused hedge ineffectiveness to a certain extent (where applicable), the effect of which has been recognised in profit or loss under the head Exchange gain/loss.

Following table provides quantitative information regarding the hedging instrument as on March 31, 2017:

Rs. in crores

Type of hedge and risks	Nominal value	Carrying amount of hedging instruments (included under "other current and non-current financial liabilities")	Maturity date	Hedge ratio	Average contracted fixed interest rate	Changes in fair value of hedging instrument used as the basis for recognising hedge effectiveness	Changes in the value of hedged item used as the basis for recognising hedge effectiveness
	(Liabilities)	(Liabilities)					
Cash Flow Hedge							
Foreign currency and Interest rate risk	250	6.98	30-Jun-17	1:1	8.91%	(14.80)	14.80

Following table provides the effects of hedge accounting on financial performance for the year ended March 31, 2017:

Rs. in crores

Type of hedge	Changes in the value of hedging instruments recognised in Other comprehensive income	Hedge ineffectiveness recognised in profit or loss	Amount reclassified from cash flow hedge reserve to profit or loss	Line-item affected in statement of profit or loss because of reclassification
Cash flow hedge				
Interest Rate risk and Foreign Exchange Risk	14.80	-	8.35	Finance Cost
			(6.65)	Foreign Exchange (gain)/loss

Movement in Cash flow hedging reserve:

Rs. in crores

Particulars	Amount
As on March 31, 2016	-
Changes in fair value of CCIRS	(14.80)
Amounts reclassified to profit or loss	15.00
Deferred taxes related to above	(0.07)
As on March 31, 2017	0.13

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Mumbai

f. Credit Risk

Typically, the receivables of the Company can be classified in 2 categories:
1. Pharma Trade Receivables
2. Financial Services business Loan Book primarily comprising of Real estate developers, Infrastructure Companies and Others

Please refer Note 10 for risk mitigation techniques followed for Pharma Trade Receivables. Risk mitigation measures for Financial Services business primarily comprising of Real Estate Developers and Strategic Investment Groups are explained in the note below.

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Risk management team has developed proprietary internal rating models to evaluate risk return trade-off for the loans and investments done by the Company. These models integrate probability of default and loss given default in to a single model and provide necessary inputs to the decision making committee.

The lending exposure includes lending to the below sectors

Sectors	Exposure as at		
	March 31, 2017	March 31, 2016	April 1, 2015
Real Estate	82.61%	86.72%	84.35%
Infrastructure	16.96%	7.11%	10.31%
Others	0.43%	6.17%	5.34%

Credit Risk Management

Credit risk management is achieved by considering various factors like :
• Cashflow at risk – This is an assessment of the standalone project or business from which interest servicing and principal repayment is expected to be done.
• Security cover – This is an assessment of the value of the security under stress scenario which is further adjusted for factors like liquidity, enforceability, transparency in valuation etc. of the collateral.
• Promoter strength – This is an assessment of the promoter from financial, management and performance perspective.
• Exit – This is an assessment of the liquidity of the loan or investment.
The output from each of the analysis is converted to a risk weight equivalent. Each of the four components of the risk analysis are assigned a specific weight which differ based on type of investment. The risk weight is then converted into capital requirement. The required capital and the return is combined to create a metric which is used for deal assessment.

Based on the above assessment the risk team categorises the deals in to the below Risk Grades

- Good	Deals with very high risk adjusted returns
- Investment Grade	Deals with high risk adjusted returns
- Management Review Grade	Deals with risk adjusted returns required as per lending policy
- Not Advisable Grade	Deals with lower than required risk adjusted returns

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Further, a periodic review of the performance of the portfolio is also carried out by the Risk Group. The Risk Group adjusts the stress case considered during the initial approval based on actual performance of the deal, developments in the sector, regulatory changes etc. The deal level output is combined to form a portfolio snapshot. The trends from portfolio are used to provide strategic inputs to the management.

The credit risk on liquid funds and other financial instruments is limited because the counterparties are banks with high credit-ratings assigned credit-rating agencies or mutual funds.

Provision for Expected Credit Loss

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking parameters, which are both qualitative and quantitative. These parameters have been detailed in Note no.vi of Significant Accounting Policies. Based on the result yielded by the above assessment the Financial assets are classified into (1) Standard (Performing) Asset, (2) Significant Credit Deteriorated (Under-Performing) Asset (3) Default (Non-Performing) Asset (Credit Impaired).

Macroeconomic information (such as regulatory changes, market interest rate or growth rates) is incorporated as part of the internal rating model.

In general, it is presumed that credit risk has significantly increased since initial recognition if the payments are more than 30 days past due.

For the purpose of expected credit loss analysis the Company defines default as any asset with more than 90 days overdues. This is also as per the rebuttable presumption provided by the standard.

The Company provides for expected credit loss based on the following:

Category - Description	Basis for Recognition of Expected Credit Loss
Stage 1 - Standard (Performing) Assets	12 month ECL
Stage 2 - Significant Credit Deteriorated Assets	Life time ECL
Stage 3 - Default (Non-Performing) Assets (Credit Impaired)	Life time ECL

As at April 1, 2015, a combination of both internal and external Probability of Default (PD) has been used by the Company since the asset portfolio was at a very nascent stage. The internal PD has been computed by dividing the default observed during the year with the number of investments present on the book at the start of the year. For External PD the Company has relied upon the 10 year PD data from external rating agency. For Loss given default (LGD), the Company has relied on internal and external information.

For the year ended March 31, 2017 and March 31, 2016 the Company has developed a PD Matrix after considering some parameters as stated below :

(1) Grade of the Borrower (2) Past Overdue History (3) Repeat Deal with the Borrower (4) Status from monthly Asset Monitoring report (5) Deal IRR (6) Deal Tenure remaining. Based on these parameters the Company has computed the PD. The Company has also built in model scorecards to determine the internal LGD. However, since there has been no default history to substantiate the internal LGD, the Company has made use of a combination of both internal as well as external LGD.

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Expected Credit Loss as at the Reporting period: **Rs. in Crores**

As at March 31, 2017

Particulars	Asset Group	Gross Carrying Amount at Default	Expected Credit Loss	Carrying Amount net of impairment provision
Very High quality liquid assets/Related party loans	Receivable from Related Parties	3,764.63	-	3,764.63
	Other Financial Assets & Loans	1,016.95	-	1,016.95
Assets for which credit risk has not significantly increased from initial recognition	Investments at amortised cost	5,306.35	93.99	5,212.36
	Loans	40.00	0.73	39.27
Assets for which credit risk has increased significantly and credit impaired	Loans	33.67	18.32	15.35
Total		**10,161.60**	**113.04**	**10,048.56**

As at March 31, 2016

Particulars	Asset Group	Gross Carrying Amount at Default	Expected Credit Loss	Carrying Amount net of impairment provision
Very High quality liquid assets/Related party loans	Receivable from Related Parties	3,535.77	-	3,535.77
	Other Financial Assets & Loans	978.89	-	978.89
Assets for which credit risk has not significantly increased from initial recognition	Investments at amortised cost	9,780.88	220.44	9,560.44
	Loans	1,973.06	43.61	1,929.45
Assets for which credit risk has increased significantly but not credit impaired	Loans	53.67	4.02	49.65
Assets for which credit risk has increased significantly and credit impaired	Investments at amortised cost	24.00	10.51	13.49
	Loans	40.68	22.48	18.20
Total		**16,386.95**	**301.06**	**16,085.89**

As at April 1, 2015

Particulars	Asset Group	Gross Carrying Amount at Default	Expected Credit Loss	Carrying Amount net of impairment provision
Very High quality liquid assets/Related party loans	Receivable from Related Parties	1,919.71	-	1,919.71
	Other Financial Assets & Loans	1,349.94	-	1,349.94
Assets for which credit risk has not significantly increased from initial recognition	Investments at amortised cost	3,439.07	81.11	3,357.96
	Loans	828.70	19.56	809.14
Assets for which credit risk has increased significantly and credit impaired	Loans	43.17	25.73	17.44
Total		**7,580.59**	**126.40**	**7,454.19**

Price Waterhouse
Chartered Accountants
FRN 301112E
Mumbai

i) **Reconciliation of Loss Allowance**

Rs. in Crores

Investments and Loans	For the year ended March 31, 2017		
	Loss allowance measured at 12 month expected losses	Loss allowance measured at life-time expected losses	
		Financial assets for which credit risk has increased significantly and not credit-impaired	Financial assets for which credit risk has increased significantly and credit-impaired
Balance at the beginning of the year	264.05	4.02	32.99
Transferred to 12-month ECL	-	-	-
Transferred to Lifetime ECL not credit impaired	-	-	-
Transferred to Lifetime ECL credit impaired - collective provision	-	-	-
Charge to Statement of Profit and Loss	-	-	-
On Account of Rate Change	(51.67)	-	(1.09)
On Account of Disbursements	153.82	-	-
On Account of Repayments/Transfers	(271.48)	(4.02)	(13.58)
Balance at the end of the year	**94.72**	**-**	**18.32**

The reduction in provision is on account of repayments and transfer of portfolio during the year (Refer Note 38(2)).

Investments and Loans	For the year ended March 31, 2016		
	Loss allowance measured at 12 month expected losses	Loss allowance measured at life-time expected losses	
		Financial assets for which credit risk has increased significantly and not credit-impaired	Financial assets for which credit risk has increased significantly and credit-impaired
Balance at the beginning of the year	100.66	-	25.74
Transferred to 12-month ECL	-	-	-
Transferred to Lifetime ECL not credit impaired	(1.36)	1.36	-
Transferred to Lifetime ECL credit impaired - collective provision	(1.00)	-	1.00
Charge to Statement of Profit and Loss			
On Account of Rate Change	(3.03)	2.66	7.51
On Account of Disbursements	224.92	-	-
On Account of Repayments	(56.14)	-	(1.26)
Balance at the end of the year	**264.05**	**4.02**	**32.99**

The reason for increase in provision is due to increase in the loans & investments which is partially offset by a reduction in rate of ECL.

ii) **Movement in Expected Credit Loss on undrawn loan commitments:**

Rs. in Crores

Particulars	**Expected Credit Loss on Loan Commitments**	
	2017	**2016**
Balances as at the beginning of the year	37.37	22.73
Additions	2.01	14.64
Amount used	(37.37)	-
Balances as at the end of the year	**2.01**	**37.37**
Classified as Non-current (Refer Note 20)		-
Classified as Current (Refer Note 24)	2.01	37.37
Total	**2.01**	**37.37**

iii) The amounts of Financial Assets outstanding in the Balance Sheet along with the undrawn loan commitments (Refer Note 26) as at the end of the reporting period represent the maximum exposure to credit risk.

Description of Collateral held as security and other credit enhancements

The credit risk management policy of the Company prescribes a security cover of 200% of the proposed facility amount. The Company periodically monitors the quality as well as the value of the security to meet the prescribed limits. The collateral held by the Company varies on case to case basis and includes:
i) First / Subservient charge on the Land and / or Building of the project or other projects
ii) First / Subservient charge on the fixed and current assets of the borrower
iii) Hypothecation over receivables from funded project or other projects of the borrower
iv) Pledge on Shares of the borrower or their related parties
v) Guarantees of Promoters / Promoter Undertakings
vi) Post dated / Undated cheques

As at the reporting date, the ratio of value of the collateral held as security for the credit impaired financial assets to the exposure at default for these assets is higher than 1.

iv) The credit impaired assets as at the reporting dates were secured by charge on land and building and project receivables amounting to:

Rs. in Crores

	March 31, 2017	**March 31, 2016**	**April 1, 2015**
Value of Security	15.35	31.69	17.44

Price Waterhouse Chartered Accountants FRN 301112E Mumbai

47 The Company conducts research and development to find new sustainable chemical routes for pharmaceutical & herbal products. The company is undertaking development activities for Oral Solids and Sterile Injectables, apart from other Active Pharmaceutical Ingredients.

The Company has research and development centers in Mumbai, Ennore and Ahmedabad.

Details of additions to Property Plant & Equipment & Intangibles under Development and qualifying Revenue Expenditure for Department of Scientific & Industrial Research (DSIR) approved research and development facilities / division of the Company at Mumbai, Ennore and Ahmedabad (with effect from September 23, 2016) for the year are as follows;

(Rs. in Crores)

Description	**For the year ended March 31, 2017**	**For the year ended March 31, 2016**
Revenue Expenditure	43.39	35.36
Capital Expenditure, Net		
Additions to Property Plant & Equipment	7.11	30.28
Additions to Intangibles under Development	11.55	-
Less: Sale proceeds of the assets and Transfer of the Assets	-	3.75
Less: Credit for transfer of R&D assets out of R&D center	-	6.74
TOTAL	**18.66**	**19.79**

During the year ended March 31, 2015, the Company had decided to curtail investments in New Chemical Entity research. Accordingly, Costs and write-downs associated with the scale-down incurred during the previous year, disclosed under Exceptional Income / (Expenses) (Refer Note 35), are mentioned below:

(Rs. in Crores)

Description	**For the year ended March 31, 2016**
(Gain)/Loss on sale of Property Plant & Equipment	(2.56)
TOTAL (Refer Note 35)	**(2.56)**

48 Movement in Provisions :

(Rs. in Crores)

Particulars	**Litigations / Disputes**		**Provisions for Grants - Committed**		**Onerous Contracts**	
	2017	**2016**	**2017**	**2016**	**2017**	**2016**
Balances as at the beginning of the year	13.39	13.39	28.83	24.29	1.06	36.55
Additions	-	-			-	-
Unwinding of Discount			2.72	3.05	-	
Revaluation of closing balances			(0.42)	1.49	-	
Amount used	-	-	(13.25)		-	(35.49)
Unused amounts reversed	(9.89)	-			(1.06)	-
Balances as at the end of the year	**3.50**	**13.39**	**17.88**	**28.83**	-	**1.06**
Classified as Non-current (Refer Note 20)	-	-	4.91	15.58	-	0.35
Classified as Current (Refer Note 24)	3.50	13.39	12.97	13.25	-	0.71
Total	**3.50**	**13.39**	**17.88**	**28.83**	-	**1.06**

Provision for Onerous contracts represents the amounts provided for contracts where the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

Provision for Grants - Committed represent expected contributions to be paid in FY 2017-18 & 2018-19.
Provision for litigation / disputes represents claims against the Company not acknowledged as debts that are expected to materialise in respect of matters under litigation. Future cash outflows are determinable only on receipt of judgments/decisions pending with various forums/authorities.

Price Waterhouse
Chartered Accountants
FRN 301112E
Mumbai

PIRAMAL ENTERPRISES LIMITED
Notes to financial statements for the Year ended March 31, 2017

49 Income taxes relating to operations

a) Income tax recognised in profit or loss

(Rs.in Crores)

	Year ended March 31, 2017	Year ended March 31, 2016
Current tax		
In respect of the current year	146.82	260.32
In respect of prior years	48.60	(0.15)
	195.42	260.17
Deferred tax		
In respect of the current year	(52.27)	(272.22)
	(52.27)	(272.22)
Total income tax expense recognised in the current year	143.15	(12.05)

b) Income tax recognised in other comprehensive income

(Rs.in Crores)

	Year ended March 31, 2017	Year ended March 31, 2016
Current tax	-	-
Deferred tax		
Arising on income and expenses recognised in other comprehensive income:		
Fair value remeasurement of hedging instruments entered into for cash flow hedges	0.07	-
Remeasurement of defined benefit obligation	(0.67)	(0.85)
Total income tax recognised in other comprehensive income	(0.60)	(0.85)

c) Deferred tax balances

Rs.in crores

The following is the analysis of deferred tax assets/(liabilities) presented in the separate statement of financial position:	March 31, 2017	March 31, 2016	April 1, 2015
Deferred tax assets	523.79	444.49	181.44
Deferred tax liabilities	(173.84)	(147.41)	(136.39)
	349.95	297.08	45.05

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases, and unutilized business loss and depreciation carry-forwards and tax credits. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, depreciation carry-forwards and unused tax credits could be utilized.

Movement of Deferred Tax during the year ended March 31, 2017

(Rs. in crores)

Particulars	Opening balance	Recognised in profit or loss	Utilized during the year	Recognised in other comprehensive income	Closing balance
Deferred tax (liabilities)/assets in relation to:					
Measurement of financial liabilities at amortised cost	(4.23)	0.29	-	-	(3.94)
Measurement of financial assets at amortised cost/fair value	48.51	(45.46)	-	-	3.05
Provision for assets of financial services	114.24	(77.30)	-	-	36.94
Fair value measurement of derivative contracts	(3.07)	0.66	-	(0.07)	(2.48)
Other Provisions	4.77	0.62	-	-	5.39
Property, Plant and Equipment and Intangible Assets	(140.11)	(27.31)	-	-	(167.42)
Brought forward losses	-	50.28	-	-	50.28
Amortisation of expenses which are allowed in current year	3.67	(1.12)	-	-	2.55
Disallowances for items allowed on payment basis	34.25	5.08	-	0.67	40.00
Unused tax credit (MAT credit entitlement)	236.29	146.82	-	-	383.11
Recognition of lease rent expense using straight line method	2.76	(0.29)	-	-	2.47
Total	297.08	52.27	-	0.60	349.95

Price Waterhouse
Chartered Accountants
FRN 301112E
Mumbai

Movement of tax expense during the year ended March 31, 2016

(Rs. in crores)

Particulars	Opening balance	Recognised in profit or loss	Utilized during the year	Recognised in other comprehensive income	Closing balance
Deferred tax (liabilities)/assets in relation to:					
Measurement of financial liabilities at amortised cost	(1.31)	(2.92)	-	-	(4.23)
Measurement of financial assets at amortised cost/fair value	3.29	45.22	-	-	48.51
Provision for assets of financial services	47.59	66.65	-	-	114.24
Fair value measurement of derivative contracts	(2.99)	(0.08)	-	-	(3.07)
Other Provisions	15.15	(10.38)	-	-	4.77
Property, Plant and Equipment and Intangible Assets	(132.09)	(8.02)	-	-	(140.11)
Brought forward losses	57.49	(57.49)	-	-	-
Amortisation of expenses which are allowed in current year	5.12	(1.45)	-	-	3.67
Disallowances for items allowed on payment basis	25.69	7.71	-	0.85	34.25
Unused tax credit (MAT credit entitlement)	27.11	230.22	(21.04)	-	236.29
Recognition of lease rent expense using straight line method	-	2.76	-	-	2.76
Total	**45.05**	**272.22**	**(21.04)**	**0.85**	**297.08**

The income tax expense for the year can be reconciled to the accounting profit as follows:

(Rs. in crores)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Profit before tax from continuing operations	919.93	983.65
Income tax expense calculated at 34.608% (2015-16: 34.608%)	**318.37**	**340.42**
Effect of expenses that are not deductible in determining taxable profit	51.92	18.56
Utilisation of previously unrecognised tax losses	(237.71)	(307.56)
Effect of incomes which are taxed at different rates	-	(6.87)
Profit on sale of property, plant, and equipment	-	(3.70)
Effect of incomes which are exempt from tax	(27.04)	(31.12)
Effect of expenses for which weighted deduction under tax laws is allowed	(18.18)	(21.57)
Effect of transfer of Loan book assets	61.16	-
Effect of previously unrecognised tax losses used to reduce deferred tax expense	(50.28)	-
Tax provision for earlier years	48.60	(0.15)
Others	(3.69)	(0.06)
Income tax expense recognised in profit or loss	**143.15**	**(12.05)**

The tax rate used for the reconciliations above is the corporate tax rate of 34.608% (for the year 2016-17 and 2015-16) payable by corporate entities in India on taxable profits under tax law in Indian jurisdiction.

In assessing the realizability of deferred tax assets, the Company considers the extent to which it is probable that the deferred tax asset will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable profits during the periods in which those temporary differences and tax loss carry-forwards become deductible. The Company considers the expected reversal of deferred tax liabilities, projected future taxable income and tax planning strategies in making this assessment.

Based on this, the Company believes that it is probable that the Company will realize the benefits of these deductible differences. The amount of deferred tax asset considered realizable, however, could be reduced in the near term if the estimates of future taxable income during the carry-forward period are reduced.

As at March 31, 2017, the Company has recognized Deferred Tax Asset of Rs.50.28 Crores on unused tax losses , considering profits in the past 2 years and reasonable certainty of realisation of such deferred tax asset in the future years.
Deferred tax asset amounting to Rs.559.72 crores (excluding the amount already recognised to the extent of Deferred Tax Liabilities amounting Rs.57.49 Crores) and Rs.262.33 crores as at April 1, 2015 and March 31, 2016, respectively in respect of unused tax losses was not recognized by the Company, considering that the Company had a history of tax losses for recent years and these losses expire in various years through fiscal 2022.

The Company has calculated its tax liability for current domestic taxes after considering MAT. The excess tax paid under MAT provisions over and above normal tax liability can be carried forward and set-off against future tax liabilities computed under normal tax provisions. The Company was required to pay MAT during the current and previous year and accordingly, a deferred tax asset of Rs.236.30 crores and Rs.146.82 crores has been recognized in the statement of financial position as of March 31, 2016 and 2017 respectively, which can be carried forward for a period of 10 years (15 years w.e.f. current year) from the year of recognition.

Price Waterhouse Chartered Accountants FRN 301112E Mumbai

PIRAMAL ENTERPRISES LIMITED
Notes to financial statements for the Year ended March 31, 2017

50a. Transition to Ind AS

Overall principle

The accounting policies set out in note 2 have been applied in preparing the financial statements for the year ended 31 March 2017, the comparative information presented in these financial statements for the year ended 31 March 2016 and in the preparation of an opening Ind AS balance sheet at 1 April 2015 (the Company's date of transition). In preparing its opening Ind AS balance sheet, the Company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP). An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and notes.

Exemptions and Exemptions availed:

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

Ind AS Optional Exemptions:

Deemed cost for property, plant and equipment and other intangible assets
Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets.
Accordingly, the Company has elected to measure all of its property, plant and equipment and intangible assets at their previous GAAP carrying value.

Designation of previously recognized financial instruments
Ind AS 101 allows an entity to designate investments in equity instruments at FVOCI on the basis of the facts and circumstances at the date of transition to Ind AS.
The Company has designated certain investments in equity share as held at FVOCI on the basis of the facts and circumstances that existed at the transition date.

Determining whether an arrangement contains a lease
Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. Ind AS 101 provides an option to make this assessment on the basis of facts and circumstances existing at the date of transition to Ind AS, except where the effect is expected to be not material.

The Company has elected to apply this exemption for such contracts/arrangements.

Ind AS Mandatory Exceptions:
Estimates:
An entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error. Ind AS estimates as at 1 April 2015 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Company made estimates for following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP:

A. Investment in preference shares carried at FVPL;
B. Investment in debt instruments carried at FVPL; and
C. Impairment of financial assets based on expected credit loss model.

Derecognition of financial assets and financial liabilities
Ind AS 101 requires a first-time adopter to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 allows a first-time adopter to apply the de-recognition requirements in Ind AS 109 retrospectively from a date of the entity's choosing, provided that the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions.
The Company has elected to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

Classification and measurement of financial assets
Ind AS 101 requires an entity to assess classification and measurement of financial assets (investment in debt instruments) on the basis of the facts and circumstances that exist at the date of transition to Ind AS.
The Company has determined the classification of Financial Assets in terms of whether they meet the amortized cost criteria, FVPL criteria or FVOCI criteria based on the facts and circumstances that existed as of transition date.

Impairment of financial assets:
The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date.

Price Waterhouse
Chartered Accountants
FRN 301112E
Mumbai

Particulars	Notes	As at March 31, 2016 (End of last period presented under previous GAAP)	As at April 1, 2015 (Date of transition)
			(Rs. in crores)
Total equity (shareholders' funds) under previous GAAP		**12,176.60**	**11,446.84**
Fair valuation gain on investments held through OCI	a	759.83	1,452.47
Measurement of financial assets at Amortized Cost	g	(142.74)	(9.60)
Measurement of loss allowance on certain financial assets (including commitments) using the expected credit loss model	i	(80.50)	(58.80)
Measurement of financial guarantee contracts issued	c	42.92	28.02
Recognition of Provisions for Grants - Committed	k	(28.83)	(24.29)
Measurement of financial liabilities at amortised cost	d	12.21	3.84
Measurement of forward exchange contracts at fair value	e	8.87	7.73
Recognition of lease rent expense on straight-line method	m	(7.93)	-
Dividends not recognised as liability until declared under Ind AS	f	-	415.39
Measurement of financial assets at FVTPL	g	(0.58)	(1.50)
Adjustment for interest free rental deposit	b	(0.03)	(0.02)
Deferred Tax assets on all the Ind AS adjustments	j	60.79	17.94
Total adjustments to equity		**624.01**	**1,831.18**
Total equity under Ind AS		**12,800.61**	**13,278.02**

50b. Reconciliation of total comprehensive income for the year ended March 31, 2016:

	Notes	(Rs. in crores) Year ended 3/31/2016 (latest period presented under previous GAAP)
Profit as per previous GAAP		**1,061.15**
Adjustments:		
Measurement of financial guarantee contracts issued	c	14.90
Measurement of financial liabilities at amortised cost	d	8.37
Measurement of financial assets at amortised cost	g	(133.14)
Measurement of financial assets at FVTPL	g	0.92
Measurement of forward exchange contracts at fair value	e	1.14
Measurement of loss allowance on certain financial assets (including commitments) using the expected credit loss model	i	(21.70)
Recognition of lease rent expense on straight-line method	m	(7.93)
Remeasurements of defined benefit obligation recognised in other comprehensive income under Ind AS (net of tax)	l	1.61
Transfer of foreign currency translation reserve to retained earnings	h	32.08
Unwinding of discounting of provisions	k	(4.54)
Others	b	(0.01)
Deferred Tax assets on all the Ind AS adjustments	j	42.85
Total effect of transition to Ind AS		**(65.45)**
Profit for the year as per Ind AS		**995.70**
Other comprehensive income for the year (net of tax)	n	(694.25)
Total comprehensive income under Ind AS		**301.45**

Price Waterhouse
Chartered Accountants
Mumbai

Notes

a) Under previous GAAP, long term investments were measured at cost less diminution in value which is other than temporary. Under IND AS, these financial assets have been classified as FVTOCI. On the date of transition to Ind AS, these financial assets have been measured at their fair value which is higher than the cost as per previous GAAP, resulting in an increase in the carrying amount by Rs. 759.83 crores as at March 31, 2016 and by Rs. 1,452.47 crores as at April 1, 2015.
Fair value changes with respect to investments in equity instruments designated as at FVOCI have been recognised in FVOCI – Equity investments reserve as at the date of transition and subsequently in the other comprehensive income for the year ended 31 March 2016. This increased other reserves by Rs.759.83 Crores as at 31 March 2016 (1 April 2015 - Rs.1452.47 Crores) and Other Comprehensive Income for the year ended March 31, 2016 decreased by Rs.692.64 Crores.

b) Under previous GAAP, there was no specific guidance on accounting for interest free rental deposits. Whereas in Ind AS, the prepaid rent is measured as the difference between the initial carrying amount of the deposit determined in accordance with Ind AS 109 and the amount of deposit given. The Company had given interest free security deposit of Rs. 3.00 crores as on March 31, 2015 and the fair value on initial recognition was estimated to be Rs. 2.05 crores. The difference of Rs. 0.95 crores has been treated as prepaid rent under Ind AS and is recognised in Statement of Profit and Loss over the period of lease. After initial recognition, the rental deposit has been subsequently carried at amortized cost i.e. interest based on market rate has been recognised under the effective interest rate method as part of finance cost. The net effect of these changes is a decrease in total equity of Rs. 0.03 crores as at March 31, 2016 and Rs. 0.01 crores as at April 1, 2015 and Profit for the year ended March 31, 2016 decreased by Rs.0.02 Crores.

c) Under Ind AS, financial guarantee contracts are accounted as financial liabilities and measured initially at fair value and subsequently at the higher of i) amount of loss allowance determined in accordance with impairment requirements of Ind AS 109 and the amount initially recognised less when appropriate, the cumulative amount of income recognised in accordance with principles of Ind AS 18. Under previous GAAP, these were not recognised in the balance sheet. As these financial guarantee have been given towards loans taken by its Company entities, notional financial guarantee commission income has been recognized with the corresponding increase in the investment in the respective Company entities resulting into increase in investment by Rs 42.92 crores as at March 31, 2016 and Rs 28.02 crores as at April 1, 2015 with corresponding increase in Equity and Profit for the year ended March 31, 2016 increased by Rs.14.9 Crores.

d) Under Previous GAAP, borrowings were recorded at cost and transaction costs were charged to Statement of Profit and Loss as and when incurred. Under Ind AS, transaction cost incurred towards origination of borrowings is required to be deducted from the carrying amount of borrowings on initial recognition. These cost are recognised in the Statement of Profit and Loss over the tenure of the borrowing as part of interest expense by applying effective interest rate method. Accordingly, borrowings as at March 31, 2016 have been reduced by Rs. 12.21 crores and Rs. 3.84 crores as at April 1, 2015. The total equity increased by an equivalent amount and the profit for the year ended March 31, 2016 increased by Rs.8.37 Crores.

e) Under previous GAAP, premium paid for derivative contracts was amortized over the term of the derivative contracts whereas under Ind AS the derivative contracts are measured at FVTPL. Thus, the unamortized premium as of March 15 has been charged off to retained earnings and Derivative contracts have been recognized at Fair value resulting into net increase in Total Equity as on April 1, 2015 by Rs.7.73 Crores and as on March 31, 2016 by Rs.8.77 Crores. The profit for the year ended March 31, 2016 increased by Rs.1.14 Crores on account of the same.

f) Under Previous GAAP, dividend on equity shares recommended by the Board of Directors after the end of the reporting period but before the financial statements were approved for issue was recognised in the financial statement as a liability. Under Ind AS, such dividends are recognised when the same is approved by the members in a general meeting. The effect of this change is an increase in total equity as at March 31, 2016 of Rs. Nil and Rs. 415.39 crores as at April 1, 2015 but does not affect the profit before tax and total profit for the year ended March 31, 2016 and March 31, 2015.

Price Waterhouse
Chartered Accountants
FRN 301112E
Mumbai

g) Under previous GAAP, investments, term loans and inter-corporate deposits were carried at cost whereas under IND AS investments are measured based on entity's business model for managing the financial assets and contractual cash flow characteristics of the financial asset. The investments, term loans and inter-corporate deposits that meet the business model and contractual cash flow tests are measured at amortised cost and interest income is recognised as per effective interest rate method. Those investments, term loans and inter-corporate deposits that do not meet the business model and contractual cash flow test are measured at Fair Value. Thus considering the criteria of IND AS the investment, term loans and inter-corporate deposits have decreased by Rs. 143.32 crores as at March 31, 2016 and Rs. 11.10 crores as at April 1, 2015. The total equity decreased by an equivalent amount. The profit for the year ended March 31, 2016 decreased by Rs.132.22 Crores on account of the same.

h) Under previous GAAP, the unrealized foreign exchange gains/losses on net investments were transferred to Foreign Currency Translation Reserve. However under Ind AS, such gains/losses should be recognized in statement of Profit & Loss in separate financial statements. Accordingly, the profit for the year ended March 31, 2016 increased by Rs.32.08 Crores.

i) Under Previous GAAP, provision for doubtful loans and receivables was calculated using incurred loss model. Under Ind AS, the provision on financial assets and commitments, including trade receivables needs to be calculated using the expected credit loss model. Accordingly, an additional provision was recognized as at March 31, 2016 of Rs 80.50 crores and Rs 58.80 crores as at April 1, 2015. As a result, the total equity was decreased by Rs.80.50 Crores and Rs.58.80 Crores as on March 31, 2016 & April 1, 2015 and the profit for the year ended March 31, 2016 decreased by Rs.21.70 Crores.

j) Deferred taxes have been recognised on adjustments made on transition to Ind AS.

k) Under Previous GAAP, no provision was accounted for Constructive obligations. Under Ind AS, provisions need to be accounted (at discounted value) for the Constructive obligations. Accordingly, an additional provision for Grants - Committed was recognised at Rs.28.83 crores as at March 31, 2016 and Rs.24.29 crores as at April 1, 2015 resulting in decrease in Total Equity on the respective dates. The unwinding of discounts in this case amounted Rs.4.54 Crores during the year ended March 31, 2016 resulting in decrease in profit for the year ended March 31, 2017 by equivalent amount.

l) Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year. As a result of this change, the profit for the year ended March 31, 2016 decreased by Rs. 1.60 Crores. There is no impact on the total equity as at March 31, 2016.

m) Under Previous GAAP, there was no clear guidance on treatment of lease incentives. Under Ind AS, In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. Accordingly, the total equity as on March 31, 2016 and the profit for the year ended March 31, 2016 decreased by Rs.7.93 Crores.

n) Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit and loss as 'other comprehensive income' includes remeasurements of defined benefit plans and fair value gains or (losses) on FVOCI equity instruments. The concept of other comprehensive income did not exist under previous GAAP.

50c. Impact of Ind AS adoption on the Statements of Cash flows for the year ended March 31, 2016:

Rs. in Crores

Particulars	Previous GAAP	Adjustments	Ind AS
Net Cash flow from Operating Activities	(7,125.72)	(5.21)	(7,130.93)
Net Cash flow from Investing Activities	(1,440.25)	-	(1,440.25)
Net Cash flow from Financing Activities	8,558.65	(2.78)	8,555.87
Net increase/(decrease) in cash and cash equivalents	**(7.32)**	**(7.99)**	**(15.31)**

The adjustments are primarily on account of Bank overdraft now considered as Cash and Cash Equivalents and other Ind AS reclassifications.

Chartered Accountants
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Mumbai

51 Fair Value Measurement

Financial Instruments by category:

a)

Rs. in Crores

Particulars	March 31, 2017			March 31, 2016			April 1, 2015		
	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost
Financial Assets									
Investments	924.00	3,988.92	5,212.36	935.35	3,142.57	9,573.93	249.53	3,835.21	3,357.96
Loans	-	-	4,661.07	-	-	6,311.56	-	-	4,020.04
Cash & Bank Balances	-	-	124.07	-	-	39.48	-	-	40.39
Trade Receivables	-	-	491.43	-	-	404.58	-	-	326.38
Other Financial Assets	14.69	-	140.44	11.47	-	188.93	12.76	-	63.42
	938.69	3,988.92	10,649.37	946.82	3,142.57	16,518.48	262.29	3,835.21	7,808.19
Financial liabilities									
Borrowings (including current maturities of Long Term Borrowings)	-	-	10,255.42	-	-	13,559.68	-	-	3,833.29
Trade Payables	-	-	533.36	-	-	490.39	-	-	444.56
Other Financial Liabilities	-	-	130.61	4.03	-	102.34	-	-	49.96
	-	-	10,919.39	4.03	-	14,152.41	-	-	4,327.81

b) **Fair Value Hierarchy and Method of Valuation**

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the group has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Financial Assets	Notes	Carrying Value	March 31, 2017 Level 1	Level 2	Level 3	Total
Measured at FVTPL - Recurring Fair Value Measurements						
Investments						
Investments in Preference Shares	i.	115.00			115.00	115.00
Investments in debentures or bonds						
Redeemable Optionally Convertible Debentures	ii.	38.36			38.36	38.36
Redeemable Non-Convertible Debentures	iii.	590.61			590.61	590.61
Investments in Mutual Funds	iv.	155.03	155.03			155.03
Investment in Alternative Investment Fund		25.00			25.00	25.00
Other Financial Assets						
Derivative Financial Assets						
Measured at FVTOCI						
Investments in Equity Instruments	v.	14.69		14.69		14.69
Measured at Amortised Cost for which fair values are disclosed						
Investments						
Investments in debentures or bonds (Gross of Expected Credit Loss allowance)	iv.	3,988.92	3,988.92			3,988.92
Loans						
Term Loans (Gross of Expected Credit Loss allowance)	vi.	5,306.35			5,464.37	5,464.37
Intercorporate Deposits (Gross of Expected Credit Loss allowance)	vi.	25.37			15.35	15.35
	vi.	40.00			41.39	41.39

Financial Liabilities	Notes	Carrying Value	March 31, 2017 Level 1	Level 2	Level 3	Total
Measured at Amortised Cost for which fair values are disclosed						
Borrowings (including current maturities of Long Term Borrowings)	vii.	10,255.42			10,512.60	10,512.60

Financial Assets	Notes	Carrying Value	March 31, 2016 Level 1	Level 2	Level 3	Total
Measured at FVTPL - Recurring Fair Value Measurements						
Investments						
Investments in Equity Instruments		1.07			1.07	1.07
Investments in Preference Shares	i.	118.45			118.45	118.45
Investments in debentures or bonds						
Redeemable Optionally Convertible Debentures	ii.	42.40			42.40	42.40
Redeemable Non-Convertible Debentures	iii.	758.43			758.43	758.43
Investment in Alternative Investment Fund		15.00			15.00	15.00
Other Financial Assets						
Derivative Financial Assets						
Measured at FVTOCI						
Investments in Equity Instruments	v.	11.47		11.47		11.47
Measured at Amortised Cost for which fair values are disclosed						
Investments						
Investments in debentures or bonds (Gross of Expected Credit Loss allowance)	iv.	3,142.57	3,142.57			3,142.57
Loans						
Term Loans (Gross of Expected Credit Loss allowance)	vi.	9,804.88			10,148.72	10,148.72
Intercorporate Deposits (Gross of Expected Credit Loss allowance)	vi.	191.53			177.36	177.36
	vi.	1,867.58			1,856.52	1,856.52

Financial Liabilities	Notes	Carrying Value	March 31, 2016 Level 1	Level 2	Level 3	Total
Measured at FVTPL - Recurring Fair Value Measurements						
Derivative Financial Liabilities	v.	4.03		4.03		4.03
Measured at Amortised Cost for which fair values are disclosed						
Borrowings (including current maturities of Long Term Borrowings)	vii.	13,559.68			13,559.68	13,559.68

Price Waterhouse
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FRN 301112E
Mumbai

Financial Assets	April 1, 2015					
	Notes	Carrying Value	Level 1	Level 2	Level 3	Total
Measured at FVTPL - Recurring Fair Value Measurements						
Investments						
Investments in Preference Shares	i.	115.00			115.00	115.00
Investments in debentures or bonds						
Redeemable Optionally Convertible Debentures	ii.	34.50			34.50	34.50
Redeemable Non-Convertible Debentures	iii.	-			-	-
Investments in Mutual Funds	iv.	100.03	100.03			100.03
Investment in Alternative Investment Fund					-	-
Other Financial Assets						
Derivative Financial Assets	v.	12.76		12.76		12.76
Measured at FVTOCI						
Investments in Equity Instruments	iv.	3,835.21	3,835.21			3,835.21
Measured at Amortised Cost for which fair values are disclosed						
Investments						
Investments in debentures or bonds (Gross of Expected Credit Loss allowance)	vi.	3,439.07			3,576.91	3,576.91
Loans						
Term Loans (Gross of Expected Credit Loss allowance)	vi.	223.12			219.28	219.28
Intercorporate Deposits (Gross of Expected Credit Loss allowance)	vi.	640.45			789.52	789.52

Financial Liabilities	April 1, 2015					
	Notes	Carrying Value	Level 1	Level 2	Level 3	Total
Measured at Amortised Cost for which fair values are disclosed						
Borrowings (Including current maturities of Long Term Borrowings)	vii.	3,833.29			3,833.29	3,833.29

Except for those financial instruments for which the carrying amounts are mentioned in the above table, the Company considers that the carrying amounts recognised in the financial statements approximate their fair values.

For financial assets that are measured at fair value, the carrying amounts are equal to the fair values.

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds and mutual funds that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing NAV.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for Debentures, Term Loans and Inter Corporate Deposits.

Valuation techniques used to determine the fair values:

i. The fair value of the preference shares has been calculated by using price to earnings method.

ii. The fair value of the optionally convertible debentures has been calculated by using price to earnings method observed for comparable peers in the industry.

iii. Discounted cash flow method has been used to determine the fair value. The yield used for discounting has been determined based on trades, market polls, levels for similar issuer with same maturity, spread over matrices, etc. For instruments where the returns are linked to the share price of the investee company the equity price has been derived using Monte Carlo simulation and local volatility model using the inputs like spot rate, volatility surface, term structures and risk free rates from globally accepted 3rd party vendor for these data.

iv. This includes listed equity instruments and mutual funds which are fair valued using quoted prices and closing NAV in the market.

v. This includes forward exchange contracts and cross currency interest rate swap. The fair value of the forward exchange contract is determined using forward exchange rate at the balance sheet date. The fair value of cross currency interest rate swap is calculated as the present value of future cash flow based on observable yield curves and forward exchange rates.

vi. Discounted cash flow method has been used to determine the fair value. The discounting factor used has been arrived at after adjusting the rate of interest for the financial assets by the difference in the Government Securities rates from date of initial recognition to the reporting dates.

vii. Fair values of borrowings are based on discounted cash flow using a current borrowing rate. They are classified as Level 3 values hierarchy due to the use of unobservable inputs, including own credit risk.

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c) **Fair value measurements using significant unobservable inputs (level 3)**
The following table presents the changes in level 3 items for the year ended March 31, 2017 and March 31, 2016.

Rs. in Crores

	Debentures (NCDs & OCDs)	Preference shares	Alternative Investment Fund	Total
As at April 1, 2015	34.50	115.00	-	149.50
Acquisitions	675.00	-	15.00	690.00
Gains / (Losses) recognised in profit or loss	91.55	3.45	-	95.00
Gains / Losses recognised in other comprehensive income	-	-	-	-
Realisations	(0.22)	-	-	(0.22)
As at March 31, 2016	800.83	118.45	15.00	934.28
Acquisitions	175.00	-	10.00	185.00
Gains / (Losses) recognised in profit or loss	145.87	(3.45)	-	142.42
Gains / Losses recognised in other comprehensive income	-	-	-	-
Transfer out during the year	(257.13)	-	-	(257.13)
Realisations	(235.60)	-	-	(235.60)
As at March 31, 2017	628.97	115.00	25.00	768.97

d) **Valuation Process**
The Company engages external valuation consultants to fair value financial instruments measured at FVTPL. The main level 3 inputs used for preference shares and debentures are as follows:

1) For Non Convertible Debentures, Waterfall approach has been used to arrive at the yields for securities held by the Company. For determining the equity prices Monte Carlo simulations and local volatility model using the inputs like spot rate, volatility surface, term structures and risk free rates from globally accepted 3rd party vendor for these data have been used.

2) For Preference Shares and Optionally Convertible Debentures, considered the value as maximum of debt value or equity value as on valuation date. For computation of debt value, discounted cash flow method has been used. For computation of equity value, market approach - comparable company multiple approach, the price to earnings multiple of peer companies in particular has been used.

e) **Sensitivity for instruments:**

Rs. in Crores

Nature of the instrument	Fair value As on March 31, 2017	Fair value As on March 31, 2016	Fair value As on April 1, 2015	Significant unobservable inputs*	Increase / Decrease in the unobservable input	Sensitivity Impact for the year ended March 31, 2017		Sensitivity Impact for the year ended March 31, 2016	
						FV Increase/(Decrease)	FV Increase/(Decrease)	FV Increase/(Decrease)	FV Increase/(Decrease)
Non Convertible Debentures	593.61	498.29	-	Discount rate	1%	(15.18)	15.59	(15.30)	15.85
Non Convertible Debentures				Equity component (protections)	5%	-	-	-	-
Non Convertible Debentures	-	184.04	-	Discount rate	1%	-	-	(9.07)	9.53
Non Convertible Debentures	-	76.11	-	Discount rate	1%	-	-	(3.61)	3.84
Optionally Fully Convertible Debentures	38.36	42.40	34.50	Discount rate	1%	(3.42)	3.48	-	-
Optionally Fully Convertible Debentures				Equity valuation	5%	3.63	-	2.38	(2.38)
Preference Shares	115.00	118.45	115.00	Discount rate	1%	-	-	-	-
Preference Shares				Equity valuation	5%	2.83	-	6.10	(3.55)

* There were no significant inter-relationships between unobservable inputs that materially affect fair values.

f) Management uses its best judgment in estimating the fair value of its financial instruments. However, there are inherent limitations in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates presented above are not necessarily indicative of all the amounts that the Company could have realized or paid in sale transactions as of respective dates. As such, the fair value of the financial instruments subsequent to the respective reporting dates may be different from the amounts reported at each year end.

52 In accordance with Ind AS 108 'Operating Segments', segment information has been given in the consolidated financial statements of the Company, which are presented in the same annual report and therefore, no separate disclosure on segment information is given in these financial statements.

53 The details of Specified Bank Notes (as defined in the MCA notification GSR 308(E) dated March 31, 2017) held and transacted during the period from November 8, 2016 to December 30, 2016 are as follows:

Rs. in Crores

Particulars	Specified Bank Notes (SBN)	Other Denomination Notes	Total
Closing cash in hand as on 08.11.2016	0.05	0.02	0.07
(+) Permitted receipts @	0.03	0.23	0.26
(-) Permitted payments	-	0.18	0.18
(-) Amount deposited in Banks	0.08	-	0.08
Closing cash in hand as on 30.12.2016	-	0.07	0.07

@ For SBN, it represents unspent advance lying with employee subsequently returned to employer.

54 During the previous year, the Company identified a fraud committed by an employee in one of its divisions. The Company initiated an internal investigation in the matter. Based on the results of the investigation, it was concluded that the employee had misrepresented to various customers and raised forged invoices and credit notes to the extent of Rs.3.18 crores during the previous year. The Company had filed a criminal complaint with appropriate authorities and is pursuing the matter further. The Company had taken appropriate measures and had further strengthened internal processes and controls to prevent such cases.
During the current year, the Company has recovered an amount of Rs.1.80 crores from such customers.

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FRN 301112E
Mumbai

55 The Board of Directors' at their meeting held on May 12, 2017 have approved the issuance of equity shares and / or convertible securities for an aggregate amount not exceeding Rs.5,000 crores or an equivalent amount thereof in one or more foreign currencies, including approval of the postal ballot notice for obtaining shareholders' approval.

56 Subsequent to the year end, on April 6, 2017, the Company's UK subsidiary, Sigmatic Limited, acquired UK based Sharp Insight Limited for USD 1.45 million equivalent to Rs.9.42 Crores.

57 The financial statements were approved by board of directors on May 12, 2017.

Signature to note 1 to 57 of financial statements.

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Jeetendra Mirchandani
Partner
Membership Number: 048125

Mumbai, May 12, 2017

For and on behalf of the Board of Directors

Ajay G. Piramal
Chairman

Rajesh Laddha
Chief Financial Officer

Leonard D'Souza
Company Secretary

Mumbai, May 12, 2017

INDEPENDENT AUDITORS' REPORT

To the Members of Piramal Enterprises Limited

Report on the Consolidated Indian Accounting Standards (Ind AS) Financial Statements

1. We have audited the accompanying consolidated Ind AS financial statements of Piramal Enterprises Limited ("hereinafter referred to as the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), its joint ventures and associate companies; (refer Note 39 to the attached consolidated financial statements), comprising of the consolidated Balance Sheet as at March 31, 2017, the consolidated Statement of Profit and Loss (including Other Comprehensive Income), the consolidated Cash Flow Statement for the year then ended and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information prepared based on the relevant records (hereinafter referred to as "the Consolidated Ind AS Financial Statements").

Management's Responsibility for the Consolidated Ind AS Financial Statements

2. The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated cash flows and changes in equity of the Group including its associates and joint ventures in accordance with accounting principles generally accepted in India including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act. The Holding Company's Board of Directors is also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of consolidated Ind AS financial statements. 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 respectively and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the 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 has been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act and the Rules made thereunder including the accounting standards and matters which are required to be included in the audit report.

4. We conducted our audit of the consolidated Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.

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5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated Ind AS financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

6. 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 sub-paragraph 8 of the Other Matters paragraph below, other than the unaudited financial statements as certified by the management and referred to in sub-paragraph 9 of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Opinion

7. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group, its associates and joint ventures as at March 31, 2017, and their consolidated profit (including other comprehensive income), their consolidated cash flows and consolidated changes in equity for the year ended on that date.

Other Matter

8. We did not audit the financial statements of 52 subsidiaries whose financial statements reflect total assets of Rs. 31,157.01 crores and net assets of Rs. 8,276.83 crores as at March 31, 2017, total revenue of Rs. 4,869.82 crores, net profit of Rs. 516.05 crores and net cash flows amounting to Rs. 1,104.73 crores for the year ended on that date, as considered in the consolidated Ind AS financial statements. The consolidated Ind AS financial statements also include the Group's share of net profit of Rs. 171.85 crores for the year ended March 31, 2017 as considered in the consolidated Ind AS financial statements, in respect of 3 associate companies and 2 joint ventures whose financial statements have not been audited by us. One of the joint venture's consolidated financial statements have been prepared considering the financial statements of its subsidiary, its associate and 6 subsidiaries and 2 associates of such associate (together referred to as "the components"). These financial statements have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion on the consolidated Ind AS financial statements insofar as it relates to the amounts and disclosures included in respect of these subsidiaries, joint ventures and associate companies and our report in terms of sub-section (3) of Section 143 of the Act insofar as it relates to the aforesaid subsidiaries, joint ventures and associates, is based solely on the reports of the other auditors.

Price Waterhouse
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Mumbai

9. We did not audit the financial statements of 7 subsidiaries whose financial statements reflect total assets of Rs. 44.59 crores and net assets of Rs. 534.52 crores as at March 31, 2017, total revenue of Rs. 28.85 crores, net loss of Rs. 15.13 crores and net cash flows amounting to Rs. 0.34 crores for the year ended on that date, as considered in the consolidated Ind AS financial statements. The consolidated Ind AS financial statements also include the Group's share of net loss of Rs. 2.80 crores for the year ended March 31, 2017 as considered in the consolidated Ind AS financial statements, in respect of 1 associate company whose financial statements have not been audited by us. These financial statements are unaudited and have been furnished to us by the Management, and our opinion on the consolidated Ind AS financial statements insofar as it relates to the amounts and disclosures included in respect of these subsidiaries and associate company and our report in terms of sub-section (3) of Section 143 of the Act insofar as it relates to the aforesaid subsidiaries and associate, is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Group.

   Our opinion on the consolidated Ind AS financial statements 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 the other auditors and the financial statements certified by the Management.

10. The comparative financial information of the Company for the year ended March 31, 2016 and the transition date opening balance sheet as at April 1, 2015 included in these consolidated Ind AS financial statements, are based on the previously issued statutory financial statements for the years ended March 31, 2016 and March 31, 2015 prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended) which were audited by us, on which we expressed an unmodified opinion dated May 16, 2016 and May 7, 2015 respectively. The adjustments to those financial statements for the differences in accounting principles adopted by the Company on transition to the Ind AS have been audited by us except in respect of 52 subsidiaries, 2 joint ventures and 3 associate companies.

    Our opinion is not qualified in respect of these matters.

Report on Other Legal and Regulatory Requirements

11. As required by Section143(3) of the Act, 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 Ind AS financial statements.

    (b) In our opinion, proper books of account as required by law maintained by the Holding Company, its subsidiaries included in the Group, associate companies and joint ventures incorporated in India including relevant records relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and records of the Holding Company and the reports of the other auditors.

    (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), 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 by the Holding Company, its subsidiaries included in the Group, associate companies and joint ventures incorporated in India including relevant records relating to the preparation of the consolidated Ind AS financial statements.

Price Waterhouse
Chartered Accountants
FRN 301112E
Mumbai

(d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.

(e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2017 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, associate companies and joint ventures incorporated in India, none of the directors of the Group companies, its associate companies and joint ventures incorporated in India is disqualified as on March 31, 2017 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 of the Holding Company, its subsidiary companies, associate companies and joint ventures incorporated in India and the operating effectiveness of such controls, refer to our separate Report in Annexure A.

(g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The consolidated Ind AS financial statements disclose the impact, if any, of pending litigations as at March 31, 2017 on the consolidated financial position of the Group, its associates and joint ventures– Refer Note 28 and Note 51 to the consolidated Ind AS financial statements.

ii. Provision has been made in the consolidated Ind AS financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts as at March 31, 2017– Refer (a) Note 50 and 51 to the consolidated Ind AS financial statements in respect of such items as it relates to the Group, its associates and joint ventures and (b) the Group's share of net profit in respect of its associates.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies, associate companies and joint ventures incorporated in India during the year ended March 31, 2017 .

iv. The Group has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Holding Company, and its subsidiary companies, associate companies and joint ventures incorporated in India and as produced to us by the Management– Refer Note 52.

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Jeetendra Mirchandani
Partner
Membership Number: 048125

Mumbai
May 12, 2017

Annexure A to Independent Auditors' Report

Referred to in paragraph 11(f) of the Independent Auditors' Report of even date to the members of Piramal Enterprises Limited on the consolidated financial statements for the year ended March 31, 2017

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act

1. In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2017, we have audited the internal financial controls over financial reporting of Piramal Enterprises Limited (hereinafter referred to as "the Holding 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

2. The respective Board of Directors of the Holding 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 internal control over financial reporting criteria established by the Company 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 Act.

Auditor's Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting 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 ICAI and the Standards on Auditing deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. 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.

4. 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.

5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors 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 Company's internal financial controls system over financial reporting.

Price Waterhouse
Chartered Accountants
FRN 301112E
Mumbai

Annexure A to Independent Auditors' Report

Referred to in paragraph 11(f) of the Independent Auditors' Report of even date to the members of Piramal Enterprises Limited on the consolidated financial statements for the year ended March 31, 2017

Meaning of Internal Financial Controls Over Financial Reporting

6. 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

7. 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

8. In our opinion, the Holding 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, 2017, based on the internal control over financial reporting criteria established by the Company 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

9. Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to 13 subsidiary companies, 2 associate companies and 2 joint ventures, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India. Our opinion is not qualified in respect of this matter.

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Jeetendra Mirchandani
Partner
Membership Number: 048125

Mumbai
May 12, 2017

PIRAMAL ENTERPRISES LIMITED
Consolidated Balance Sheet as at March 31, 2017

	Note No.	As at March 31, 2017 Rs. in Crores		As at March 31, 2016 Rs. in Crores		As at April 1, 2015 Rs. in Crores	
ASSETS							
Non-Current Assets							
(a) Property, Plant & Equipment	3		1,465.05		1,335.85		1,139.06
(b) Capital Work in Progress			732.37		286.85		235.84
(c) Goodwill	41		5,427.19		5,485.38		4,943.69
(d) Other Intangible Assets	3		3,080.46		704.05		417.76
(e) Intangible Assets under development			147.26		68.17		37.12
(f) Investments accounted for using the equity method	4(a)		2,752.54		2,597.18		2,431.01
(g) Financial Assets:							
(i) Investments	4(b)	18,964.12		13,085.12		6,535.98	
(ii) Loans	5	5,835.15		2,073.78		1,023.20	
(iii) Other Financial Assets	6	51.90	24,851.17	107.75	15,266.65	33.68	7,592.86
(h) Deferred tax assets (Net)	7		625.21		317.93		91.84
(i) Other non-current assets	8		399.14		424.83		343.31
Total Non-Current Assets			**39,480.39**		**26,486.89**		**17,232.49**
Current Assets							
(a) Inventories	9		723.07		723.77		656.05
(b) Financial Assets:							
(i) Investments	4(b)	3,463.95		634.40		958.00	
(ii) Trade receivables	10	1,107.74		970.81		819.29	
(iii) Cash & Cash equivalents	11	1,490.44		297.98		278.71	
(iv) Bank balances other than (iii) above	12	50.46		67.96		144.98	
(v) Loans	13	1,500.58		1,459.45		1,621.42	
(vi) Other Financial Assets	14	183.62	7,796.79	137.78	3,568.38	60.79	3,883.19
(c) Other current assets	15		223.20		200.67		230.84
(d) Asset classified as held for sale			15.91		-		-
Total Current Assets			**8,758.97**		**4,492.82**		**4,770.08**
Total Assets			**48,239.36**		**30,979.71**		**22,002.57**
EQUITY AND LIABILITIES							
Equity							
(a) Equity Share capital	16	34.51		34.51		34.51	
(b) Other equity	17	14,848.06		12,913.84		13,390.97	
Equity attributable to owners of Piramal Enterprises Limited			**14,882.57**		**12,948.35**		**13,425.48**
Non-controlling interests			13.21		0.12		0.12
Total equity			**14,895.78**		**12,948.47**		**13,425.60**
Liabilities							
Non-current liabilities							
(a) Financial Liabilities:							
(i) Borrowings	18	14,495.69		7,474.00		3,687.27	
(ii) Other Financial Liabilities	19	150.48	14,646.17	47.16	7,521.16	2.53	3,689.80
(b) Provisions	20		73.59		71.37		49.00
(c) Deferred tax liabilities (Net)	21		30.75		30.26		33.81
(d) Other Non-Current Liabilities	22		35.23		28.30		4.42
Total Non-Current Liabilities			**14,785.74**		**7,651.09**		**3,777.03**
Current liabilities							
(a) Financial Liabilities:							
(i) Borrowings	23	12,079.48		6,828.93		2,796.54	
(ii) Trade payables		764.29		702.56		668.04	
(iii) Other Financial Liabilities	24	5,112.61	17,956.38	2,247.22	9,778.71	815.31	4,279.89
(b) Other Current Liabilities	25		450.51		458.92		398.24
(c) Provisions	26		113.47		118.65		105.90
(d) Current Tax Liabilities (Net)	27		37.48		23.87		15.91
Total Current Liabilities			**18,557.84**		**10,380.15**		**4,799.94**
Total Liabilities			**33,343.58**		**18,031.24**		**8,576.97**
Total Equity & Liabilities			**48,239.36**		**30,979.71**		**22,002.57**

The above Consolidated Balance Sheet should be read in conjuction with the accompanying notes

As per our report of even date attached

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

For and on behalf of the Board of Directors

Ajay G. Piramal
Chairman

Jeetendra Mirchandani
Partner
Membership Number: 048125
Mumbai, May 12, 2017

Rajesh Laddha
Chief Financial Officer

Leonard D'Souza
Company Secretary

Mumbai, May 12, 2017

PIRAMAL ENTERPRISES LIMITED
Consolidated Statement of Profit and Loss for the year ended March 31, 2017

	Note No.		Year ended March 31, 2017 Rs. in Crores		Year ended March 31, 2016 Rs. in Crores
Revenue from operations	29		8,546.75		6,381.48
Other Income (Net)	30		233.75		251.66
Total Income			**8,780.50**		**6,633.14**
Expenses					
Cost of materials consumed	31	1,122.02		1,261.48	
Purchases of Stock-in-Trade	32	268.64		109.13	
Changes in inventories of finished goods, work-in-progress and stock-in-trade	33	10.44		(64.67)	
Excise Duty		43.10		39.97	
Employee benefits expense	34	1,793.87		1,683.05	
Finance costs	35	2,030.98		959.07	
Depreciation and amortization expense	3	381.70		255.45	
Other expenses	36	1,809.54		1,675.28	
Total Expenses			**7,460.29**		**5,918.76**
Profit before exceptional items, share of net profits of investments accounted for using equity method and tax			**1,320.21**		**714.38**
Share of net profit of associates and joint ventures accounted for using the equity method			169.90		194.21
Profit before exceptional items and tax			**1,490.11**		**908.59**
Exceptional Items	37		(9.95)		45.66
Profit Before Tax			**1,480.16**		**954.25**
Less: Income Tax Expense					
Current Tax	54		485.46		298.42
Deferred Tax	54		(257.34)		(248.91)
			228.12		**49.51**
Profit for the year			**1,252.04**		**904.74**
Other Comprehensive Income / (Expense) (OCI), net of tax expense:	38				
A. Items that will not be reclassified to profit or loss					
(a) Changes in fair values of equity instruments through OCI		846.35		(692.64)	
(b) Remeasurement of Post Employment Benefit Obligations		(2.90)		(9.17)	
(c) Share of other comprehensive income of associates accounted for using the equity method		(0.13)		-	
Less: Income Tax Impact on above		1.41		1.02	
			844.73		(700.79)
B. Items that will be reclassified to profit or loss					
(a) Deferred gains / (losses) on cash flow hedge		4.70		-	
(b) Exchange differences on translation of foreign operations		(217.48)		97.78	
Less: Income Tax Impact on above		49.94	(162.84)	-	97.78
Other Comprehensive Income (OCI) for the year, net of tax expense			**681.89**		**(603.01)**
Total Comprehensive Income / (Expense) for the year			**1,933.93**		**301.73**
Profit is attributable to:					
Owners of Piramal Enterprises Limited			**1,252.33**		**904.74**
Non-Controlling interests			(0.29)		-
			1,252.04		**904.74**
Other comprehensive income is attributable to:					
Owners of Piramal Enterprises Limited			**681.89**		**(603.01)**
Non-Controlling interests			-		
			681.89		**(603.01)**
Total comprehensive income is attributable to:					
Owners of Piramal Enterprises Limited			1,934.22		301.73
Non-Controlling interests			(0.29)		-
			1,933.93		**301.73**
Earnings Per Share (Basic and Diluted) (Rs.) (Face value of Rs. 2/- each) (Refer Note 46)			**72.57**		**52.43**

The above Consolidated Statement of Profit and Loss should be read in conjunction with the accompanying notes

As per our report of even date attached

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Jeetendra Mirchandani
Partner
Membership Number: 048125

Mumbai, May 12, 2017

For and on behalf of the Board of Directors

Ajay G. Piramal
Chairman

Rajesh Laddha
Chief Financial Officer

Leonard D'Souza
Company Secretary

Mumbai, May 12, 2017

PIRAMAL ENTERPRISES LIMITED
Consolidated Statement of Changes in Equity for the Year ended March 31, 2017

A. Equity Share Capital (Refer Note 16):

Particulars	Rs. in Crores
Balance as at April 1, 2015	34.51
Changes in Equity Share Capital during the year	-
Balance as at March 31, 2016	34.51
Changes in Equity Share Capital during the year	-
Balance as at March 31, 2017	34.51

B. Other Equity:

(Rs. in Crores)

Particulars	Notes	Attributable to the owners of Piramal Enterprises Limited										Non-controlling Interests
		Reserves & Surplus						Other Reserves			Total equity	
		Capital Reserve	Capital Redemption Reserve	Debenture Redemption Reserve	General Reserve	Reserve Fund U/S 45-IC (1) Of Reserve Bank Of India Act, 1934	Retained earnings	Foreign Currency Translation Reserve	FVTOCI - Equity Instruments	Cash Flow Hedging Reserve		
Balance as at April 1, 2015	17	56.66	61.73	85.42	5,690.99	31.51	6,066.14	-	1,398.52	-	13,390.97	0.12
Add: Profit for the year							904.74				904.74	-
Add:Other comprehensive income							(8.15)	97.78	(692.64)		(603.01)	-
Total Comprehensive Income for the year		-	-	-	-	-	**896.59**	**97.78**	**(692.64)**	-	**301.73**	-
Transfer to Debenture Redemption Reserve		-	-	438.58	-	-	(438.58)	-	-	-	-	-
Transfer to Reserve Fund U/S 45-IC (1) Of Reserve Bank Of India Act, 1934		-	-	-	(7.44)	7.44	-	-	-	-	-	-
Transactions with owners in their capacity as owners:												
Dividends paid		-	-	-	-	-	(778.86)	-	-	-	(778.86)	-
		-	-	-	-	-	**(778.86)**	-	-	-	**(778.86)**	-
Balance as at March 31, 2016		56.66	61.73	524.00	5,683.55	38.95	5,745.29	97.78	705.88	-	12,913.84	0.12

Particulars	Notes	Attributable to the owners of Piramal Enterprises Limited										Non-controlling Interests
		Reserves & Surplus						Other Reserves			Total equity	
		Capital Reserve	Capital Redemption Reserve	Debenture redemption Reserve	General Reserve	Reserve Fund U/S 45-IC (1) Of Reserve Bank Of India Act, 1934	Retained earnings	Foreign Currency Translation Reserve	FVTOCI - Equity Instruments	Cash Flow Hedging Reserve		
Balance as at April 1, 2016	17	**56.66**	**61.73**	**524.00**	**5,683.55**	**38.95**	**5,745.29**	**97.78**	**705.88**	-	**12,913.84**	**0.12**
Add: Profit for the period		-	-	-	-	-	1,252.33	-	-	-	1,252.33	(0.29)
Add: Other Comprehensive Income		-	-	-	-	-	(1.62)	(165.91)	846.35	3.07	681.89	-
Total Comprehensive Income for the year		-	-	-	-	-	**1,250.71**	**(165.91)**	**846.35**	**3.07**	**1,934.22**	**(0.29)**
Transfer to Debenture Redemption Reserve		-	-	131.79	-	-	(131.79)	-	-	-	-	-
Transfer to Reserve Fund U/S 45-IC (1) Of Reserve Bank Of India Act, 1934		-	-	-	(46.37)	46.37	-	-	-	-	-	-
Transactions with owners in their capacity as owners:												
Non-controlling interests on acquisition of subsidiary		-	-	-	-	-	-	-	-	-	-	13.50
Transactions with Non-controlling interests		-	-	-	-	-	-	-	-	-	-	(0.12)
Balance as at March 31, 2017		56.66	61.73	655.79	5,637.18	85.32	6,864.21	(68.13)	1,552.23	3.07	14,848.06	13.21

As per our report of even date attached.

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Jeetendra Mirchandani
Partner
Membership Number: 048125

Mumbai, May 12, 2017

For and on behalf of the Board of Directors

Rajesh Laddha
Chief Financial Officer

Ajay G. Piramal
Chairman

Leonard D'Souza
Company Secretary

Mumbai, May 12, 2017

PIRAMAL ENTERPRISES LIMITED
Consolidated Cash Flow Statement for the Year Ended March 31, 2017

	Year Ended March 31, 2017 Rs. In Crores	Year Ended March 31, 2016 Rs. In Crores
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before exceptional items, share of net profits of investments accounted for using equity method and tax	1,320.21	714.38
Adjustments for :		
Depreciation and amortisation expense	381.70	255.45
Amortisation of leasehold land	0.07	0.07
Remeasurement of net defined benefits	0.44	-
Finance Costs attributable to other than financial services operations	436.50	373.34
Interest Income on Loans and bank deposits	(99.80)	(98.06)
Measurement of financial assets at FVTPL	(48.18)	5.76
Dividend on Current Investments at FVTPL	-	(7.31)
Loss on Sale of Property Plant and Equipment	7.16	2.29
Capital Work in Progress written off	-	4.72
Property, Plant and Equipment written off	-	6.21
Advances Written Off	-	0.21
Write back of contingent consideration	-	(13.86)
Write-down of Inventories	8.93	6.59
Expected Credit Loss on Financial Assets (including Commitments)	154.98	167.74
Expected Credit Loss on Trade Receivables	7.87	8.65
Recognition of lease rent expense on straight-line method	(0.84)	7.94
Fair valuation of leased accomodation	0.01	0.02
Unrealised foreign exchange (gain) / loss	(26.29)	(40.21)
Operating Profit Before Working Capital Changes	**2,142.76**	**1,393.93**
Adjustments For Changes In Working Capital :		
Adjustments for (increase) / decrease in operating assets		
- Trade receivables	(130.17)	(143.82)
- Other Current Assets	(16.44)	30.49
- Other Non Current Assets	9.76	(24.80)
- Other Financial Assets - Non Current	3.02	(7.85)
- Other Financial Assets - Loans - Non Current	(3,826.99)	(1,066.48)
- Inventories	10.14	(76.95)
- Other Financial Assets - Current	(91.54)	(5.67)
- Other Financial Assets - Loans - Current	(35.46)	169.75
- Other Bank Balances	2.81	(18.66)
- Amounts invested in Debentures and Others (Net)	(7,758.11)	(7,192.25)
- Mutual funds	(185.33)	-
Adjustments for increase / (decrease) in operating liabilities		
- Trade Payables	56.80	27.21
- Long-term provisions	10.88	(3.64)
- Other Current Financial Liabilities	(22.79)	70.09
- Other Current Liabilities	(21.55)	32.87
- Short-term provisions	28.67	34.36
- Provisions for Grants - Committed	(11.75)	-
- Other Non-current Financial Liabilities	1.01	(2.49)
- Other Non-current Liabilities	6.93	23.88
- Interest accrued	254.06	176.15
Cash (Used in) Operations	**(9,573.29)**	**(6,583.88)**
- Taxes Paid (Net of Refunds)	(456.05)	(329.63)
Net Cash (Used in) Operating Activities Before Exceptional Items	**(10,029.34)**	**(6,913.51)**
Exceptional Items		
- Cost associated with R&D scale down, net of recoveries	-	(35.49)
- Severance pay	(9.95)	(7.19)
Net Cash (Used in) Operating Activities	**(10,039.29)**	**(6,956.19)**

Price Waterhouse Chartered Accountants FRN 301112E Mumbai

PIRAMAL ENTERPRISES LIMITED MUMBAI

	Year Ended Mar 31, 2017 Rs. In Crores	Year Ended Mar 31, 2016 Rs. In Crores
B. CASH FLOW FROM INVESTING ACTIVITIES		
Payments for Purchase of Property Plant and Equipment / Intangible Assets	(2,186.41)	(699.56)
Proceeds from Sale of Property Plant and Equipment / Intangible Assets	73.90	1.45
Purchase of Current Investments:		
- in Mutual Funds	-	(11,260.19)
Proceeds from Sale of Current Investments:		
- in Mutual Funds	-	11,381.39
Interest Received	98.72	98.02
Restricted Escrow deposit placed	33.19	(45.99)
Purchase of Equity Instruments	-	(1.07)
Bank balances not considered as Cash and cash equivalents		
- Fixed deposits placed	(91.25)	(73.00)
- Matured	105.94	148.68
Dividend on Current Investments	-	7.31
Dividend received from Associate	27.90	36.06
Investment in Associate	(16.21)	(5.10)
Amount paid on acquisition (Refer Note 40)	(450.07)	(241.90)
Purchase of asset (held for sale)	(15.91)	-
Exceptional Items:		
- Sale of Property	-	11.30
- Sale of R&D assets	-	3.71
- Sale of Piramal Clinical Research Business	-	5.00
- Sale of BST-Cargel	-	29.85
Net Cash (Used in) Investing Activities	**(2,420.20)**	**(604.04)**
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Long Term Borrowings [Excludes Exchange Fluctuation Loss of Rs. 50.07 Crores (Previous Year Gain Rs. 6.84 Crores) on reinstatement of Foreign Currency Loan]		
- Receipts	19,302.62	5,819.98
- Payments	(9,560.03)	(1,134.47)
Proceeds from Short Term Borrowings [Excludes Exchange Fluctuation Loss of Rs. NIL (Previous Year Loss Rs. 5.97 Crores) on reinstatement of Foreign Currency Loan]		
- Receipts	46,944.15	24,738.27
- Payments	(42,695.90)	(20,747.68)
Finance Costs Paid (other than those attributable to financial services operations)	(416.86)	(359.75)
Dividend Paid	(3.52)	(640.71)
Dividend Distribution Tax Paid	-	(131.74)
Net Cash Generated from Financing Activities	**13,570.46**	**7,543.90**
Net (Decrease) / Increase in Cash & Cash Equivalents [(A)+(B)+(C)]	**1,110.97**	**(16.33)**
Cash and Cash Equivalents as at April 1	**226.57**	**233.35**
Add: Effect of exchange fluctuation on cash and cash equivalents	**(12.11)**	**8.02**
Add: Cash balance acquired	**38.78**	**1.53**
Cash and Cash Equivalents as at March 31	**1,364.21**	**226.57**
Cash and Cash Equivalents Comprise of :		
Cash on Hand	0.48	7.16
Balance with Scheduled Banks in Current Accounts	264.52	290.82
Fixed Deposit with original maturity of less than 3 months	1,225.44	-
Bank Overdraft	(126.23)	(71.41)
	1,364.21	226.57

Price Waterhouse Chartered Accountants FRN 301112E Mumbai

Piramal Enterprises Limited Mumbai

PIRAMAL ENTERPRISES LIMITED
Consolidated Cash Flow Statement for the Year Ended March 31, 2017

The above Statement of Consolidated Cash Flows should be read in conjunction with the accompanying notes.

As per our report of even date attached
For Price Waterhouse
Firm Registration Number:301112E
Chartered Accountants

Jeetendra Mirchandani
Partner

Membership Number: 048125

Mumbai, May 12, 2017

For and on behalf of the Board of Directors

Ajay G. Piramal
Chairman

Rajesh Laddha
Chief Financial Officer

Leonard D'Souza
Company Secretary

Mumbai, May 12, 2017

1. GENERAL INFORMATION

Piramal Enterprises Limited (PEL), (the Company), along with its subsidiaries (collectively referred to as the Group) is one of India's large diversified Group, with a presence in Healthcare, Healthcare Information Management and Financial Services.
In Healthcare, PEL is one of the leading players globally in CRAMS (custom research and manufacturing services) as well as in the critical care segment of inhalation and injectable anaesthetics. It also has a strong presence in the OTC segment in India.
PEL's Healthcare Information Management business, Decision Resources Group, is amongst the top 20 US market research organizations which provide information services to the healthcare industry.
In Financial Services, PEL provides comprehensive financing solutions to real estate companies. Structured Finance Group (SFG) also provides senior and mezzanine growth capital to various businesses across varied sectors that are integral part of India's growth story. The Company also has strategic alliances with top global funds such as CPPIB Credit Investment Inc., APG Asset Management and Bain Capital Credit. PEL also has long term equity investments in Shriram Group, a leading financial conglomerate in India.
PEL is listed on the BSE Limited and the National Stock Exchange of India Limited in India.

2a. SIGNIFICANT ACCOUNTING POLICIES

i) Basis of preparation

Compliance with Ind AS

The Consolidated financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

The financial statements up to year ended March 31, 2016 were prepared in accordance with the accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act. These financial statements are the first financial statements of the Company under Ind AS. Refer Note 56 for the details of first-time adoption exemptions availed by the Group.

The Separate financial statements are presented in addition to the consolidated financial statements presented by the Group.

Historical Cost convention

The Consolidated financial statements have been prepared on the historical cost basis except for the following:
a) certain financial instruments and contingent consideration - measured at fair value
b) assets classified as held for sale - measured at fair value less cost to sell
c) cash settled stock appreciation rights - measured at fair value
d) plan assets of defined benefit plans, which are measured at fair value

ii) Principles of consolidation and equity accounting

a) Subsidiaries:

Subsidiaries are all entities (including Structured entities) over which the group has control. Control is achieved when the Group has power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to use its power to affect its returns. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the group.

The group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and balance sheet respectively.

Price Waterhouse
Chartered Accountants
FRN 301112E
Mumbai

PIRAMAL ENTERPRISES LIMITED
MUMBAI

b) **Associates:**
An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. Investments in associates are accounted for using the equity method of accounting (see (d) below), after initially being recognised at cost.

c) **Joint Arrangements:**
Under Ind AS 111 Joint Arrangements, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group has both joint operations and joint ventures.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement.
Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The Group recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the financial statements under the appropriate headings.

Interests in joint ventures are accounted for using the equity method (see (d) below), after initially being recognised at cost in the consolidated balance sheet.

d) **Equity method:**
Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of post acquisition profits or losses of the investee in profit and loss, and the group's share of other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates or joint ventures are recognised as a reduction in the carrying amount of the investment.

Unrealised gains on transactions between the group and its associates and joint ventures are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The carrying amount of equity accounted investments are tested for impairment in accordance with the policy mentioned in Note 2a (vi) below.

e) **Changes in ownership interests**
The group treats transactions with non-controlling interests that do not result in loss of control as transactions with equity owners of the group. A change in the ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non controlling interests and any consideration paid or received is recognised within equity.

iii) **Business Combinations**
The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred;
- liabilities incurred to the former owners of the acquired business;
- equity interests issued by the group; and
- fair value of any asset or liability resulting from a contingent consideration arrangement.

Price Waterhouse
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FRN 301112E
Mumbai

PIRAMAL ENTERPRISES LIMITED
MUMBAI

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the
- consideration transferred;
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised in other comprehensive income and accumulated in equity as capital reserve provided there is clear evidence of the underlying reasons for classifying the business combination as a bargain purchase. In other cases, the bargain purchase gain is recognised directly in equity as capital reserve.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss or other comprehensive income, as appropriate.

Common control transactions

Business combinations involving entities that are controlled by the group are accounted for using the pooling of interests method as follows:

1) The assets and liabilities of the combining entities are reflected at their carrying amounts.

2) No adjustments are made to reflect fair values, or recognise any new assets or liabilities. Adjustments are only made to harmonise accounting policies.

3) The balance of the retained earnings appearing in the financial statements of the transferor is aggregated with the corresponding balance appearing in the financial statements of the transferee or is adjusted against general reserve.

4) The identity of the reserves are preserved and the reserves of the transferor become the reserves of the transferee.

5) The difference, if any, between the amounts recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount of share capital of the transferor is transferred to capital reserve and is presented separately from other capital reserves.

6) The financial information in the financial statements in respect of prior periods is restated as if the business combination had occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of combination. However, where the business combination had occured after that date, the prior period information is restated only from that date.

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iv) (a) **Property, Plant and Equipment**

Freehold Land is carried at historical cost. All other items of Property Plant & Equipments are stated at cost of acquisition, less accumulated depreciation and accumulated impairment losses, if any. Direct costs are capitalised until the assets are ready for use and includes freight, duties, taxes and expenses incidental to acquisition and installation.
The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.
Subsequent expenditures related to an item of Property Plant & Equipment are added to its carrying value only when it is probable that the future economic benefits from the asset will flow to the Group & cost can be reliably measured.

Losses arising from the retirement of, and gains or losses arising from disposal of Property, Plant and Equipment are recognised in the Consolidated Statement of Profit and Loss.

Depreciation

Depreciation is provided on a pro-rata basis on the straight line method ('SLM') over the estimated useful lives of the assets specified in Schedule II of the Companies Act, 2013 / estimated useful lives as determined by the management of respective subsidiaries based on technical evaluation. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

On transition to Ind AS, the group has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1 April 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

The estimated useful lives of Property, Plant & Equipment are as stated below:

Asset Class	Useful life
Buildings	10 years - 60 years
Carpeted Roads	10 years
Plant & Machinery	3 - 20 years
Continuous Process Plant	25 years
Office Equipment	3 years - 15 years
Vehicles	4 - 8 years
Helicopter	20 years
Ships/Yachts	13 years/28 Years
Furniture & fixtures	5 - 10 years

(iv) (b) **Non current assets held for sale**

Non current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair values less cost to sell, except for assets such as deferred tax assets, assets arising from employee benefits and financial assets which are specifically exempt from this requirement.

Price Waterhouse
Chartered Accountants
FRN 301112E
Mumbai

PIRAMAL ENTERPRISES LIMITED
MUMBAI

(v) (a) **Intangible Assets**

Intangible assets are stated at acquisition cost, net of accumulated amortisation and accumulated impairment losses, if any.

Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the disposal proceeds and the carrying amount of the asset and are recognised as income or expense in the Consolidated Statement of Profit and Loss.

The research and development (R&D) cost is accounted in accordance with Ind AS - 38 'Intangibles'.

Research

Research costs, including patent filing charges, technical know-how fees, testing charges on animal and expenses incurred on development of a molecule till the stage of Pre-clinical studies and till the receipt of regulatory approval for commencing phase I trials are treated as revenue expenses and charged off to the Statement of Profit and Loss of respective year.

Development

Development costs relating to design and testing of new or improved materials, products or processes are recognized as intangible assets and are carried forward under Intangible Assets under Development until the completion of the project when they are capitalised as Intangible assets, if the following conditions are satisfied:

- it is technically feasible to complete the asset so that it will be available for use;
- management intends to complete the asset and use or sell it;
- there is an ability to use or sell the asset;
- it can be demonstrated how the asset will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the asset are available; and
- the expenditure attributable to the asset during its development can be reliably measured.

On transition to Ind AS, the Group has elected to continue with the carrying value of all of its Intangible Assets recognised as at 1 April 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of the Intangible Assets.

Intangible Assets with finite useful lives are amortized on a straight line basis over the following period:

Brands and Trademarks	10 - 15 years
Copyrights, Know-how (including qualifying Product Development Cost) and Intellectual property rights	4 - 15 years
Computer Software	3 - 6 years
Customer relationships	8 - 14 years
Technology	7 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Trademarks are assessed as Intangible Assets with indefinite useful lives.

(v) (b) **Goodwill**

Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

Goodwill is carried at cost less accumulated impairment losses.

Price Waterhouse
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FRN 301112E
Mumbai

vi) **Impairment of Assets**

The Group assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. For the purposes of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets, is considered as a cash generating unit. If any such indication exists, the Group estimates the recoverable amount of the asset. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Consolidated Statement of Profit and Loss. If at the Balance Sheet date there is an indication that if a previously assessed impairment loss no longer exists or may have decreased, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

vii) **Financial instruments**

Financial assets and financial liabilities are recognised when a Group entity becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Investments and Other Financial assets

<u>Classification:</u>
The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Measurement
At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments
Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the group classifies its debt instruments:

Amortised cost:
Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through other comprehensive income (FVTOCI):
Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVTOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method.

Fair value through profit or loss:
Assets that do not meet the criteria for amortised cost or FVTOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the statement of profit and loss within other gains/(losses) in the period in which it arises. Interest income from these financial assets is included in other income.

Price Waterhouse
Chartered Accountants
FRN 301112E
Mumbai

PIRAMAL ENTERPRISES LIMITED
MUMBAI

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments are recognised in profit or loss when the Group's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in the consolidated statement of profit and loss.

Impairment of financial assets

The Group applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, loan commitments, trade receivables and other contractual rights to receive cash or other financial asset.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18, the Group always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss ("ECL") allowance for trade receivables, the Group has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

The expected credit loss is a product of exposure at default, probability of default and loss given default. The Group has devised an internal model to evaluate the probability of default and loss given default based on the parameters set out in Ind AS 109. Accordingly, the financial instruments are classified into Stage 1 – Standard Assets with zero to thirty days past due (DPD), Stage 2 – Significant Credit Deterioration or overdue between 31 to 90 days and Stage 3 – Default Assets with overdue for more than 90 days. The Group also takes into account the below qualitative parameters in determining the increase in credit risk for the financial assets:

1) Significant negative deviation in the business plan of the developer
2) Internal rating downgrade for the borrower or the project
3) Current and expected financial performance of the developer
4) Need for refinance of loan due to change in cash flow of the project
5) Significant decrease in the value of collateral
6) Change in market conditions and industry trends

For recognition of impairment loss on other financial assets and risk exposure, the Group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.
Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

Default Assets wherein the management does not expect any realistic prospect of recovery are written off to the Statement of Profit and Loss.

Price Waterhouse
Chartered Accountants
FRN 301112E
Mumbai

Piramal Enterprises Limited
Mumbai

Derecognition of financial assets

A financial asset is derecognised only when:

- The Group has transferred the rights to receive cash flows from the financial asset or
- retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Group evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in profit or loss except for those which are designated as hedging instruments in a hedging relationship.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a Group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity Instrument

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognised by the Group as an acquirer in a business combination to which Ind AS 103 applies or is held for trading or it is designated as at FVTPL.

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the Group does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments.

Price Waterhouse
Chartered Accountants
FRN 301112E
Mumbai

PIRAMAL ENTERPRISES LIMITED
MUMBAI

Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Group are initially measured at their fair values and are subsequently measured at the higher of:
- the amount of the loss allowance determined in accordance with Ind AS 109; and
- the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

Derivatives and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged and the type of hedge relationship designated.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

(i) Cash flow hedges that qualify for hedge accounting:
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the other comprehensive income in cash flow hedging reserve within equity, limited to the cumulative change in fair value of the hedged item on a present value basis from the inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, within other gains/(losses).

(ii) Derivatives that are not designated as hedges:
The group enters into certain derivative contracts to hedge risks which are not designated as hedges. Such contracts are accounted for at fair value through profit or loss.

Embedded derivatives

Derivatives embedded in a host contract that is an asset within the scope of Ind AS 109 are not separated. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Derivatives embedded in all other host contract are separated only if the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host and are measured at fair value through profit or loss. Embedded derivatives closely related to the host contracts are not separated.

Offsetting Financial Instruments

Financial Assets and Liabilities are offset and the net amount is reflected in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or counterparty.

viii) **Trade Receivables**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Price Waterhouse
Chartered Accountants
FRN 301112E
Mumbai

PIRAMAL ENTERPRISES LIMITED

ix) **Inventories**

Inventories comprise of Raw and Packing Materials, Work in Progress, Finished Goods (Manufactured and Traded) and Engineering Stores. Inventories are valued at the lower of cost and the net realisable value after providing for obsolescence and other losses, where considered necessary. Cost is determined on Weighted Average basis. Cost includes all charges in bringing the goods to their present location and condition, including octroi and other levies, transit insurance and receiving charges. The cost of Work-in-progress and Finished Goods comprises of materials, direct labour, other direct costs and related production overheads and Excise duty as applicable.
Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

x) **Employee Benefits**

(i) Short-term obligations
Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(ii) Other long-term employee benefit obligations
The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.
The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.
Long Term Service Awards are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date.

(iii) Post-employment obligations
The Group operates the following post-employment schemes:
- Defined Contribution plans such as provident fund, superannuation, pension, employee state insurance scheme and other social security schemes in overseas jurisdictions
- Defined Benefit plans such as provident fund and Gratuity, Pension fund (in case of a subsidiary)

In case of Provident fund, contributions are made to a Trust administered by the Group, except in case of certain employees, where the Contributions are made to the Regional Provident Fund Office.

Defined Contribution Plans
The Group's contribution to provident fund (in case of contributions to the Regional Provident Fund office), pension and employee state insurance scheme and other social security schemes in overseas jurisdictions are considered as defined contribution plans, as the Group does not carry any further obligations apart from the contributions made on a monthly basis and are charged as an expense based on the amount of contribution required to be made.

In case of 401(k) contribution plan (in case of US subsidiaries), contribution by the Group is discretionary. Any contribution made is charged to the Statement of Profit and Loss.

Defined Benefit Plan
The liability or asset recognised in the balance sheet in respect of defined benefit provident and gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

Price Waterhouse Chartered Accountants FRN 301112E Mumbai

Piramal Enterprises Limited Mumbai

Except in case of an overseas subsidiary, the present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.
The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.
In case of an overseas subsidiary, where pension is classified as a Defined Benefit Scheme, assets are measured using market values and liabilities are measured using a Projected Unit Credit method and discounted using market yields determined by reference to high-quality corporate bonds that are denominated in the currency in which benefits will be paid, and that have terms approximating to the terms of the related obligation. Shortfall, if any, is provided for in the financial statements.

Remeasurement gains and losses arising from experience adjustments, changes in actuarial assumptions and return on plan assets (excluding interest income) are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.
Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

Bonus Plans - The Group recognises a liability and an expense for bonuses. The group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

xi) **Provisions and Contingent Liabilities**
Provisions are recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.
Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurence of one or more uncertain future events not wholly within the control of the Group or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

xii) **Revenue recognition**
Revenue is measured at the fair value of the consideration received or receivable.

Sale of goods: Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, based on the applicable incoterms. Amounts disclosed as revenue are inclusive of excise duty and net of returns, trade allowances, rebates, value added taxes and amounts collected on behalf of third parties. The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Group and the revenue recognition criteria have been complied.

Sale of Services: In contracts involving the rendering of services/development contracts, revenue is measured using the proportionate completion method and is recognised net of service tax (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably). Advisory fees are accounted on an accrual basis in accordance with the Investment Management Agreement and Advisory Services Agreement.

Interest: Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the amortised cost and at the effective interest rate applicable.

Dividend: Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

Price Waterhouse
Chartered Accountants
FRN 301112E
Mumbai

PIRAMAL ENTERPRISES LIMITED
MUMBAI

xiii) **Foreign Currency Transactions**

In preparing the financial statements of each individual Company entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Company's foreign operations that have a functional currency other than presentation currency i.e. Indian Rupees are translated using exchange rates prevailing at the reporting date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognized in other comprehensive income and held in foreign currency translation reserve (FCTR), a component of equity, except to the extent that the translation difference is allocated to non-controlling interest. When a foreign operation is disposed off, the relevant amount recognized in FCTR is transferred to the statement of income as part of the profit or loss on disposal. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the exchange rate prevailing at the reporting date.

Foreign currency differences arising from translation of intercompany receivables or payables relating to foreign operations, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of net investment in foreign operation and are recognized in FCTR.

xiv) **Exceptional Items**

When items of income and expense within profit or loss from ordinary activities are of such size, nature or incidence that their disclosure is relevant to explain the performance of the enterprise for the period, the nature and amount of such items is disclosed separately as Exceptional items.

xv) **Excise Duty**

The excise duty in respect of closing inventory of finished goods is included as part of inventory. The material consumed is net of Central Value Added Tax (CENVAT) credits. The difference between the Excise duty on opening stock and closing stock is charged to the Consolidated Statement of Profit and Loss.

xvi) **Government Grants**

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all attached conditions.

Government grants relating to income are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income.

Government grants relating to purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight line basis over the expected lives of the related assets and presented within other income.

Price Waterhouse
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FRN 301112E
Mumbai

PIRAMAL ENTERPRISES LIMITED
MUMBAI

xvii) **Leases**

Operating Leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

xviii) **Taxes on Income**

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the taxation laws prevailing in the respective jurisdictions.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the separate financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

Deferred tax liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries, associates and interest in joint arrangements where the group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries, associates and interest in joint arrangements where it is not probable that the differences will reverse in the foreseeable future and taxable profit will not be available against which the temporary difference can be utilised.

Price Waterhouse
Chartered Accountants
FRN 301112E
Mumbai

Piramal Enterprises Limited
Mumbai

xix) **Cash and Cash Equivalents**

In the cash flow statement, cash and cash equivalents includes cash on hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

xx) **Borrowing Costs**

General and specific borrowing costs directly attributable to acquisition or construction of qualifying assets (i.e. those Property Plant & Equipments which necessarily take a substantial period of time to get ready for their intended use) are capitalised. Other borrowing costs are recognised as an expense in the period in which they are incurred.

xxi) **Deferred Revenue and Unbilled Revenue**

Amounts received from customers or billed to customers, in advance of services performed are recorded as deferred revenue under Other Current Liabilities. Unbilled revenue included in Other Financial Assets, represents amounts recognised in respect of services performed in accordance with contract terms, not yet billed to customers as at the year end.

xxii) **Segment Reporting**

The Chairman has been identified as the Chief Operating Decision Maker (CODM) as defined by Ind AS 108, "Operating Segments.".
Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision makers.
The accounting policies adopted for segment reporting are in conformity with the accounting policies adopted for the Group. Revenue and expenses have been identified to segments on the basis of their relationship to the operating activities of the segment. Income / Costs which relate to the Group as a whole and are not allocable to segments on a reasonable basis, have been included under Unallocated Income / Costs. Interest income and expense are not allocated to respective segments (except in case of Financial Services segment).

xxiii) **Dividends**

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

xxiv) **Share appreciation rights**

Liabilities for the group's share appreciation rights are recognised as employee benefit expense over the relevant service period. The liabilities are remeasured to fair value at each reporting date and are presented as employee benefit obligations in the balance sheet.

Price Waterhouse Chartered Accountants FRN 301112E Mumbai

PIRAMAL ENTERPRISES LIMITED MUMBAI

xxv) **Rounding of amounts**

All amounts disclosed in the financial statements and notes have been rounded off to the nearest crores as per the requirement of Schedule III, unless otherwise stated.

xxvi) **Standards issued but not yet effective**

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows' and Ind AS 102, 'Share-based payment.' These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of cash flows' and IFRS 2, 'Share-based payment,' respectively. The amendments are applicable to the Group from April 1, 2017.

Amendment to Ind AS 7:

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

The Group is evaluating the requirements of the amendment and its effect on the consolidated financial statements.

Amendment to Ind AS 102:

The amendment to Ind AS 102 provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes.

It clarifies that the fair value of cash-settled awards is determined on a basis consistent with that used for equity-settled awards. Market-based performance conditions and non-vesting conditions are reflected in the 'fair values', but non-market performance conditions and service vesting conditions are reflected in the estimate of the number of awards expected to vest. Also, the amendment clarifies that if the terms and conditions of a cash-settled share-based payment transaction are modified with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as such from the date of the modification. Further, the amendment requires the award that include a net settlement feature in respect of withholding taxes to be treated as equity-settled in its entirety. The cash payment to the tax authority is treated as if it was part of an equity settlement.

The Group is evaluating the requirements of the amendment and the impact on the consolidated financial statements is being evaluated.

2b. Critical accounting judgements and key sources of estimation uncertainties

Fair Valuation:

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset and liability, the Group uses market observable data to the extent it is available. When Level 1 inputs are not available, the Group engages third party qualified external valuers to establish the appropriate valuation techniques and inputs to the valuation model.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in Note 57.

Impairment of Goodwill (Refer Note 41)

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

Expected Credit Loss:

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and credit assessment and including forward-looking information.

The inputs used and process followed by the Group in determining the increase in credit risk have been detailed in Note 50 (f).

Price Waterhouse
Chartered Accountants
FRN 301112E
Mumbai

Piramal Enterprises Limited
Mumbai

Useful life of Assets:
Property, plant and equipment and Intangible Assets represent a significant proportion of the assets of the Group. Depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Group's assets are determined by management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

Deferred Taxes
Deferred tax is recorded on temporary differences between the tax bases of assets and liabilities and their carrying amounts, at the rates that have been enacted or substantively enacted at the reporting date. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable profits during the periods in which those temporary differences and tax loss carry-forwards become deductible. The Group considers the expected reversal of deferred tax liabilities and projected future taxable income in making this assessment. The amount of the deferred tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry-forward period are reduced.

Defined benefit plans:
The cost of the defined benefit plans and the present value of the defined benefit obligation are based on actuarial valuation using the projected unit credit method. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Contingent Consideration (Refer Note 40)

In accounting for business combinations, judgment is required in determining contingent consideration. Contingent consideration is payable in case of achievement of certain milestones. It is calculated by applying an appropriate discount rate to the probability adjusted sales / margins.

Functional Currency (Refer Note 50(d))
Functional currency is the currency of the primary economic environment in which the Company and its subsidiaries operate. The Group assesses the factors as per IND AS 21 in determining the functional currency of the Company and its subsidiaries. If there is any change in underlying transactions, events and conditions in the Company or its subsidiary, the Group reassesses the functional currency.

Assessment of Significant influence (Refer Note 39 (c))
Irrespective of the voting rights in an entity, if the Group has a right to appoint Directors or participates in all significant financial and operating decisions of an investee, there is an existence of significant influence and the investment is considered as an Associate.

Assessment of Joint control (Refer Note 39 (b))
Irrespective of the voting rights in an entity, if a contractual arrangement requires unanimous consent from all the parties for the relevant activities and if there is a separation of the legal form of the structure, the arrangement is accounted as a Joint venture.

Price Waterhouse
Chartered Accountants
FRN 301112E
Mumbai

PIRAMAL ENTERPRISES LIMITED
MUMBAI

PIRAMAL ENTERPRISES LIMITED

Notes to the Consolidated financial statements for the year ended March 31, 2017

3. PROPERTY, PLANT & EQUIPMENT AND OTHER INTANGIBLE ASSETS

(Rs. in Crores)

Particulars	GROSS CARRYING AMOUNT						ACCUMULATED DEPRECIATION / AMORTISATION							NET CARRYING AMOUNT	
	Opening As at April 1, 2016	Acquisition	Additions	Deductions / Adjustments	Exchange Difference	As at March 31, 2017 (A)	Opening As at April 1, 2016	Acquisition	For the Year #	Deductions / Adjustments	Exchange Difference	Impairment	As at March 31, 2017 (B)	As at March 31, 2017 (A-B)	As at March 31, 2016
Tangible Assets															
Land Freehold	100.35	8.03	0.16	-	(11.78)	**96.76**	0.15	-	-	-	-	-	**0.15**	**96.61**	100.20
Buildings	255.93	38.63	17.01	4.22	(4.04)	**303.31**	17.28	-	18.86	4.07	(0.45)	-	**31.62**	**271.69**	238.65
Roads	1.05	-	0.23	-	(0.07)	**1.21**	0.16	-	0.28	-	-	-	**0.44**	**0.77**	0.89
Plant & Equipment	1,066.90	76.60	226.95	40.41	(38.91)	**1,291.13**	127.09	-	171.49	31.78	(7.71)	-	**259.09**	**1,032.04**	939.81
Furniture & fixtures	41.95	0.56	11.64	0.01	(1.00)	**53.14**	8.69	-	9.35	-	0.18	-	**18.22**	**34.92**	33.26
Office Equipment	10.39	1.06	10.68	0.83	(0.38)	**20.92**	2.10	-	4.48	0.75	(0.13)	-	**5.70**	**15.22**	8.29
Ships	1.04	-	-	0.16	-	**0.88**	0.10	-	0.09	0.02	-	-	**0.17**	**0.71**	0.94
Helicopter^	9.60	-	-	-	-	**9.60**	0.54	-	0.54	-	-	-	**1.08**	**8.52**	9.06
Motor Vehicles	5.54	-	0.77	0.28	-	**6.03**	0.79	-	0.84	0.17	-	-	**1.46**	**4.57**	4.75
Total (I)	1,492.75	124.88	267.44	45.91	(56.18)	1,782.98	156.90	-	205.93	36.79	(8.11)	-	317.93	1,465.05	1,335.85
Intangible Assets (Acquired)															
Customer relations	93.03	45.46	-	-	(3.46)	**135.03**	5.04	-	15.42	-	(0.62)	-	**19.84**	**115.19**	87.99
Favourable lease	1.35	-	-	-	(0.03)	**1.32**	-	-	0.51	-	-	-	**0.51**	**0.81**	1.35
Technology	2.67	-	-	-	(0.06)	**2.61**	0.03	-	0.37	-	-	-	**0.40**	**2.21**	2.64
Brands and Trademarks*+	584.24	2,263.21	124.68	-	(94.17)	**2,877.96**	57.77	-	92.32	-	(6.45)	-	**143.64**	**2,734.32**	526.47
Copyrights,Knowhow and Intellectual property rights	21.27	86.74	-	-	(2.94)	**105.07**	9.57	-	7.21	-	(0.20)	-	**16.58**	**88.49**	11.70
Computer Software	96.79	0.49	130.70	3.59	(6.45)	**217.94**	25.02	-	59.75	1.82	(2.51)	-	**80.44**	**137.50**	71.77
Intangible Assets (Internally Generated)															
Product Know-how	2.32	-	-	-	-	**2.32**	0.19	-	0.19	-	-	-	**0.38**	**1.94**	2.13
Total (II)	801.67	2,395.90	255.38	3.59	(107.11)	3,342.25	97.62	-	175.77	1.82	(9.78)	-	261.79	3,080.46	704.05
Grand Total (I + II)	2,294.42	2,520.78	522.82	49.50	(163.29)	5,125.23	254.52	-	381.70	38.61	(17.89)	-	579.72	4,545.51	2,039.90

Price Waterhouse Chartered Accountants FRN 301112E Mumbai

PIRAMAL ENTERPRISES LIMITED MUMBAI

Notes to the Consolidated financial statements for the year ended March 31, 2017

3. PROPERTY, PLANT & EQUIPMENT AND OTHER INTANGIBLE ASSETS

Particulars	GROSS CARRYING AMOUNT						ACCUMULATED DEPRECIATION / AMORTISATION							NET CARRYING AMOUNT	
	Deemed Cost As at April 1, 2015	Acquisition	Additions	Deductions / Adjustments	Exchange Difference	As at March 31, 2016 (A)	Opening As at April 1, 2015	Acquisition	For the Year #	Deductions / Adjustments	Exchange Difference	Impairment @@	As at March 31, 2016 (B)	As at March 31, 2016 (A-B)	As at April 1, 2015
Tangible Assets															
Land Freehold	105.12	-	-	7.41	2.64	**100.35**	-	-	0.13	-	0.02	-	**0.15**	**100.20**	105.12
Buildings	228.37	0.67	26.52	4.83	5.20	**255.93**	-	-	16.82	0.36	0.82	-	**17.28**	**238.65**	228.37
Roads	1.05	-	-	-	-	**1.05**	-	-	0.16	-	-	-	**0.16**	**0.89**	1.05
Plant & Equipment	752.68	0.92	325.39	33.13	21.04	**1,066.90**	-	-	139.29	17.44	4.32	0.92	**127.09**	**939.81**	752.68
Furniture & fixtures	33.81	0.21	8.76	1.93	1.10	**41.95**	-	-	8.09	0.14	0.74	-	**8.69**	**33.26**	33.81
Office Equipment	4.53	-	6.14	0.38	0.10	**10.39**	-	-	2.32	0.22	-	-	**2.10**	**8.29**	4.53
Ships	1.04	-	-	-	-	**1.04**	-	-	0.10	-	-	-	**0.10**	**0.94**	1.04
Helicopter^	9.60	-	-	-	-	**9.60**	-	-	0.54	-	-	-	**0.54**	**9.06**	9.60
Motor Vehicles	2.86	-	2.76	0.08	-	**5.54**	-	-	0.79	-	-	-	**0.79**	**4.75**	2.86
Total (I)	**1,139.06**	**1.80**	**369.57**	**47.76**	**30.08**	**1,492.75**	**-**	**-**	**168.24**	**18.16**	**5.90**	**0.92**	**156.90**	**1,335.85**	**1,139.06**
Intangible Assets (Acquired)															
Customer relations	-	91.84	-	-	1.19	**93.03**	-	-	5.04	-	-	-	**5.04**	**87.99**	-
Favourable lease	-	1.30	-	-	0.05	**1.35**	-	-	-	-	-	-	**-**	**1.35**	-
Technology	-	2.76	-	-	(0.09)	**2.67**	-	-	0.03	-	-	-	**0.03**	**2.64**	-
Brands and Trademarks*+	373.24	23.90	176.26	14.59	25.43	**584.24**	-	-	46.71	8.46	5.35	14.17	**57.77**	**526.47**	373.24
Copyrights,Knowhow and Intellectual property rights	20.54	-	0.53	-	0.20	**21.27**	-	-	9.55	-	0.02	-	**9.57**	**11.70**	20.54
Computer Software	21.66	0.40	74.23	1.34	1.84	**96.79**	-	-	25.69	1.15	0.48	-	**25.02**	**71.77**	21.66
Intangible Assets (Internally Generated)															
Product Know-how	2.32	-	-	-	-	**2.32**	-	-	0.19	-	-	-	**0.19**	**2.13**	2.32
Total (II)	**417.76**	**120.20**	**251.02**	**15.93**	**28.62**	**801.67**	**-**	**-**	**87.21**	**9.61**	**5.85**	**14.17**	**97.62**	**704.05**	**417.76**
Grand Total (I + II)	**1,556.82**	**122.00**	**620.59**	**63.69**	**58.70**	**2,294.42**	**-**	**-**	**255.45**	**27.77**	**11.75**	**15.09**	**254.52**	**2,039.90**	**1,556.82**

* Material Intangible Assets as on March 31. 2017:

Asset Class	Asset Description	Carrying Value as at March 31, 2017	Carrying Value as at March 31, 2016	Carrying Value as at April 1, 2015	Remaining useful life as on March 31, 2017
Brands & Trademarks	Registered trademarks	323.32	224.60	64.37	7 years to 15 years
Brands & Trademarks	Internally developed brand	200.22	227.24	234.57	7 years
Brands & Trademarks	Purchased Brands (Refer $ and Note 40 A. (ii))	2,126.71	-	-	15 years
Copyrights,Knowhow and Intellectual property rights	Purchased Manufacturing Know-How (Refer $)	79.98	-	-	10 years

\# Depreciation for the year includes depreciation amounting to Rs. 9.34 Crores (Previous Year Rs. 5.51 Crores) on assets used for Research and Development.
\+ Certain Brands are in the process of being registered in the name of the Company, for which the necessary application has been made with trade mark registry.
^ The Company has a 25% share in joint ownership of Helicopter
@@ Loss on impairment of assets in Piramal Critical Care Italia SPA - Refer Note 37 (c).
Refer Note 44 for the assets mortgaged as security against borrowings.
Refer Note 28 B for the contractual capital commitments for purchase of Property, Plant & Equipment

$ Acquisition of Intangibles from Janssen Pharmaceutica NV

On October 10, 2016, the Group through its subsidiary, Piramal Critical Care Limited, has acquired five anesthesia and pain management injectable products from Janssen Pharmaceutica NV for Rs.1,069.92 crores (U.S.$161.16 million) (inclusive of transaction costs). The acquisition is expected to strengthen the Company's presence in the anesthesia and pain management injectable products forming part of the Company's Pharmaceutical manufacturing and services business.

The Company recorded the acquisition of these brands and technical know how as product intangibles. The Company estimated that the useful life of these brands is 15 years and that of technical know how is 10 years. The carrying value of these intangibles as on March 31, 2017 is Rs. 1,011.62 crores.

An earnout consideration upto USD 20 Million (Rs. 133.10 Crores) is payable if the product portfolio achieves certain agreed financial milestones over the next 30 months. This will be recorded when the payment is probable in future.

Price Waterhouse Chartered Accountants FRN 301112E Mumbai

PIRAMAL ENTERPRISES LIMITED MUMBAI

4 (a). Investments accounted for using the equity method

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Quantity	(Rs. in crores)	Quantity	(Rs. in crores)	Quantity	(Rs. in crores)
Investments in Equity Instruments:						
A. In Joint Ventures (Unquoted) - At Cost:						
i. Convergence Chemicals Private Limited						
Interest as at April 1	35,705,100	35.06	30,605,100	30.30	30,605,100	30.30
Add - Additional capital contribution during the period		-	5,100,000	5.10		-
Add - Share of profit/(loss) for the period		(0.32)		(0.34)		-
		34.74		**35.06**		**30.30**
ii. Shrilekha Business Consultancy Private Limited (Refer Note A below)						
Interest as at January 9, 2017	62,234,605	2,540.42		-		-
Add - Share of profit/(loss) for the period		17.00		-		-
		2,557.42		**-**		**-**
Total (A)		**2,592.16**		**35.06**		**30.30**
B. In Associates :						
I Quoted - At Cost:						
Piramal Phytocare Limited						
Interest as at April 1	4,550,000	0.87	4,550,000	1.45	4,550,000	1.45
Add - Share of profit/(loss) for the period		0.01		(0.58)		-
Total (B (I))		**0.88**		**0.87**		**1.45**
II Unquoted - At Cost:						
a. Allergan India Private Limited						
Interest as at April 1	3,920,000	97.57	3,920,000	61.76	3,920,000	61.76
Add - Share of profit/(loss) for the period		28.11		35.81		-
Add - Share of other comprehensive income for the period		(0.08)		-		-
Less - Dividend received		(19.60)		-		-
		106.00		**97.57**		**61.76**
b. Shriram Capital Limited (Refer Note A below)						
Interest as at April 1	161,077,548	2,419.38	161,077,548	2,302.18	161,077,548	2,302.18
Add - Share of profit/(loss) for the period		129.00		153.26		-
Less - Dividend received		(8.30)		(36.06)		-
Less: Impact of conversion from partnership firm to private limited company	(161,076,548)	(2,540.07)				
	1,000	**0.01**		**2,419.38**		**2,302.18**
c. Bluebird Aero Systems Limited						
Interest as at April 1	67,137	44.30	67,137	35.32	67,137	35.32
Add - Share of profit/(loss) for the period		(2.80)		6.06		-
Add - Currency translation differences		(3.12)		2.92		-
		38.38		**44.30**		**35.32**
d. Context Matters, Inc.						
Cost of investment	11,943,822	16.21		-		-
Add - Share of profit/(loss) for the period		(1.10)		-		-
		15.11		**-**		**-**
Total (B(II))		**159.50**		**2,561.25**		**2,399.26**
Total equity accounted investments (A+B(I)+B(II))		**2,752.54**		**2,597.18**		**2,431.01**

Aggregate market value of quoted investments	37.65	32.21	15.81
Aggregate carrying value of unquoted investments	2,751.66	2,596.31	2,429.56
Aggregate amount of impairment in value of investments	-	-	-

Note A
Investment in Partnership firm - Shrilekha Financial Services

Name of Partners	Share in profits (%)
Piramal Enterprises Limited	74.95
Shriram Ownership Trust and its Nominees	25.05
Total capital of the partnership firm	Rs.8.30 crores

The Group has a 74.95% interest in a joint operation called Shrilekha Financial Services which was set up as a partnership together with Shriram Ownership Trust to invest in Shriram Capital Limited. Shrilekha Financial Services holds 26.68% in Shriram Capital Limited, thereby giving the Group an effective interest of 20%.

The principal place of business of the joint operation is in India.
Shrilekha Financial Services has been converted into a private limited company, Shrilekha Business Consultancy Private Limited from January 9, 2017. Hence, with effect from January 9, 2017, the investment in Shrilekha Business Consultancy Private Limited is considered as investment in Joint Venture.

Shrilekha Financial Services was a partnership firm till January 8, 2017 and was accounted as a Joint operation. Accordingly, the Group recognised its share of investment in Shriram Capital Limited, which was shown under Investment in Associates. After conversion of Shrilekha Financial Services into a private limited company, it has become a joint venture. Accordingly, investment in Shrilekha Business Consultancy Private Limited has been shown under the head Investment in Joint Venture, unlike as disclosed in earlier years.

Price Waterhouse Chartered Accountants FRN 301112E Mumbai

Piramal Enterprises Limited Mumbai

Piramal Enterprises Limited
Notes to the Consolidated financial statements for the year ended March 31, 2017

4 (b) Investments

Non-Current Investments:

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Quantity	(Rs. in crores)	Quantity	(Rs. in crores)	Quantity	(Rs. in crores)
Investments in Equity Instruments (fully paid-up)						
Other Body Corporates						
Quoted - At FVTOCI:						
i. Shriram City Union Finance Limited	6,579,840	1,552.64	6,579,840	988.46	6,579,840	1,292.94
ii. Shriram Transport Finance Company Limited	22,600,000	2,436.28	22,600,000	2,154.11	22,600,000	2,542.27
		3,988.92		**3,142.57**		**3,835.21**
Unquoted - At FVTPL:						
i. Searchlight Health Private Limited	-	-	230,858	1.07	-	-
ii. Navayuga Road Projects Private Limited	4,114	*	4,114	*	4,114	*
iii. Piramal Glass Limited	-	-	2,021,395	28.30	2,021,395	28.30
iv. Shriram Financial Ventures Chennai Private Limited	-	-	74,970	0.06	74,970	0.06
		-		**29.43**		**28.36**
Investments in Preference Shares (fully paid-up)						
Other Body Corporates						
Unquoted - At FVTPL:						
i. Procured, Inc.	354,108	1.70	135,296	0.66	135,296	0.63
		1.70		**0.66**		**0.63**

* Amounts are below the rounding off norm adopted by the Company

4 (b) Investments

Non-Current Investments:

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Quantity	(Rs. in crores)	Quantity	(Rs. in crores)	Quantity	(Rs. in crores)
Investment in Debentures:						
Other Body Corporates (Refer Note 44):						
Quoted:						
Redeemable Non-Convertible Debentures - At Amortised Cost:						
VGN Developers Private Limited	21,011	136.71	24,580	193.47	22,870	225.03
Haamid Real Estates Private Limited	-	-	5,500	20.30	5,500	47.46
Haamid Real Estates Private Limited - SR - II	-	-	1,700	12.07	-	-
International Land Developers Private Limited	-	-	-	-	2,436	24.36
SPR Construction Private Limited	11,600	43.48	1,170	94.82	1,000	100.16
Three C Green Developers Private Limited	6,168	20.71	8,812	86.92	22,500	199.26
Century Joint Developers Private Limited	19,000	172.27	-	-		
ACME Cleantech Solutions Private Limited	216	220.02	-	-	-	-
Redeemable Non-Convertible Debentures - At FVTPL						
GMR Holdings Private Limited	4,500	577.11	4,500	487.05	-	-
Unquoted:						
Redeemable Optionally Convertible Debentures - At Amortised Cost:						
Navayuga Road Projects Private Limited SR - I	-	-	4,250	718.05	4,250	601.95
Chitra Holdings Private Limited	-	-	1,268	3.45	2,000	10.66
Aniline Construction Company Private Limited - II	-	-	-	-	2,500	22.46
Regen Infrastructure Private Limited	1,905	165.58	2,000	191.48	-	-
Redeemable Non-Convertible Debentures - At FVTPL:						
Ozone Urbana Infra Developers Private Limited - SR - II	-	-	1,500	184.04	-	-
Essel Green Energy Limited	15,000	171.48	75	75.92	-	-
Smaaash Entertainment Private Limited	1,200,000	125.25	-	-	-	-
Ozone Infra Developers Private Limited	8,500	93.93	-	-	-	-
SPR Construction Private Limited	600	6.59	-	-	-	-
Redeemable Non-Convertible Debentures - At Amortised Cost:						
Keystone Realtors Private Limited	-	-	-	-	2	2.86
Omkar City Development Private Limited	769	764.31	750	742.22	-	-
Omkar Realtors & Developers Private Limited - I	-	-	-	-	2,910	24.42
Baashyaam Constructions Private Limited - SR - I	300	2.99	7,110	43.13	7,000	60.38
Baashyaam Constructions Private Limited - SR - II	5,000	49.98	3,900	37.16	-	-
True Value Homes (India) Private Limited	-	-	-	-	2,000	152.65
Ozone Developers Bangalore Private Limited	-	-	-	-	10,000	78.52
Darode Jog Realities Private Limited	-	-	-	-	1,600,000	68.78
Century Joint Developments Private Limited - I	-	-	-	-	8,500	51.29
Century Joint Developments Private Limited - II	-	-	210	206.28	-	-
Landcraft Developers Private Limited - II	-	-	3,150	82.76	5,000	59.51
Landcraft Developers Private Limited - I	-	-	10,450	6.18	6,200	31.07
Ozone Homes Private Limited	-	-	-	-	3,800	19.17
Skylark Arcadia Private Limited	-	-	-	-	5,000	24.31
Vijay Group Housing Private Limited - I	-	-	-	-	6,000	27.52
Vijay Group Housing Private Limited - II	13,440	99.39	10,560	113.65	-	-
Urbanize Developers (India) Private Limited	-	-	-	-	2,000	15.26
Acme Housing India Private Limited	-	-	7,600	37.51	8,300	65.47
Krishna E Campus Private Limited	-	-	520	46.87	450	39.68
Haldhar Developers Private Limited	-	-	1,000	99.04	1,000	98.60
Rajesh Estate and Nirman Private Limited - SR - I	-	-	10	3.98	20	8.75
Rajesh Estate and Nirman Private Limited - SR - II	-	-	80	39.07	120	59.23
Virgo Properties Private Limited	-	-	-	-	1,800	15.24
Adarsh Haven Private Limited	1,240	131.15	951	46.67	1,070	93.20
Arihant Unitech Realty Project Limited	3,358	26.12	4,827	43.53	2,500	22.32
Neelkanth Mansions And Infrastructure Private Limited	-	-	13,763	121.86	13,800	136.26
Neelkanth Vinayak Realtors Private Limited	4,200	17.54	3,500	20.66	2,700	26.66
Bestech India Private Limited - I	8,250	45.11	8,250	80.03	7,500	72.47
Bestech India Private Limited - II	18,700	182.60	17,329	156.54	-	-
Bhaveshwar Properties Private Limited	2,460	13.76	2,300	20.17	1,000	9.69
Tridhaatu Construction Private Limited SR - I & II	-	-	-	-	1,500	74.99
Kothari Auto Parts Manufacturers Private Limited - SR - A	200	103.24	159	95.76	-	-
Kothari Auto Parts Manufacturers Private Limited - SR - B	212	99.06	192	102.35	-	-
Kothari Auto Parts Manufacturers Private Limited - SR - C	290	142.16	280	28.00	-	-
Ozone Urbana Infra Developers Private Limited - SR - I	-	-	4,250	426.90	-	-
Essem Infra Private Limited	19,230,000	131.06	22,500,000	192.09	-	-

Price Waterhouse Chartered Accountants FRN 301112E Mumbai

Piramal Enterprises Limited Mumbai

Piramal Enterprises Limited
Notes to the Consolidated financial statements for the year ended March 31, 2017

4 (b) Investments

Non-Current Investments:

Particulars	As at March 31, 2017 Quantity	As at March 31, 2017 (Rs. in crores)	As at March 31, 2016 Quantity	As at March 31, 2016 (Rs. in crores)	As at April 1, 2015 Quantity	As at April 1, 2015 (Rs. in crores)
Wadhwa Group Holdings Private Limited	2,390	355.00	2,390	229.67	-	-
Ekta Housing Private Limited	709	45.88	835	72.26	-	-
Ekta Parksville Homes Private Limited	1,171	76.27	1,376	119.34	-	-
Logix City Developers Private Limited	12,500	77.11	11,850	116.77	-	-
Forum Homes Private Limited	106	60.44	60	58.72	-	-
Wadhwa Constructions & Infrastructure Private Limited	2,000	106.59	1,550	146.26	-	-
Nirmal Lifestyle Limited	165	109.97	172	152.61	-	-
Phoenix Hodu Developers Private Limited	9,500	66.88	9,500	93.63	-	-
Nilkanth Tech Park Private Limited Facility 1	13,069	98.30	7,800	77.06	-	-
Nilkanth Tech Park Private Limited Facility 2	5,876	43.22	6,000	59.65	-	-
ATS Homes Private Limited	34,175	311.22	32,175	322.52	-	-
Raghuleela Leasing and Constructions Private Limited	175	163.85	175	173.36	-	-
Niraj Kumar Associates Private Limited	6,061	59.61	3,200	30.41	-	-
Guardian Promoters & Developers Private Limited	-	-	6,900	65.58	-	-
Arun Excello Homes Private Limited	2,394	215.11	1,995	193.47	-	-
Arun Excello Realty Private Limited	1,700	159.14	990	97.27	-	-
Boulevard Projects Private Limited	22,500	206.69	22,500	211.03	-	-
Flagship Infrastructure Private Limited	8,727	81.67	10,000	99.24	-	-
Ambe Trade Corp Private Limited	-	-	6,969	62.44	-	-
Paranjape Schemes Construction Limited	81,760	76.20	31,800	312.21	-	-
Emami Realty Limited	100	79.66	100	99.51	-	-
Akarshak Realty Private Limited	15,000	147.11	15,000	146.86	-	-
Marvel Mega Realtors Private Limited	1,244,200	121.53	100,000	102.22	-	-
Kumar Agro Products Private Limited	33,983,000	305.57	30,531,013	301.75	-	-
Ideal Real Estate Private Limited	7,000	29.33	580	49.59	-	-
Kanakia King Style Constructions Private Limited	8,604	86.02	7,400	74.03	-	-
Ozone Infra Developers Private Limited	-	-	8,500	84.66	-	-
Evie Real Estate Private Limited	12,530	120.02	21,000	190.91	-	-
Keystone Realtors Private Limited - I	79	59.85	63	62.97	-	-
Keystone Realtors Private Limited - II	173	141.84	160	159.99	-	-
Vatika Infracon Private Limited	25,862	268.36	16,673	166.98	-	-
ATS Heights Private Limited	20,985	214.05	19,000	190.50	-	-
Valdel Real Estate Private Limited	28	27.96	70	64.73	-	-
NCL Industries Limited	22,000	219.94	400,000	40.00	-	-
Sanghi Industries Limited	2,564,800	253.84	2,564,829	256.46	-	-
Century Real Estate Holdings Private Limited Series 2	4,200	39.75	-	-	-	-
Alekhya Property Developoments Private Limited	163	160.79	-	-	-	-
Lodha Developers Private Limited	10,200	250.00	-	-	-	-
Shreeniwas Cotton Mills Private Limited	8,950	895.00	-	-	-	-
Vatika One on One Private Limited	100	10.00	-	-	-	-
ATS Real Estate Builders Private Limited	2,930	29.30	-	-	-	-
Nobility Estates Private Limited	11,000	110.00	-	-	-	-
Kings Canyon Private LimitedLtd	2,095	204.38	-	-	-	-
Lodha Developers Private Limited	6,250	555.00	-	-	-	-
Century Real Estate Holdings Private Limited	4,000	39.24	-	-	-	-
Rustomjee Constructions Private Limited	-	-	-	-	2.85	28.57
Akarsh Residency Private Limited	78	77.27	-	-	-	-
Akshar Space Private Limited	760	67.35	-	-	-	-
Akshaya Private Limited	9,220	74.74	-	-	-	-
Alekhya Property Developments Private Limited	108	107.02	-	-	-	-
Atria Brindavan Power Private Limited	15,250	152.50	-	-	-	-
ATS Real Estate Builders Private Limited	18,500	185.00	-	-	-	-
Century Real Estate Holdings Private Limited	16,000	159.17	-	-	-	-
Century Real Estate Holdings Private Limited	17,900	198.03	-	-	-	-
Dosti Realty Limited	9,650	95.66	-	-	-	-
Golden Homes Private Limited	6,750	56.19	-	-	-	-
Good Earth Eco Development Private Limited	7,000	66.18	-	-	-	-
Jaykali Developers Private Limited	6,000	58.44	-	-	-	-
Kanakia Spaces Realty Private Limited	58	58.00	-	-	-	-
Kanakia Spaces Realty Private Limited	70	10.80	-	-	-	-
Manjeera Retail Holdings Private Limited	15,671	142.66	-	-	-	-
Paranjape Schemes Construction Limited	21,223	207.34	-	-	-	-
Reliance Big Limited	15,899	146.75	-	-	-	-
Security and Intelligence Services (India) Limited	80	64.63	-	-	-	-
Wadhwa Group Holdings Private Limited	2,500	142.84	-	-	-	-
Mantri Developers Private Limited	17,551	174.58	-	-	-	-
North Town Estate Private Limited	4,420	43.36	-	-	-	-
Omkar Realtors & Developers Private Limited - II	365	233.12	400	361.26	-	-
Omkar Realtors and Developers Private Limited - III	1,527	145.17	-	-	-	-
Omkar Realtors and Developers Private Limited - IV	22,69	225.15	-	-	-	-
Ornate Spaces Private Limited	18,910	194.02	-	-	-	-
Phoenix Embassy Tech Zone Private Limited	5,267	51.11	-	-	-	-
Prateek Infraprojects India Private Limited	10,000	98.80	-	-	-	-
RD Buildtech & Developers (Karnataka) Private Limited	110	107.04	-	-	-	-
Runwal Homes Private Limited	12,126	108.00	-	-	-	-

Price Waterhouse
Chartered Accountants
FRN 301112E
Mumbai

Piramal Enterprises Limited
Mumbai

4 (b) Investments

Non-Current Investments:

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Quantity	(Rs. in crores)	Quantity	(Rs. in crores)	Quantity	(Rs. in crores)
Sarvavasa Buildtech and Farms Private Limited	9,318	92.16	-	-	-	-
Sarvavasa Buildtech and Farms Private Limited	21,270	210.85	-	-	-	-
Shreeniwas Cotton Mills Private Limited	3,250	335.68	-	-	-	-
Siddhi Raj Housing Projects Private Limited	200	19.43	-	-	-	-
Tridhaatu Mumbai Structure Private Limited	150	14.97	-	-	-	-
Tridhaatu Mumbai Structure Private Limited	301	29.56	-	-	-	-
Wisemore Advisory Private Limited	209,800	209.89	-	-	-	-
Vatika One On One Private Limited	1,950	195.00	-	-	-	-
Reliable Exports (India) Private Limited	23,000	230.00	-	-	-	-
Baashyaam Constructions Private Limited	3,300	29.05	-	-	-	-
Less: Provision for Impairment based on Expected credit loss model		283.72		207.07		61.55
		14,757.08		**9,698.83**		**2,536.66**
Investments in Alternative Investment Funds/Venture Capital Funds						
In Others (Unquoted) - At FVTPL:						
Class A Units of Faering Capital India Evolving Fund II	250,000	25.00	150,000	15.00	-	-
Class C units of Indiareit Fund Scheme IV	1,401	27.57	1,975	32.94	2,293	35.26
Class D units of Indiareit Fund Scheme IV	18	0.02	24	0.02	28	0.03
Class A3 units of Indiareit Mumbai Redevelopment Fund	2,025	23.80	2,775	33.45	2,625	32.41
Class B units of Indiareit Mumbai Redevelopment Fund	12	0.01	37	0.04	50	0.05
Class C units of Indiareit Fund Scheme V	4,957	61.76	5,625	53.35	2,813	27.82
Class D units of Indiareit Fund Scheme V	25	0.03	50	0.05	50	0.05
Class A units of IIFL Income Opportunities Fund Series - Special Situations	50,000,000	48.27	50,000,000	55.75	27,500,000	28.44
Class C units of IIFL Income Opportunities Fund Series - Special Situations	4,500	-	7,500	0.01	7,500	0.01
Class A units of Indiareit Apartment Fund	1,769	22.61	1,313	15.74	906	10.98
Class C units of Indiareit Apartment Fund	60	-	100	0.00	-	-
Class A units of LICHFL Urban Development Fund	7,287	7.29	7,848	7.21	-	-
Class B units of redeemable participating shares Indiareit Offshore Fund	1,000,000	0.06	1,000,000	0.07	1,000,000	0.06
Management shares of Indiareit Offshore Fund	100	0.00	100	-	100	-
Management shares of IOF - III Pte. Ltd.	-	-	-	-	1,000	0.01
		216.42		**213.63**		**135.12**
Total Non Current Investments		**18,964.12**		**13,085.12**		**6,535.98**

Price Waterhouse Chartered Accountants FRN 301112E Mumbai

PIRAMAL ENTERPRISES LIMITED MUMBAI

4 (b) Investments

Current Investments:

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Quantity	(Rs. in crores)	Quantity	(Rs. in crores)	Quantity	(Rs. in crores)
Investment in Debentures:						
In Other Body Corporates (Refer Note 44):						
Quoted :						
Redeemable Non-Convertible Debentures - At Amortised Cost:						
VGN Developers Private Limited	21,011	81.00	24,580	49.87	-	-
International Land Developers Private Limited	-	-	-	-	2,436	1.22
Haamid Real Estates Private Limited	-	-	5,500	27.51	5,500	6.88
Haamid Real Estates Private Limited - SR - II	-	-	1,700	7.04	-	-
SPR Construction Private Limited	11,600	72.50	1,170	20.97	-	-
Three C Green Developers Private Limited	6,168	44.06	-	-	22,500	22.50
Century Joint Developers Private Limited	19,000	15.00	-	-	-	-
Redeemable Non-Convertible Debentures - At FVTPL:						
GMR Holdings Private Limited	-	13.50	-	11.24	-	-
		226.06		**116.63**		**30.60**
Unquoted:						
Redeemable Optionally Convertible Debentures - At Amortised Cost						
Chitra Holdings Private Limited	-	-	1,268	7.33	2,000	7.32
Aniline Construction Company Private Limited - I	-	-	-	-	7,700	46.09
Aniline Construction Company Private Limited - II	-	-	-	-	2,500	1.60
Ashvi Developers Private Limited	-	-	-	-	13,591	135.91
Kohinoor Planet Constructions Private Limited	-	-	680	23.93	680	41.52
Regen Infrastructure Private Limited	1,905	26.72	2,000	10.08	-	-
Navayuga Road Projects Private Limited SR - I	4,250	823.16	-	-	-	-
Redeemable Non-Convertible Debentures - At FVTPL						
Essel Green Energy Limited	-	-	-	0.19	-	-
Redeemable Non-Convertible Debentures - At Amortised Cost						
Omkar Realtors & Developers Private Limited - I	-	-	320	32.60	2,910	261.08
Omkar Realtors & Developers Private Limited - II	365	130.00	400	35.00	-	-
Kothari Autopart Manufacturers Private Limited Facility 2	-	-	-	0.03	-	-
Vijay Citispace Private Limited	-	-	-	-	3,830	14.46
Baashyaam Constructions Private Limited - SR - I	-	-	7,110	15.11	7,000	8.10
Baashyaam Constructions Private Limited - SR - II	3,300	3.67	-	-	-	-
True Value Homes (India) Private Limited	-	-	-	-	2,000	26.07
Ozone Developers Bangalore Private Limited	-	-	-	-	10,000	17.38
Darode Jog Realities Private Limited	-	-	704,000	70.15	1,600,000	89.30
Century Joint Developments Private Limited - I	-	-	-	-	8,500	31.88
Century Joint Developments Private Limited - II	-	-	210	4.73	-	-
Landcraft Developers Private Limited - I	-	-	3,150	25.00	5,000	16.97
Landcraft Developers Private Limited - II	-	-	10,450	19.70	-	-
Ozone Homes Private Limited	-	-	-	-	3,800	18.50
Skylark Arcadia Private Limited	-	-	-	-	5,000	25.00
Vijay Group Housing Private Limited - I	-	-	-	-	6,000	23.00
Vijay Group Housing Private Limited - II	13,440	43.20	10,560	3.40	-	-
Urbanize Developers (India) Private Limited	-	-	-	-	2,000	5.18
Acme Housing India Private Limited	-	-	7,600	38.00	8,300	16.60
Krishna E Campus Private Limited	-	-	520	9.19	450	4.15
Adarsh Haven Private Limited	-	-	951	47.47	1,070	11.89
Virgo Properties Private Limited	-	-	-	-	1,800	2.25
Bestech India Private Limited - I	8,250	23.57	-	-	-	-
Arihant Unitech Realty Project Limited	3,358	5.58	4,827	3.76	-	-
Neelkanth Mansions And Infrastructure Private Limited	-	-	13,763	29.51	-	-
Neelkanth Vinayak Realtors Private Limited	4,200	24.00	3,500	6.17	-	-
Bhaveshwar Properties Private Limited	2,460	10.80	2,300	6.48	-	-
Ozone Urbana Infra Developers Private Limited - SR - I	-	-	4,250	21.89	-	-
Essem Infra Private Limited	19,230,000	60.23	22,500,000	29.96	-	-
Ekta Housing Private Limited	709	23.57	835	10.38	-	-
Ekta Parksville Homes Private Limited	1,171	38.44	1,376	16.93	-	-
Nirmal Lifestyle Limited	165	53.64	145	17.21	-	-
Boulevard Projects Private Limited	22,500	57.32	22,500	8.44	-	-

Price Waterhouse
Chartered Accountants
FRN 301112E
Mumbai

PIRAMAL ENTERPRISES LIMITED
MUMBAI

4 (b) Investments

Current Investments:

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Quantity	(Rs. in crores)	Quantity	(Rs. in crores)	Quantity	(Rs. in crores)
Ambe Trade Corp Private Limited	-	-	6,969	6.69	-	-
Ideal Real Estate Private Limited	7,000	40.00	5,800	7.25	-	-
Evie Real Estate Private Limited	12,530	8.03	21,000	19.10	-	-
Keystone Realtors Private Limited - I	79	17.62	63	0.06	-	-
Arun Excello Homes Private Limited	2,394	26.39	-	1.65	-	-
Arun Excello Realty Private Limited	1,700	10.97	-	0.83	-	-
Logix City Developers Private Limited	12,500	46.88	-	-	-	-
Ozone Infra Developers Private Limited	-	-	-	1.78	-	-
Valdel Real Estate Private Limited	-	-	70	5.42	-	-
Paranjape Schemes Construction Limited	8,176	5.02	-	-	-	-
Lodha Developers Private Limited	10,200	794.87	-	-	-	-
Shreeniwas Cotton Mills Private Limited	8,950	26.48	-	-	-	-
Kings Canyon SEZ Private Limited	2,095	3.94	-	-	-	-
Century Real Estate Holdings Private Limited	-	0.01	-	-	-	-
Lodha Developers Private Limited	6,250	70.00	-	-	-	-
Mind Space Realty Private Limited	-	-	-	-	850	8.50
Keystone Realtors Private Limited	-	-	-	-	2	11.35
Akshar Space Private Limited	760	7.60	-	-	-	-
Akshaya Private Limited	9,220	16.20	-	-	-	-
ATS Homes Private Limited	15,000	41.75	-	-	-	-
Bestech India Private Limited	18,700	2.83	-	-	-	-
Emami Realty Private Limited	100	20.00	-	-	-	-
Flagship Infrastructure Private Limited	8,727	5.03	-	-	-	-
Forum Homes Private Limited	106	44.94	-	-	-	-
Golden Homes Private Limited	6,750	10.66	-	-	-	-
Good Earth Eco Development Private Limited	7,000	4.00	-	-	-	-
Haldhar Developers Private Limited	675	65.69	-	-	-	-
Kanakia Spaces Realty Private Limited	70	58.00	-	-	-	-
Keystone Realtors Private Limited - I	173	28.75	-	-	-	-
Kumar Agro Products Private Limited	33,983,000	31.37	-	-	-	-
Manjeera Retail Holdings Private Limited	15,671	14.09	-	-	-	-
Marvel Mega Realtors Private Limited	1,244,200	1.40	-	-	-	-
Nilkanth Tech Park Private Limited	13,069	30.92	-	-	-	-
Nilkanth Tech Park Private Limited	5,876	15.56	-	-	-	-
Paranjape Schemes Construction Limited	21,223	3.42	-	-	-	-
Pheonix Hodu Developers Private Limited	9,500	27.14	-	-	-	-
Raghuleela Leasing and Construction Private Limited	175	10.00	-	-	-	-
Rajesh Estate and Nirman Private Limited	54	26.57	-	-	-	-
Rajesh Estate and Nirman Private Limited	80	39.57	-	-	-	-
Reliance Big Limited	15,899	20.66	-	-	-	-
Runwal Homes Private Limited	12,126	13.26	-	-	-	-
Security and Intelligence Services (India) Limited	80	13.33	-	-	-	-
Tridhaatu Mumbai Structure Private Limited	18	1.82	-	-	-	-
Wadhwa Constructions & Infrastructure Private Limited	2,000	93.33	-	-	-	-
Wadhwa Group Holdings Private Limited	2,500	100.00	-	-	-	-
Less: Provision for Impairment based on Expected credit loss model		75.67		23.88		24.14
		3,272.39		628.17		830.56

Price Waterhouse Chartered Accountants FRN 301112E Mumbai

Piramal Enterprises Limited Mumbai

4 (b) Investments

Current Investments:

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Quantity	(Rs. in crores)	Quantity	(Rs. in crores)	Quantity	(Rs. in crores)
Investment in Mutual Funds (Unquoted) - At FVTPL:						
Birla Sun Life Cash Plus - Daily Dividend-Direct Plan - Reinvest	-	-	-	-	1,996,993	20.01
HDFC Cash Management Fund - Saving Plan - Direct Plan - Daily Dividend Reinvestment - Reinvestment	-	-	-	-	14,106,891	15.00
ICICI Prudential Liquid - Direct Plan - Daily Dividend - Reinvestment	-	-	-	-	2,499,375	25.01
Reliance Liquid Fund - Treasury Plan - Direct Daily Dividend Option - Reinvest	98,139.76	15.00	-	-	196,310	30.01
UTI-Liquid Cash Plan- Institutional - Direct Plan - Daily Dividend - Reinvestment	-	-	-	-	98,125	10.00
DSP BlackRock Liquidity Fund - Direct Plan - Daily Dividend - Reinvestment	249,841.78	25.00	-	-	-	-
Franklin India Treasury Management Account - Super Institutional Plan - Direct - Daily Dividend Reinvestment	299,504.83	30.01	-	-	-	-
ICICI Prudential Money Market Fund - Direct Plan - Daily Dividend - Reinvestment	2,996,274.53	30.01	-	-	-	-
Kotak Liquid Direct Plan Daily Dividend - Reinvestment	204,447.13	25.00	-	-	-	-
Tata Money Market Fund Direct Plan - Daily Dividend - Reinvestment	299,597.72	30.01	-	-	-	-
Axis Liquid Fund - Daily Dividend Reinvestment	2,123.38	0.21	2,026	0.20	50,145	5.02
DSP BlackRock Liquidity Fund - Institutional Plan - Daily Dividend	2,496.33	0.25	2,383	0.24	20,798	2.08
L& T Liquid Fund - Regular Daily Dividend Reinvestment Plan	2,106.63	0.21	2,010	0.20	45,224	4.58
Reliance Liquid Fund - Treasury Plan - Direct Daily	35,499.83	5.42	33,868	5.17	23,675	3.63
Religare Invesco Liquid Fund - Daily Dividend	-	-	-	-	120,890	12.10
HDFC Liquid Fund-Dividend-Daily Reinvestment	4,339	0.44	4,141	0.42	-	-
SBI Premier Liquid Fund Regular Plan Growth	19,646.46	5.00	-	-	-	-
Tata Money Market Fund Regular Plan- Growth	19,583.84	5.00	-	-	-	-
Reliance Liquid Fund Treasury Plan-Growth Plan- Growth Option	12,649.27	5.00	-	-	-	-
Birla Sunlife Cash Plus - Growth	191,982.58	5.00	-	-	-	-
DSP Blackrock Ultra Short Term Fund-Regular Plan -Growth	4,229,152.39	5.00	-	-	-	-
Kotak Treasury Advantage Fund - Growth (Regular Plan)	1,920,034.41	5.00	-	-	-	-
		191.56		**6.23**		**127.44**
Total Current Investments		**3,463.95**		**634.40**		**958.00**

Aggregate market value of quoted investments			
- Non-Current	5,159.22	4,037.20	4,431.48
- Current	226.06	116.63	30.60
Aggregate carrying value of unquoted investments			
- Non-Current	14,088.62	9,254.99	2,166.05
- Current	3,313.56	541.65	951.54
Aggregate amount of impairment in value of investments	359.39	230.95	85.69

Refer Note 44 for Investments mortgaged as security against borrowings.

Details of Total Investments:

(ii) **Financial assets carried at fair value through profit or loss (FVTPL)**			
Mandatorily measured at FVTPL			
Equity	-	29.43	28.36
Preference Shares	1.70	0.66	0.63
Mutual Funds	191.56	6.23	127.44
Debentures	987.86	758.44	-
Alternative Investment Fund / Venture Capital Funds	216.42	213.63	135.12
	1,397.54	1,008.39	291.55
(iii) **Financial assets carried at amortised cost**			
Debentures	17,041.61	9,568.56	3,367.22
	17,041.61	9,568.56	3,367.22
(iv) **Financial assets measured at FVTOCI**			
Equity instruments - Equity Shares	3,988.92	3,142.57	3,835.21
	3,988.92	3,142.57	3,835.21
Total	**22,428.07**	**13,719.52**	**7,493.98**

Price Waterhouse
Chartered Accountants
FRN 301112E
Mumbai

PIRAMAL ENTERPRISES LIMITED
MUMBAI

		As at March 31, 2017 Rs. in Crores		As at March 31, 2016 Rs. in Crores		As at April 1, 2015 Rs. in Crores
5. LOANS - NON-CURRENT						
LOANS (SECURED AND CONSIDERED GOOD) - AT AMORTISED COST						
Term Loans (Refer note 44)	5,865.52		631.13		436.94	
Less: Provision for expected credit loss	110.00		25.41		3.70	
		5,755.52		605.72		433.24
Inter Corporate Deposits (Refer note 44)	43.78		1,487.56		581.91	
Less: Provision for expected credit loss	0.73		33.04		13.84	
		43.05		1,454.52		568.07
LOANS (SECURED AND CONSIDERED DOUBTFUL) - AT AMORTISED COST						
Term Loans	60.47		24.09		57.46	
Less: Provision for expected credit loss	23.89		10.55		35.57	
		36.58		13.54		21.89
TOTAL		5,835.15		2,073.78		1,023.20

6. OTHER FINANCIAL ASSETS - NON-CURRENT

Bank deposits with more than 12 months maturity (Refer Note 44)	-	20.00	-
Advances recoverable	1.00	1.71	-
Claims Receivable	-	0.18	-
Security Deposits	38.10	39.87	33.68
Restricted Deposit - Escrow Account (Refer note below)	12.80	45.99	-
TOTAL	51.90	107.75	33.68

Note: Amounts lying in Escrow deposit represent the amounts to be invested in Searchlight Health Private Limited (formerly known as Health SuperHiway Private Limited), pending fulfilment of Conditions precedent for each tranche of investment.

7. DEFERRED TAX ASSETS (NET)

(a) Deferred Tax Assets on account of temporary differences			
- Measurement of financial assets at amortised cost / fair value	82.46	53.07	51.78
- Provision for expected credit loss on financial assets (including commitments)	177.91	129.96	26.34
- Other Provisions	7.41	4.77	15.15
- Unused Tax Credit/losses	459.46	236.30	103.41
- Amortisation of expenses which are allowed in current year	2.56	3.67	5.12
- Expenses that are allowed on payment basis	39.93	34.62	25.69
- Effect of recognition of lease rent expense on straight line basis	2.50	2.74	-
- Unrealised profit margin on inventory	40.32	-	-
- Other temporary differences	4.60	0.27	0.90
	817.15	465.40	228.39
(b) Deferred Tax Liabilities on account of temporary differences			
- Property, Plant and Equipment and Intangible assets	(167.42)	(140.11)	(132.09)
- Measurement of financial liabilities at amortised cost	(18.65)	(4.29)	(1.47)
- Fair value measurement of derivative contracts	(2.41)	(3.07)	(2.99)
- Other temporary differences	(3.46)	-	-
	(191.94)	(147.47)	(136.55)
TOTAL	625.21	317.93	91.84

Deferred Tax Assets and Deferred Tax Liabilities of the respective entity have been offset as they relate to the same governing taxation laws.
Refer Note 54 for movements during the year.

8. OTHER NON - CURRENT ASSETS

Advance Tax [Net of Provision of Rs. 4,615.44 Crores at March 31, 2017, Rs. 4,426.35 Crores as at March 31, 2016 and Rs. 3,883.24 Crores as at April 1, 2015]	282.02	295.71	235.06
Advances recoverable	87.89	92.62	60.02
Unamortized distribution fees	10.81	17.60	26.87
Prepayments	6.38	6.57	6.92
Capital Advances	6.06	7.00	10.60
Pension Assets (Refer Note 42)	5.89	5.33	3.84
Balance with Government Authorities	0.09	-	-
TOTAL	399.14	424.83	343.31

Price Waterhouse
Chartered Accountants
FRN 301112E
Mumbai

	As at March 31, 2017 Rs. in Crores	As at March 31, 2016 Rs. in Crores	As at April 1, 2015 Rs. in Crores
9. INVENTORIES			
Raw and Packing Materials [includes in Transit of Rs.7.40 Crores as on March 31, 2017, Rs.4.79 Crores as on March 31, 2016, Rs.6.98 Crores as at April 1, 2015]	243.53	254.82	248.53
Work-in-Progress	270.53	256.54	221.02
Finished Goods	115.40	148.19	129.48
Stock-in-trade [includes in Transit of NIL as on March 31, 2017, Rs.2.77 Crores as on March 31, 2016, Rs. 4.49 Crores as at April 1, 2015]	48.08	18.79	6.35
Stores and Spares	45.53	45.43	50.67
TOTAL	723.07	723.77	656.05

1. Refer Note 44 for the inventories hypothecated as security against borrowings.
2. The cost of inventories recognised as an expense during the year was Rs. 1,530.94 crores (Previous year Rs. 1,423.30 Crores).
3. The cost of inventories recognised as an expense includes a reversal of Rs.0.26 Crores (Previous year charge of Rs. 1.17 Crores) in respect of write downs of inventory to net realisable value and Rs.9.19 crores (Previous year Rs.5.42 Crores) in respect of provisions for slow moving/non moving/expired/near expiry products.

10. TRADE RECEIVABLES

	March 31, 2017		March 31, 2016		April 1, 2015	
Secured - Considered Good	0.20		0.20		0.20	
Unsecured - Considered Good	1,109.32		973.17		822.99	
Unsecured - Considered Doubtful	38.34		31.53		22.40	
Less: Expected Credit Loss on Trade Receivables	(40.12)	1,107.74	(34.09)	970.81	(26.30)	819.29
TOTAL		1,107.74		970.81		819.29

In the Pharmaceuticals Manufacturing and Services business, the credit period on sale of goods ranges from 7 to 150 days; in the Information Management business, the average credit period allowed to customers is 42 days.

The Group has a documented Credit Risk Management Policy for its Pharmaceuticals Manufacturing and Services business. For every new customer (except established large pharma companies), the group performs a credit rating check using an external credit agency. If a customer clears the credit rating check, the credit limit for that customer is derived using internally documented scoring systems. The credit limits for all the customers are reviewed on an ongoing basis.

In the Information Management business, the customer base is mainly comprised of the top bio-tech companies with no history of failing to pay for products ordered or services rendered. In the event that new information arises about a customer's financial condition which would impact their ability to pay and management believes that there is an exposure, a provision is established for these potential credit losses. To date, these losses have been within management's expectations.

The Group has used a practical expedient by computing the expected credit loss allowance for External Trade Receivables based on a provision matrix. The provision matrix takes in to account historical credit loss experience and adjusted for forward-looking information. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix. The provision matrix at the end of the reporting period is as follows:

Ageing - Pharmaceuticals Manufacturing and Services business	Expected credit loss (%) - For external customers
Less than 150 days	0.30%
151 days to 365 days	0.30%
More than 365 days	100.00%

Ageing - Information Management business	Expected credit loss (%) - For external customers
Less than 42 days	-
More than 42 days	1.00%

Rs. in crores

Ageing	Expected credit loss		
	March 31,2017	March 31, 2016	April 1, 2015
Within due date	1.89	1.84	1.65
After Due date	38.23	32.25	24.65

Rs. In crores

Ageing of receivables	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Less than 365 days	1,103.00	968.79	805.56
More than 365 days	44.86	36.11	40.03
Total	1,147.86	1,004.90	845.59

If the trade receivables (discounted) are not paid at maturity, the bank has right to request the Group to pay the unsettled balance. As the Group has not transferred the risks and rewards relating to these customers, it continues to recognize the full carrying amount of the receivables and has recognized the cash received on the transfer as a secured borrowing (Refer Note 23).

At the end of the reporting period, the carrying amount of the trade receivables that have been transferred but have not been de-recognized amounted to Rs. 20.59 Crores (Previous year Rs.66.30 Crores) and the carrying value of associated liability is Rs. 20.59 Crores (Previous year Rs.66.30 Crores) (Refer Note 23).

Price Waterhouse Chartered Accountants FRN 301112E Mumbai

PIRAMAL ENTERPRISES LIMITED MUMBAI

Movement in Expected Credit Loss Allowance:

	Year ended March 31, 2017	Rs. In crores Year ended March 31, 2016
Balance at the beginning of the year	34.09	26.30
Add: Expected credit loss acquired on business combination	0.39	0.37
Add: Movement in expected credit loss allowance on trade receivables calculated at lifetime expected credit losses	7.87	8.65
Less: Bad debts written off	(3.30)	(1.23)
Add: Effect of translation differences	1.07	-
Balance at the end of the year	**40.12**	**34.09**

Refer Note 44 for the receivables hypothecated as security against borrowings.

		As at March 31, 2017 Rs. in Crores		As at March 31, 2016 Rs. in Crores		As at April 1, 2015 Rs. in Crores
11. CASH AND CASH EQUIVALENTS						
- Cash and Cash equivalents						
i. Balance with Banks						
- Current Account	264.52		290.82		278.08	
- Deposit Account (less than 3 months original maturity)	1,225.44		-		-	
		1,489.96		290.82		278.08
ii. Cash on Hand		0.48		7.16		0.63
TOTAL		**1,490.44**		**297.98**		**278.71**

There are no repatriation restrictions with regard to Cash and Cash Equivalents as at the end of the reporting period and prior periods

12. OTHER BANK BALANCES						
i. Earmarked balances with banks						
- Unclaimed Dividend Account	15.94		19.46		13.05	
- Others	0.02		0.04		0.02	
		15.96		19.50		13.07
ii. Margin Money		13.01		12.28		0.05
iii. Deposit Account (more than 3 months original maturity but less than 12 months)		21.49		36.18		131.86
TOTAL		**50.46**		**67.96**		**144.98**

13. LOANS - CURRENT						
Loans Secured and Considered Good - at amortised cost:						
Term Loans	575.49		252.57		276.84	
Less: Allowance for expected credit loss	11.57		23.72		0.69	
		563.92		228.85		276.15
Inter Corporate Deposits	-		377.07		54.80	
Less: Allowance for expected credit loss	-		8.32		1.34	
		-		368.75		53.46
Loans Secured and Considered Doubtful - At Amortised Cost:						
Term Loans	47.08		8.28		58.44	
Less: Allowance for expected credit loss	18.58		3.62		41.63	
		28.50		4.66		16.81
Loans to Related Parties Unsecured and Considered Good - At amortised Cost		27.79		7.19		-
Inter Corporate Deposits - Unsecured and Considered Good - - At amortised Cost:		880.37		850.00		1,275.00
Inter Corporate Deposits Unsecured and Considered Doubtful -						
Inter Corporate Deposits	8.30		8.30		8.30	
Less: Allowance for expected credit loss	8.30		8.30		8.30	
		-		-		-
TOTAL		**1,500.58**		**1,459.45**		**1,621.42**

14. OTHER FINANCIAL ASSETS - CURRENT			
Security Deposits	21.51	12.66	12.19
Advances recoverable	14.33	6.91	6.01
Derivative Financial Assets	14.69	11.47	12.77
Consideration Receivable	-	70.00	5.20
Other Receivable from related parties	0.28	-	-
Unbilled revenues	99.13	25.20	20.07
Bank deposits (Refer Note 44)	20.00	-	-
Interest Accrued	3.90	2.82	1.71
Others	9.78	8.72	2.84
TOTAL	**183.62**	**137.78**	**60.79**

Price Waterhouse Chartered Accountants FRN 301112E Mumbai

PIRAMAL ENTERPRISES LIMITED MUMBAI

		As at March 31, 2017 Rs. in Crores		As at March 31, 2016 Rs. in Crores		As at April 1, 2015 Rs. in Crores
15. OTHER CURRENT ASSETS						
Unsecured and Considered Good (Unless otherwise stated)						
Advances :						
Unsecured and Considered Good	92.29		109.37		153.90	
Considered Doubtful	0.08		0.08		0.08	
	92.37		109.45		153.98	
Less : Provision for Doubtful Advances	0.08		0.08		0.08	
		92.29		109.37		153.90
Prepayments		55.02		14.75		11.56
Unamortized distribution fees		15.06		9.96		10.67
Balance with Government Authorities		43.91		54.14		44.20
Claims Receivable		16.92		12.45		10.51
TOTAL		**223.20**		**200.67**		**230.84**

PIRAMAL ENTERPRISES LIMITED
Notes to the Consolidated financial statements for the year ended March 31, 2017

16. SHARE CAPITAL

	As at March 31, 2017 Rs. in Crores	As at March 31, 2016 Rs. in Crores	As at April 1, 2015 Rs. in Crores
AUTHORISED SHARE CAPITAL			
250,000,000 (250,000,000) Equity Shares of Rs.2/- each	50.00	50.00	50.00
3,000,000 (3,000,000) Preference Shares of Rs.100/- each	30.00	30.00	30.00
24,000,000 (24,000,000) Preference Shares of Rs.10/- each	24.00	24.00	24.00
105,000,000 (105,000,000) Unclassified Shares of Rs.2/- each	21.00	21.00	21.00
	125.00	125.00	125.00
ISSUED, SUBSCRIBED AND PAID UP			
172,563,100 (172,563,100) Equity Shares of Rs.2/- each (fully paid up)	34.51	34.51	34.51
TOTAL	34.51	34.51	34.51

(i) **Movement in Equity Share Capital**

Particulars	As at March 31, 2017 No. of shares	As at March 31, 2017 Rs. In Crores	As at March 31, 2016 No. of shares	As at March 31, 2016 Rs. In Crores	As at April 1, 2015 No. of shares	As at April 1, 2015 Rs. In Crores
At the beginning of the year	172,563,100	34.51	172,563,100	34.51	172,563,100	34.51
Add: Issued during the year	-	-	-	-	-	-
Less: Shares cancelled during the year	-	-	-	-	-	-
At the end of the year	172,563,100	34.51	172,563,100	34.51	172,563,100	34.51

(ii) **Details of shareholders holding more than 5% shares in the Company**

Particulars	No. of shares	% Holding	No. of shares	% Holding	No. of shares	% Holding
The Sri Krishna Trust through its Trustees, Mr.Ajay Piramal and Dr.(Mrs.) Swati A. Piramal (Previously held through its Corporate Trustees, Piramal Management Services Private Limited)	75,458,452	43.73%	83,905,941	48.62%	84,120,694	48.75%
Aberdeen Global Indian Equity (Mauritius) Limited	4,185,039	2.43%	7,600,000	4.40%	10,237,882	5.93%

(iii) **Aggregate number of shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the current financial year:**

Particulars	Financial Year	No. of shares
i. Equity Shares allotted as fully paid-up pursuant to merger of PHL Holdings Private Limited into the Company	2013-14	84,092,879
ii. Equity Shares allotted as fully paid-up pursuant to demerger of R&D NCE division of Piramal Phytocare Limited (PPL) (formerly known as Piramal Life Sciences Limited) into the Company	2011-12	5,352,585
iii. Equity shares bought back by the Company	2011-12	705,529
iv. Equity shares bought back by the Company	2010-11	41,097,100

(iv) **Terms and Rights attached to equity shares**

Equity Shares:
The Company has one class of equity shares having a par value of Rs.2/- per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

17. OTHER EQUITY

	As at March 31, 2017 Rs. in Crores	As at March 31, 2016 Rs. in Crores	As at April 1, 2015 Rs. in Crores
Capital Reserve	56.66	56.66	56.66
Capital Redemption Reserve	61.73	61.73	61.73
Debenture Redemption Reserve	655.79	524.00	85.42
General Reserve	5,637.18	5,683.55	5,690.99
Foreign Currency Translation Reserve	(68.13)	97.78	-
Reserve Fund U/S 45-IC (1) Of Reserve Bank Of India Act, 1934	85.32	38.95	31.51
FVTOCI - Equity Instruments	1,552.23	705.88	1,398.52
Cash Flow Hedging Reserve	3.07	-	-
Retained Earnings	6,864.21	5,745.29	6,066.14
TOTAL	14,848.06	12,913.84	13,390.97

		March 31, 2017		March 31, 2016
CAPITAL RESERVE				
At the beginning of the year	56.66		56.66	
		56.66		56.66

This reserve is outcome of past Business Combinations.

CAPITAL REDEMPTION RESERVE				
At the beginning of the year	61.73		61.73	
		61.73		61.73

This reserve was created as per requirements of Companies Act pursuant to buyback of equity shares and redemption of preference shares.

DEBENTURE REDEMPTION RESERVE				
At the beginning of the year	524.00		85.42	
Add: Transfer during the year	131.79		438.58	
		655.79		524.00

The Debenture redemption reserve is created as per the requirements of Rule 18(7) of the Companies (Share Capital and Debentures) Rules, 2014. The amount represents 25% of the amount payable on redemption of debentures.

Debenture redemption reserve has not been created in respect of NBFC subsidiary which has privately placed debentures in accordance with the Companies (Share Capital and Debentures) Rules, 2014.

Price Waterhouse Chartered Accountants FRN 301112E Mumbai

PIRAMAL ENTERPRISES LIMITED MUMBAI

		As at March 31, 2017 Rs. in Crores		As at March 31, 2016 Rs. in Crores
GENERAL RESERVE				
At the beginning of the year	5,683.55		5,690.99	
Less : Transferred to Reserve Fund u/s 45-IC(1) of the Reserve Bank of India Act, 1934	46.37		7.44	
		5,637.18		5,683.55
FOREIGN CURRENCY TRANSLATION RESERVE				
At the beginning of the year	97.78		-	
Add: Other comprehensive income for the year	(217.48)		97.78	
Less: Income tax impact on the above	51.57		-	
		(68.13)		97.78

Exchange differences arising on translation of foreign operations are recognised in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed off.

RESERVE FUND U/S 45-IC(1) OF RESERVE BANK OF INDIA ACT, 1934				
At the beginning of the year	38.95		31.51	
Add: Amount transferred from General Reserve	46.37		7.44	
		85.32		38.95

Reserve Fund is required to be maintained u/s 45-IC(1) of the Reserve Bank of India Act, 1934 for Non Banking Financial Companies. During the current year ended March 31, 2017, PHL Fininvest Private Limited and Piramal Finance Limited have transferred an amount of Rs. 7.71 Crores (Previous Year Rs.Nil) and Rs. 38.66 Crores (Previous Year Rs. 7.44 Crores) respectively, being 20% of Profit after Tax determined in accordance with Statutory financial statements.

FVTOCI - EQUITY INSTRUMENTS				
At the beginning of the year	705.88		1,398.52	
Add: Changes in Fair value of FVTOCI Equity instruments	846.35		(692.64)	
		1,552.23		705.88

The Group has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within the FVOCI equity investments reserve within equity. The Group transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

Cash Flow Hedging Reserve				
At the beginning of the year	-		-	
Add: Transfer during the year	3.07		-	
		3.07		-

The Group uses hedging instruments as part of its management of foreign currency risk associated with its Foreign Currency Non-repatriable loans. To the extent these hedges are effective, the change in the fair value of hedging instrument is recognised in the cash flow hedging reserve.

RETAINED EARNINGS				
At the beginning of the year	5,745.29		6,066.14	
Add: Profit for the year	1,252.04		904.74	
Less: Remeasurement of Post Employment Benefit Obligations	1.62		8.15	
Less: Debenture Redemption Reserve	131.79		438.58	
Add: Transactions with Non Controlling interest	0.29		-	
Less : Dividends paid	-		778.86	
		6,864.21		5,745.29
TOTAL		14,848.06		12,913.84

On August 17, 2015, a dividend of Rs.20 per share (total dividend Rs.345.13 Crores and dividend distribution tax of Rs.70.26 crores) was paid to holders of fully paid equity shares. On March 21, 2016, a dividend of Rs.17.50 per share (total dividend of Rs.301.99 Crores and dividend distribution tax of Rs.61.48 crores) was paid to holders of fully paid equity shares.

A Dividend of Rs.21 per equity share (1050% of the face value of Rs.2/- each) amounting to Rs.362.38 Crores (Dividend Distribution Tax thereon of Rs.73.78 Crores) has been recommended by the Board of Directors which is subject to approval of the Shareholders.

Price Waterhouse Chartered Accountants FRN 301112E Mumbai

Piramal Enterprises Limited Mumbai

PIRAMAL ENTERPRISES LIMITED
Notes to the Consolidated financial statements for the year ended March 31, 2017

		As at March 31, 2017 Rs. in Crores		As at March 31, 2016 Rs. in Crores		As at April 1, 2015 Rs. in Crores
18. NON CURRENT BORROWINGS						
Secured - at amortized cost						
Term Loan From Banks						
Rupee Loans	5,532.19		1,593.40		458.10	
Foreign Currency Non Repatriable Loans	483.83		-		-	
Others	856.06		907.59		1,002.34	
		6,872.08		2,500.99		1,460.44
Term Loan from Others		1,743.33		-		-
Redeemable Non Convertible Debentures		3,098.71		598.27		-
Term Loan From financial institutions		0.04		0.13		0.21
Unsecured - at amortized cost						
Term Loan From Banks:						
Rupee Loans	-		299.31		-	
Foreign Currency Non Repatriable Loans	-		398.24		-	
Others	1,382.15		881.90		1,371.73	
		1,382.15		1,579.45		1,371.73
Redeemable Non Convertible Debentures		1,399.38		2,795.16		854.89
TOTAL		14,495.69		7,474.00		3,687.27

Terms of repayment, nature of security & rate of interest in case of Secured Loans:
A. Secured Term Loans from Banks (Rupee Loans and Others)

(Rs. in Crores)

Nature of Security	Terms of repayment	Principal Outstanding as at March 31, 2017	Principal Outstanding as at March 31, 2016	Principal Outstanding as at April 1, 2015
First Charge on the present and future Property Plant & Equipments of the company with a minimum security cover of 1.15 times.	Repayment in 10 semi annual instalments	174.99	244.99	303.33
First Pari Passu Charge on all movable and immovable Property Plant & Equipments of the borrower for Rs 100 crores with a minimum Financial Asset Cover (FACR) of 1.15 times.	Repayment in seven semi annual instalments	71.43	100.00	100.00
Hypothecation of receivables arising out of identified financial assets i.e. Borrower's investment (a) In debentures pertaining to Real Estate Sector & (b) Inter-corporate deposits pertaining to Real Estate Sector with a minimum asset cover of 1.10 times for overall facilities.	Repayment in 12 equal quarterly instalments. 1st instalment first day of the 27th month. Final Maturity 5 years from date of each drawdown.	-	500.00	-
First paripassu charge by way of hypothecation of receivables arising out of identified financial assets i.e. investment in Debentures & inter-corporate deposits pertaining to Real Estate Sector with a minimum asset cover of 1.10 times for the overall facilities.	Repayment in 3 equal tranches at the end of 24, 30 and 36 months from the date of first disbursement	-	250.00	-
Hypothecation of all movable properties of the Company i.e. plant and machinery (excluding Current Assets and Intangible Assets) both present and future at the below locations:(a) Pithampur, Madhya Pradesh (b) Ennore, Chennai (c) Digwal Village ,Medak District ,Andhra Pradesh (d) Mahad District Raigad , Madhya Pradesh and the Equitable Mortgage of all the immovable properties, both Lease Hold and Free Hold of the Company , both present and future .The charge will be on pari-passu basis with existing Term Lenders with a minimum Financial Asset Cover (FACR) of 1.15 times.	Repayment in 5 Half Yearly instalments of Rs.40 Crores each commencing 24 months after the first disbursement	200.00	200.00	-
First pari passu charge by way of hypothecation or receivables arising out of identified financial assets (to the satisfaction of the Lender) covered under loan agreements of the Borrower with a minimum asset cover of 1.10 times for the overall facilities. At any point of time ,such assets will not include those assets wherein the scheduled repayment is overdue for more than 120 days or such other days of NPA recognition as per the RBI guidelines ,whichever is lower.	Repayment in 14 unequal quarterly instalments. The first of such instalment of repayment shall fall due on the first day of the 21 st month from the date of the first drawdown.	-	250.00	-
	Repayment in 14 unequal quarterly instalments after moratorium period of 18 months	-	100.00	-

Price Waterhouse Chartered Accountants FRN 301112E Mumbai

Piramal Enterprises Limited Mumbai

Nature of Security	Terms of repayment	Principal Outstanding as at March 31, 2017	Principal Outstanding as at March 31, 2016	Principal Outstanding as at April 1, 2015
First pari passu charge by way of hypothecation over receivables of entire secured financial services investments of borrower (excluding investments in Shriram group) whether current or in future with a minimum cover of 1.10 x of the principal and accrued interest.	Moratorium of 18 months and repayment in 2 equal quarterly instalments	150.00	-	-
Charge on brands acquired on exclusive basis	Total Tenor of 30 months from date of first drawdown with 1 year moratorium and thereafter payable in three equal half yearly instalments	175.00	-	-
Charge on brands acquired on exclusive basis	Total Tenor of 30 months with 1 year moratorium and thereafter payable in three equal half yearly instalments	100.00	-	-
First pari-passu charge on the receivables present and future	Repayable quartely installments starting after twelve months from inital drawdown date	31.25	43.75	50.00
First pari-passu charge on the receivables present and future	Repayable quartely installments starting after twelve months from inital drawdown date	20.00	20.00	70.00
First pari-passu charge on the receivables present and future	Repayable in ten equal half yearly installments with moratorium period of one year from drawdown date	150.00	-	-
First pari-passu charge on the standard moveable asset including receivables and book debts present and future	Repayable in Fifteen months from drawdown date	150.00	-	-

Price Waterhouse
Chartered Accountants
FRN 301112E
Mumbai

PIRAMAL ENTERPRISES LIMITED
MUMBAI

(Rs. in Crores)

Nature of Security	Terms of repayment	Principal Outstanding as at March 31, 2017	Principal Outstanding as at March 31, 2016	Principal Outstanding as at April 1, 2015
First pari-passu charge on the standard movable assets including receivables present and future.	Repayable in twelve equal quarterly instalments commencing from 27 month of initial drawdown date	250.00	-	-
First pari-passu charge on the standard movable assets including receivables and book debts present and future	Repayable in four equal quarterly instalments commencing from 5th quarter from drawdown date	250.00	-	-
First pari-passu charge on the standard movable assets including receivables and book debts present and future	Repayable in twelve equal monthly instalments after the moratorium period of 24 month from the date of first disbursement	250.00	-	-
First pari-passu charge on the standard assets receivables	Repayable in Fifteen months from drawdown date	2,000.00	-	-
First pari-passu charge by way of hypothecation on the standard moveable assets including receivables and book debts present and future	Repayable in ten equal quarterly instalments commencing from 21st month from date of each draw down	750.00	-	-
First pari-passu charge on the standard movable assets including receivables and book debts present and future	Repayable in three years from drawdown date	700.00	-	-
First pari-passu charge by way hypothecation on the standard movable assets including receivables and book debts present and future	Repayable in four equal quarterly instalments commencing after one year from the date of first disbursement	300.00	-	-
Hypothecation of immovable properties, equipment, intellectual property, inventory, receivables and other movable property.	Repayable in 14 quarterly instalments commencing from date of disbursement	-	77.09	99.24
Fixed and floating charges over the freehold and leasehold property and all other assets owned by the company.	Repayable in 20 quarterly instalments from date of disbursement	69.82	92.97	92.35
First Charge on all tangible and intangible assets both present and future of a subsidiary	Repayable in 11 semi annual instalments from date of disbursement	843.07	925.96	918.80
Collateralized by all the assets of the subsidiary	Repayable in 16 quarterly equal instalments from date of disbursement	95.66	-	-

The effective costs for the above loans are in the range of 2.44% [GBPLIBOR +2.21 %] to 10.15 % per annum (Previous Year 3.00% [USDLIBOR+2.65%] to 10.75% per annum)

Satisfaction of charges in respect of certain repaid loans are still awaited. Creation of charges in respect of certain loans are in process.

Refer Note 44 for assets hypothecated/mortgaged as securities against the Secured Borrowings

B. Foreign Currency Non Repatriable Loans:

(Rs. in Crores)

Nature of Security	Terms of repayment	Principal Outstanding as at March 31, 2017	Principal Outstanding as at March 31, 2016	Principal Outstanding as at April 1, 2015
First pari-passu charge on the movable assets including receivables present and future	Repayable in two years from drawdown date	250.00	-	-
First pari-passu charge on the standard assets including receivables present and future	Repayable in two years from drawdown date	250.00	-	-

The effective costs for the above loans are in the range of 9.60% to 9.75% per annum

C. Term Loan from others:

(Rs. in Crores)

Nature of Security	Terms of repayment	Principal Outstanding as at March 31, 2017	Principal Outstanding as at March 31, 2016	Principal Outstanding as at April 1, 2015
First pari-passu charge on hypothecation of receivables present and future	Repayable in five equal quarterly instalments commencing 24 Month from the date of first disbursement	250.00	-	-
First pari-passu charge on hypothecation of receivables present and future	Repayable in 21 months from drawdown date	1,500.00	-	-

The effective costs for the above loans are in the range of 9.65% to 10% per annum

Price Waterhouse
Chartered Accountants
FRN 301112E
Mumbai

PIRAMAL ENTERPRISES LIMITED
MUMBAI

D. Secured Debentures:

(Rs. in Crores)

Particulars	Nature of Security	Terms of Repayment	Principal Outstanding as at March 31, 2017	Principal Outstanding as at March 31, 2016	Principal Outstanding as at April 1, 2015
5000 (payable annually) 9.25% Secured Rated Listed Redeemable Non Convertible Debentures of Rs.1,000,000 each	Secured by First Pari Passu non exclusive charge by hypothecation over the specified identified receivables and a first ranking pari passu mortgage over Specifically Mortgaged Premises or such other property as may be identified by the Company as set out in the Debenture Trust Deed and the Deed of Hypothecation.	Series A - Rs. 250 Crores redeemable at par at the end of 730 days from the date of allotment and Series B - Rs.250 Crores redeemable at par at the end of 762 days from the date of allotment	500.00	500.00	-
1000 (payable annually) 9.40% Secured Rated Listed Redeemable Non Convertible Debentures of Rs.1,000,000 each	Secured by a First Pari Passu mortgage over Specifically Mortgaged Premises and a first pari passu hypothecation over portions of specific identified Receivables as set out in the Debenture Trust Deed and the Deed of Hypothecation.	Option I - Rs. 50 Crores redeemable at par at the end of 729 days from the date of allotment and Option II - Rs.50 Crores redeemable at par at the end of 1094 days from the date of allotment	100.00	100.00	-
400 (payable annually) 9.383% Secured Rated Listed Redeemable Non Convertible Debentures of Rs.1,000,000 each	Secured by a First Pari Passu mortgage over specifically Mortgaged Premises and a first pari passu hypothecation over portions of specific identified Receivables as set out in the Debenture Trust Deed and the Deed of Hypothecation.	The amount of Rs 40 Crores redeemable at par at the end of 561 days from the date of allotment	40.00	-	-
400 (payable annually) 9.57% Secured Rated Listed Redeemable Non Convertible Debentures of Rs.1,000,000 each	Secured by a First Pari Passu mortgage over specifically Mortgaged Premises and a first pari passu hypothecation over portions of specific identified Receivables as set out in the Debenture Trust Deed and the Deed of Hypothecation.	The amount of Rs 40 Crores redeemable at par at the end of 1093 days from the date of allotment	40.00	-	-
250 (payable annually) 9.57% Secured Rated Listed Redeemable Non Convertible Debentures of Rs.1,000,000 each	Secured by a First Pari Passu mortgage over specifically Mortgaged Premises and a first pari passu hypothecation over portions of specific identified Receivables as set out in the Debenture Trust Deed and the Deed of Hypothecation.	The amount of Rs 25 Crores redeemable at par at the end of 1093 days from the date of allotment	25.00	-	-
350 (payable annually) 9.75% Secured Rated Listed Redeemable Non Convertible Debentures of Rs.1,000,000 each	Secured by a First Pari Passu mortgage over specifically Mortgaged Premises and a first pari passu hypothecation over portions of specific identified Receivables as set out in the Debenture Trust Deed and the Deed of Hypothecation.	The amount of Rs 35 Crores redeemable at par at the end of 3652 days from the date of allotment	35.00	-	-
1500 (payable annually) 9.45% Secured Rated Listed Redeemable Non Convertible Debentures of Rs.1,000,000 each	Secured by a First Pari Passu mortgage over specifically Mortgaged Premises and a first pari passu hypothecation over portions of specific identified Receivables as set out in the Debenture Trust Deed and the Deed of Hypothecation.	Option I - Rs. 50 Crores redeemable at par at the end of 1092 days from the date of allotment and Option II - Rs.100 Crores redeemable at par at the end of 1107 days from the date of allotment	150.00	-	-
100 (payable annually) 9.57% Secured Rated Listed Redeemable Non Convertible Debentures of Rs.1,000,000 each	Secured by a First Pari Passu mortgage over specifically Mortgaged Premises and a first pari passu hypothecation over portions of specific identified Receivables as set out in the Debenture Trust Deed and the Deed of Hypothecation.	The amount of Rs 10 Crores redeemable at par at the end of 1826 days from the date of allotment	10.00	-	-

Price Waterhouse
Chartered Accountants
FRN 301112E
Mumbai

PIRAMAL ENTERPRISES LIMITED
MUMBAI

Particulars	Nature of Security	Terms of Repayment	Principal Outstanding as at March 31, 2017	Principal Outstanding as at March 31, 2016	Principal Outstanding as at April 1, 2015
50 (payable annually) 9.75% Secured Rated Listed Redeemable Non Convertible Debentures of Rs.1,000,000 each	Secured by a First Pari Passu mortgage over specifically Mortgaged Premises and a first pari passu hypothecation over portions of specific identified Receivables as set out in the Debenture Trust Deed and the Deed of Hypothecation.	The amount of Rs 5 Crores redeemable at par at the end of 3650 days from the date of allotment	5.00	-	-
3000 (payable annually) 9.45% Secured Rated Listed Redeemable Non Convertible Debentures of Rs.1,000,000 each	Secured by a First Pari Passu mortgage over specifically Mortgaged Premises and a first pari passu hypothecation over portions of specific identified Receivables as set out in the Debenture Trust Deed and the Deed of Hypothecation.	Series 1 - The amount of Rs 150 Crores redeemable at par at the end of 1050 days from the date of allotment. Series II -The amount of Rs 150 Crores redeemable at the end of 1090 days from the date of allotment	300.00	-	-
2000 (payable annually) 9.38% Secured Rated Listed Redeemable Non Convertible Debentures of Rs.1,000,000 each	Secured by a First Pari Passu mortgage over specifically Mortgaged Premises and a first pari passu hypothecation over portions of specific identified Receivables as set out in the Debenture Trust Deed and the Deed of Hypothecation.	The amount of Rs 200 Crores redeemable at par at the end of 1095 days from the date of allotment	200.00	-	-
150 (payable annually) 9.38% Secured Rated Listed Redeemable Non Convertible Debentures of Rs.1,000,000 each	Secured by a First Pari Passu mortgage over specifically Mortgaged Premises and a first pari passu hypothecation over portions of specific identified Receivables as set out in the Debenture Trust Deed and the Deed of Hypothecation.	The amount of Rs 15 Crores redeemable at par at the end of 1109 days from the date of allotment	15.00	-	-
1000 (payable annually) 9.25% Secured Rated Listed Redeemable Non Convertible Debentures of Rs.1,000,000 each	Secured through a First Pari Passu charge by hypothecation over specific identified Receivables and a first ranking pari passu mortgage over specifically mortgaged premises or such other property as may be identified by the company as set out in the Debenture Trust deed	The amount of Rs 100 Crores redeemable at par at the end of 728 days from the date of allotment	100.00	-	-
1000 (payable annually) 9.264% Secured Rated Listed Redeemable Non Convertible Debentures of Rs.1,000,000 each	Secured through a First Pari Passu charge by hypothecation over specific identified Receivables and a first ranking pari passu mortgage over specifically mortgaged premises or such other property as may be identified by the company as set out in the Debenture Trust deed and Deed of Hypothecation	The amount of Rs 100 Crores redeemable at par at the end of 970 days from the date of allotment	100.00	-	-

Price Waterhouse Chartered Accountants FRN 301112E Mumbai

PIRAMAL ENTERPRISES LIMITED MUMBAI

Particulars	Nature of Security	Terms of Repayment	Principal Outstanding as at March 31, 2017	Principal Outstanding as at March 31, 2016	Principal Outstanding as at April 1, 2015
100 (payable annually) 9.267% Secured Rated Listed Redeemable Non Convertible Debentures of Rs.1,000,000 each	Secured through a First Pari Passu charge by hypothecation over specific identified Receivables and a first ranking pari passu mortgage over specifically mortgaged premises or such other property as may be identified by the company as set out in the Debenture Trust deed and Deed of Hypothecation	The amount of Rs 10 Crores redeemable at par at the end of 963 days from the date of allotment	10.00	-	-
200 (payable annually) 9.267 % Secured Rated Listed Redeemable Non Convertible Debentures of Rs.1,000,000 each	Secured through a First Pari Passu charge by hypothecation over specific identified Receivables and a first ranking pari passu mortgage over specifically mortgaged premises or such other property as may be identified by the company as set out in the Debenture Trust deed and Deed of Hypothecation	The amount of Rs 20 Crores redeemable at par at the end of 962 days from the date of allotment	20.00	-	-
500 (payable annually) 8.95 % Secured Rated Listed Redeemable Non Convertible Debentures of Rs.1,000,000 each	Secured through a First Pari Passu charge by hypothecation over specific identified Receivables and a first ranking pari passu mortgage over specifically mortgaged premises or such other property as may be identified by the company as set out in the Debenture Trust deed and Deed of Hypothecation	The amount of Rs 50 Crores redeemable at par at the end of 646 days from the date of allotment	50.00	-	-
10,000 Secured , Rated, Listed, Redeemable Non Convertible Debentures (NCD's) each having face value of Rs. 1,000,000	First pari-passu charge by hypothecation over the movable assets and a first ranking pari passu mortgage over Specifically Mortgaged Property	Repayable after 1093 days from the date of allotment. ; with put option	1,000.00	-	-
250 Secured , Rated, Listed, Redeemable Non Convertible Debentures (NCD's) each having face value of Rs. 1,000,000	First pari-passu charge by hypothecation over the movable assets and a first ranking pari passu mortgage over Specifically Mortgaged Property	Repayable after 1093 days from the date of allotment.	25.00	-	-
3,000 Secured Rated, Unlisted, Redeemable Non Convertible Debentures (NCD's) each having face value of Rs. 1,000,000	First pari-passu charge by hypothecation over the movable assets and a first ranking pari passu mortgage over Specifically Mortgaged Property	Repayable after 1001 days from the date of allotment.	300.00	-	-
3,500 Secured , Rated, Listed, Redeemable Non Convertible Debentures (NCD's) each having face value of Rs. 1,000,000	First pari-passu charge by hypothecation over the movable assets and a first ranking pari passu mortgage over Specifically Mortgaged Property	Repayable after 728 days from the date of allotment.	350.00	-	-
50 Secured Rated, Listed, Redeemable Non Convertible Debentures (NCD's) each having face value of Rs. 1,000,000	First pari-passu charge by hypothecation over the movable assets and a first ranking pari passu mortgage over Specifically Mortgaged Property	Repayable after 2555 days from the date of allotment.	5.00	-	-
2,000 Secured Rated, Listed, Redeemable Non Convertible Debentures (NCD's) each having face value of Rs. 1,000,000	First pari-passu charge by hypothecation over the movable assets and a first ranking pari passu mortgage over Specifically Mortgaged Property	Repayable after 1152 days from the date of allotment	200.00	-	-
1,500 Secured Rated, Listed, Redeemable Non Convertible Debentures (NCD's) each having face value of Rs. 1,000,000 ; with 50% partly paid and issued	First pari-passu charge by hypothecation over the movable assets and a first ranking pari passu mortgage over Specifically Mortgaged Property	Repayable after 1093 days from the date of allotment ; with a put option	750.00	-	-
3,000 Secured Rated, Listed, Redeemable Non Convertible Debentures (NCD's) each having face value of Rs. 1,000,000	First pari-passu charge by hypothecation over the movable assets and a first ranking pari passu mortgage over Specifically Mortgaged Property	Repayable after 549 days from the date of allotment	300.00	-	-

The effective costs for the above loans are in the range of 7.75% to 9.57% per annum (Previous year 9.25-9.40 %)
Creation of charges in respect of certain debentures are in process.
Refer Note 44 for assets hypothecated/mortgaged as securities against the Secured Borrowings

E. Term loans from financial institutions

(Rs. in Crores)

Nature of Security	Terms of repayment	Principal Outstanding as at March 31, 2017	Principal Outstanding as at March 31, 2016	Principal Outstanding as at April 1, 2015
First pari passu charge on motor cars of a subsidiary.	Repayable in 48 equal monthly instalments commencing from October 10, 2014. Interest to be paid @ 10.23% p.a.	0.12	0.21	0.27

Price Waterhouse Chartered Accountants FRN 301112E Mumbai

PIRAMAL ENTERPRISES LIMITED MUMBAI

Terms of repayment & rate of interest in case of Unsecured Loans:
A. Unsecured Term Loans

(Rs. in Crores)

Particulars	Payment Terms	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Long term Unsecured loans from banks	Repayment from the date of disbursement repayment at the end of 15th month for Rs.75 Crores ,at the end of 16th month for Rs.75 Crores and at the end of 17th month for Rs.100 Crores	-	250.00	-
	Repayment on September 4, 2017 for an amount of Rs.100 Crores	100.00	100.00	-
	Repayment on April 10, 2017 for an amount of Rs.200 Crores	-	200.00	-
	Repayable in 6 semi annual instalments from date of drawdown	43.45	132.65	208.39
	Repayable in 7 semi annual instalments from date of drawdown	20.34	71.58	115.45
	Repayable in 6 semi annual instalments from date of drawdown##	118.74	193.98	201.37
	Repayment on October 11, 2017	1040.87	-	-
	Repayment on February 26, 2018	291.83	-	-
	Repayable in 8 half yearly instalments from date of drawdown	-	1,093.27	1,343.86
	Repayable in 6 monthly equal instalments from date of drawdown	-	-	41.71
Long term Unsecured foreign currency Non Repatriable loans from banks	Repayment on June 30, 2017 for an amount of Rs.250 Crores	249.47	249.47	-
	Repayment on August 21, 2017 for an amount of Rs.150 Crores	-	149.46	-

The effective costs for the above loans are in the range of 3.48% [GBPLIBOR + 2.63 %] to 10% per annum (Previous Year 3.45% [GBPLIBOR + 2.63%] to 10% per annum)

Subsequent to the year end, this loan has been repaid voluntarily ahead of the scheduled repayment dates.

Price Waterhouse
Chartered Accountants
FRN 301112E
Mumbai

PIRAMAL ENTERPRISES LIMITED
MUMBAI

B. Unsecured Debentures

(Rs. in Crores)

Particulars	Terms of Repayment	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
3,500 9.66% (payable annually) Unsecured Redeemable Non Convertible Debentures of Rs.1,000,000 each	Redeemable at par at the end of 5th year from the allotment date The same has been redeemed on February 8, 2016	-	-	350.00
5,000 9.43% Unsecured Redeemable Non Convertible Debentures of Rs.1,000,000 each*	Series A - Rs. 350 Crores redeemable at par at the end of 731 days from the date of allotment and Series B - Rs.100 Crores redeemable at par at the end of 1095 days from the date of allotment , Series C - Rs.50 Crores redeemable at par at the end of 1095 days from the date of allotment	150	500.00	500.00
4,000 9.15% (payable annually) Unsecured Redeemable Non Convertible Debentures Rs.1,000,000 each	Series A - Rs. 150 Crores redeemable at par at the end of 711 days from the date of allotment and Series B - Rs.150 Crores redeemable at par at the end of 746 days from the date of allotment and Series C -Rs.100 Crores redeemable at par at the end of 767 days from the date of allotment	400	400.00	-
1,000 9.25% (payable annually) Unsecured Redeemable Non Convertible Debentures Rs.1,000,000 each	Series D - Rs.100 Crores redeemable at par at the end of 1096 days from the date of allotment	100.00	100.00	-
2,350 9.13% (payable annually) Unsecured Redeemable Non Convertible Debentures Rs.1,000,000 each	Series A - Rs. 235 Crores redeemable at par at the end of 731 days from the date of allotment	235.00	235.00	-
3,850 9.22% (payable annually) Unsecured Redeemable Non Convertible Debentures Rs.1,000,000 each	Series B - Rs. 100 Crores redeemable at par at the end of 1092 days from the date of allotment and Series C - Rs. 285 Crores redeemable at par at the end of 1096 days from the date of allotment	385.00	385.00	-
1,550 9.18% (payable annually) Unsecured Redeemable Non Convertible Debentures Rs.1,000,000 each	Series I - Rs. 75 Crores redeemable at par at the end of 532 days from the date of allotment and Series II - Rs.15 Crores redeemable at par at the end of 644 days from the date of allotment and Series III -Rs.65 Crores redeemable at par at the end of 731 days from the date of allotment	80	155.00	-
2,500 9.27% (payable annually) Unsecured Redeemable Non Convertible Debentures of Rs.1,000,000 each	Series I - Rs. 250 Crores redeemable at par at the end of 581 days from the date of allotment	-	250.00	-
2,450 9.27% (payable annually) Unsecured Redeemable Non Convertible Debentures of Rs.1,000,000 each	Series IV - Rs. 21 Crores redeemable at par at the end of 974 days from the date of allotment and Series V - Rs. 224 Crores redeemable at par at the end of 1112 days from the date of allotment	245.00	245.00	-
2,000 9.35% (payable annually) Unsecured Redeemable Non Convertible Debentures Rs.1,000,000 each	Series II - Rs. 200 Crores redeemable at par at the end of 731 days from the date of allotment	200.00	200.00	-
2,000 9.40% (payable annually) Unsecured Redeemable Non Convertible Debentures Rs.1,000,000 each	Series III - Rs. 200 Crores redeemable at par at the end of 1092 days from the date of allotment	200.00	200.00	-
7,000 9.40% (payable monthly) Unsecured Redeemable Non Convertible Debentures Rs.1,000,000 each	Option I - Rs. 400 Crores redeemable at par at the end of 1103 days from the date of allotment and Option II - Rs. 300 Crores redeemable at par at the end of 1132 days from the date of allotment	-	700.00	-
1,000 9.33% (payable annually) Unsecured Redeemable Non Convertible Debentures Rs.1,000,000 each	The amount of Rs. 100 Crores redeemable at par at the end of 517 days from the date of allotment	100.00	100.00	-
5,000 Unsecured, Subordinated, Tier II, Rated, Listed, Redeemable Non Convertible Debentures (NCD's) each having face value of Rs. 1,000,000	The NCD's are repayable after 10 years from the date of allotment	500.00	-	-
500 Unsecured, Unlisted, Redeemable Non Convertible Debentures (NCD's) each having face value of Rs. 1,000,000	The NCD's are repayable on 12 March 2016.	-	-	50.00

The effective costs for the above loans are in the range of 9.13% to 10.65% per annum
* Interest on Series A & B is payable annually. Interest on Series C is payable at maturity

19. OTHER FINANCIAL LIABILITIES - NON-CURRENT

	As at March 31, 2017 Rs. in Crores	As at March 31, 2016 Rs. in Crores	As at April 1, 2015 Rs. in Crores
Derivative Financial Liabilities	-	4.03	-
Lease Equalisation Liability	5.79	7.15	0.25
Employee related liabilities	-	-	0.64
Contingent consideration	141.79	35.98	-
Deposits Received	2.90	-	1.64
TOTAL	150.48	47.16	2.53

Price Waterhouse Chartered Accountants FRN 301112E Mumbai

PIRAMAL ENTERPRISES LIMITED MUMBAI

	As at March 31, 2017 Rs. in Crores	As at March 31, 2016 Rs. in Crores	As at April 1, 2015 Rs. in Crores
20. NON-CURRENT PROVISIONS			
Provision for employee benefits (Refer Note 42)	34.95	23.11	19.92
Provision for grants-committed *	4.91	15.58	24.29
Provision for Onerous contracts *	4.25	10.08	1.06
Provision for incentive*	29.48	22.60	-
Others	-	-	3.73
TOTAL	73.59	71.37	49.00

* Refer Note 51 for movements during the year

	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
21. DEFERRED TAX LIABILITIES (NET)						
(a) Deferred Tax Liabilities on account of temporary differences						
- Fair Valuation of Investment	15.43		8.21		7.28	
- Unamortised Distribution Expenses	6.70		9.54		12.83	
- Share of undistributed earnings of associates	11.60		10.75		6.70	
- Others	0.85		6.18		9.62	
		34.58		34.68		36.43
(b) Deferred Tax Asset on account of temporary differences						
- Unused tax credits / losses	-		-		(0.39)	
- Property, Plant and Equipment and Intangible assets	(0.97)		(0.65)		(0.31)	
- Expenses that are allowed on payment basis	(1.68)		(3.77)		(1.92)	
- Others	(1.18)		-		-	
		(3.83)		(4.42)		(2.62)
TOTAL		30.75		30.26		33.81

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
22. OTHER NON-CURRENT LIABILITIES			
Deferred Government grant related to assets	4.06	5.03	3.50
Other grants related to assets	28.30	22.98	-
Deferred Revenue	2.87	0.29	0.92
TOTAL	35.23	28.30	4.42

	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
23. CURRENT BORROWINGS						
Secured - at amortised cost						
Loans from banks						
- Working capital Demand Loan	35.05		134.60		121.61	
- Overdraft with banks	175.70		131.93		89.92	
- Collaterized Debt Obligations (Refer Note 10)	20.59		66.30		-	
		231.34		332.83		211.53
Unsecured - at amortised cost						
Loans from banks						
Rupee Loans						
- Repayable on demand	1,147.06		526.38		537.01	
- Others	1.01		13.42		8.38	
Foreign Currency Non repatriable Loans	146.29		-		-	
Others	1,039.12		-		-	
Commercial Papers	9,514.66		5,951.30		2,039.62	
Loans from related parties (Refer Note 43)	-		5.00		-	
		11,848.14		6,496.10		2,585.01
TOTAL		12,079.48		6,828.93		2,796.54

Note:

Description of loan	Terms of repayment	Rate of Interest
Secured Loans:		
Working capital Demand Loan	At Call	10.45 % pa
Overdraft with banks	At Call	4.25 % to 13 % pa
Collaterized Debt Obligations	At the end of credit period (maximum 60 days from the date of sale)	0.80 % to 1.50 % pa
Unsecured Loans:		
Commercial Papers	Repayable within 365 days from date of disbursement	7.45 % to 9.25 % pa
Loans from related parties	At Call	8.76 % pa
Rupee Loans	At Call	8.10 % to 9.00 % pa
Foreign Currency Loans	Repayable within 365 days from date of disbursement	9.40 % to 9.80 % pa
Others (Loans from Banks)	Repayable within 365 days from date of disbursement	2.13 % to 4.41 % pa
Others (PCFC)	At Call	0.80 % to 1.50 % pa

Refer Note 44 for assets hypothecated/mortgaged as securities against the Secured Borrowings

Price Waterhouse
Chartered Accountants
FRN 301112E
Mumbai

PIRAMAL ENTERPRISES LIMITED
MUMBAI

		March 31, 2017 Rs. in Crores	March 31, 2016 Rs. in Crores	April 1, 2015 Rs. in Crores
24.	**OTHER FINANCIAL LIABILITIES - CURRENT**			
	Current maturities of long-term debt (Refer Note 18)	3,875.81	1,975.86	702.53
	Deferred Consideration (Refer Note 40)	998.72	73.55	-
	Unpaid Dividend (Refer Note below)	15.94	19.46	13.05
	Lease Equalisation	1.46	0.82	-
	Employee related liabilities	142.84	161.36	87.25
	Capital Creditors	42.74	8.49	5.91
	Retention money	-	1.50	-
	Security Deposits Received	1.44	4.21	1.25
	Derivative Financial Liabilities	30.73	-	-
	Other payables	2.93	1.97	5.32
	TOTAL	5,112.61	2,247.22	815.31

There are no amounts due and outstanding to be credited to Investor Education and Protection Fund as at the year end.

		March 31, 2017 Rs. in Crores	March 31, 2016 Rs. in Crores	April 1, 2015 Rs. in Crores
25.	**OTHER CURRENT LIABILITIES**			
	Advance From Customers	124.78	47.43	45.42
	Income received in advance	-	1.65	-
	Deferred Revenue	273.92	366.73	300.18
	Deferred Government grant related to assets	0.20	-	-
	Deferred rent	6.95	4.80	-
	Statutory Dues	44.66	38.31	52.64
	TOTAL	450.51	458.92	398.24

		As at March 31, 2017 Rs. in Crores	As at March 31, 2016 Rs. in Crores	As at April 1, 2015 Rs. in Crores
26.	**CURRENT PROVISIONS**			
	Provision for employee benefits (Refer Note 42)	85.32	44.76	18.44
	Provision for Expected Credit Loss on Loan Commitments (Refer Note 50 (f))	6.36	39.93	25.34
	Provision for Wealth Tax	0.21	0.21	0.21
	Provision for Onerous contracts *	5.11	7.11	35.49
	Provision for grants-committed *	12.97	13.25	-
	Provision for Litigations & Disputes *	3.50	13.39	26.42
	TOTAL	113.47	118.65	105.90

* Refer Note 51 for movements during the year

		As at March 31, 2017 Rs. in Crores	As at March 31, 2016 Rs. in Crores	As at April 1, 2015 Rs. in Crores
27.	**CURRENT TAX LIABILITIES (NET)**			
	Provision for Income Tax [Net of Advance Tax of Rs 404.44 Crores as on March 31, 2017, Rs. 162.12 Crores as on March 31, 2016 and Rs.442.25 Crores as on April 1, 2015]	37.48	23.87	15.91
	TOTAL	37.48	23.87	15.91

Price Waterhouse
Chartered Accountants
FRN 301112E
Mumbai

PIRAMAL ENTERPRISES LIMITED
MUMBAI

	As at March 31, 2017 Rs. in Crores	As at March 31, 2016 Rs. in Crores	As at April 1, 2015 Rs. in Crores
28 CONTINGENT LIABILITIES AND COMMITMENTS			
A Contingent liabilities			
1 Claims against the Company not acknowledged as debts:			
- Demand dated June 5, 1984 the Government has asked for payment to the credit of the Drugs Prices Equalisation Account, the difference between the common sale price and the retention price on production of Vitamin 'A' Palmitate (Oily Form) from January 28, 1981 to March 31, 1985 not accepted by the Company. The Company has been legally advised that the demand is untenable.	0.61	0.61	0.61
2 Guarantees issued (Other than Financial Guarantees)	7.69	9.06	5.54
3 Letter of Comfort issued by a subsidiary	14.00	-	-
4 Others			
i. Appeals filed in respect of disputed demands:			
Income Tax			
- where the Company is in appeal	683.86	732.45	744.39
- where the Department is in appeal	142.23	144.25	144.25
Sales Tax	17.66	14.43	15.41
Central / State Excise	22.08	10.36	18.29
Labour Matters	0.16	0.39	0.42
Stamp Duty	4.05	4.05	4.05
Legal Cases	8.50	8.50	8.50
ii. Unexpired Letters of Credit	8.07	12.61	10.58
5 Dividend payable on Compulsorily Convertible Preference Shares and tax thereon	9.76	-	-

Note: Future cash outflows in respect of 1 and 4(i) above are determinable only on receipt of judgments/decisions pending with various forums/authorities.

	As at March 31, 2017 Rs. in Crores	As at March 31, 2016 Rs. in Crores	As at April 1, 2015 Rs. in Crores
B Commitments			
a. Estimated amount of contracts remaining to be executed on capital account and not provided for	210.10	57.85	63.08
b. Other Commitments			
Commitment to Invest in Non Convertible Debentures	106.45	1,257.45	798.94
Loan Commitments	230.40	115.50	110.00
Commitment to invest in Inter Company Deposits	-	439.95	60.00
Commitment to invest in Optionally Convertible Debentures	-	-	100.00
Commitment to invest in Alternative Investment Funds	75.00	85.00	-
The Company has imported raw materials at concessional rates, under the Advance License Scheme of the Government of India, to fulfil conditions related to quantified exports in stipulated period	9.38	15.44	21.64

Price Waterhouse
Chartered Accountants
FRN 301112E
Mumbai

PIRAMAL ENTERPRISES LIMITED
MUMBAI

		Year ended March 31, 2017 Rs. in Crores		Year ended March 31, 2016 Rs. in Crores
29. REVENUE FROM OPERATIONS				
Sale of products (including excise duty)	3,473.84		3,062.28	
Sale of Services	1,813.85		1,643.27	
Income of financing activities:				
Interest income on instruments measured at amortised cost	2,929.41		1,498.91	
Income on instruments mandatorily measured at FVTPL	208.65		86.32	
Dividend income on instruments designated at FVTOCI (refer Note below)	32.47		32.80	
Others	22.91		33.22	
		8,481.13		6,356.80
Other operating revenues				
Processing Charges Received	2.88		2.89	
Miscellaneous Income	62.74		21.79	
		65.62		24.68
TOTAL		**8,546.75**		**6,381.48**

All dividends from equity investments designated as at FVTOCI recognised for both the years relate to investments held at the end of each reporting period. There was no dividend income relating to investments derecognized during the reporting period.

30. OTHER INCOME (NET)

	Year ended March 31, 2017	Year ended March 31, 2016
Interest Income on Financial Assets		
- On Loans and Bank Deposits (at amortised costs)	99.80	104.49
Dividend Income		
- On Current Investments at FVTPL	18.12	7.31
Gain on sale of investments measured at FVTPL	24.23	1.94
Other Gains & Losses:		
- Exchange Gain (Net)	45.46	102.39
Rent Received	1.79	1.54
Miscellaneous income	44.35	33.99
TOTAL	**233.75**	**251.66**

31. COST OF MATERIALS CONSUMED

	Year ended March 31, 2017	Year ended March 31, 2016
Opening Inventory	254.82	248.53
Add: Inventory acquired on business combination (Refer note 40)	17.06	-
Add: Purchases	1,093.67	1,267.77
Less: Closing Inventory	243.53	254.82
TOTAL	**1,122.02**	**1,261.48**

32. PURCHASES OF STOCK-IN-TRADE

	Year ended March 31, 2017	Year ended March 31, 2016
Traded Goods	268.64	109.13
TOTAL	**268.64**	**109.13**

Price Waterhouse
Chartered Accountants
FRN 301112E
Mumbai

PIRAMAL ENTERPRISES LIMITED

		Year ended March 31, 2017 Rs. in Crores		Year ended March 31, 2016 Rs. in Crores
33. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE				
OPENING STOCKS :				
Work-in-Progress	256.54		221.02	
Finished Goods	148.19		129.48	
Stock-in-trade	18.79		6.35	
Less : Excise Duty	3.34		1.34	
		420.18		355.51
ADD: INVENTORY ACQUIRED ON BUSINESS COMBINATION (Refer note 40)				
Work-in-Progress	19.15		-	
Finished Goods	2.01		-	
Less : Excise Duty	-		-	
		21.16		-
CLOSING STOCKS :				
Work-in-Progress	270.53		256.54	
Finished Goods	115.40		148.19	
Stock-in-trade	48.08		18.79	
Less : Excise Duty	3.11		3.34	
		430.90		420.18
TOTAL		10.44		(64.67)

34. EMPLOYEE BENEFITS EXPENSE

Salaries and Wages	1,604.59	1,517.97
Contribution to Provident and Other Funds	81.54	68.76
Gratuity Expense	3.61	2.76
Staff Welfare	104.13	93.56
TOTAL	1,793.87	1,683.05

35. FINANCE COSTS

Finance Charge on financial liabilities measured at amortised cost	2,000.62	953.69
Interest on Income Tax	-	0.02
Other borrowing costs	30.36	5.36
TOTAL	2,030.98	959.07

During the year, the Company has capitalized borrowing costs of Rs.14.26 Crores (Previous year Rs.NIL) relating to projects, included in Capital Work in Progress. The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the Company's general borrowings during the year, in this case 9.00% (Previous year NIL).

Price Waterhouse
Chartered Accountants
FRN 301112E
Mumbai

PIRAMAL ENTERPRISES LIMITED
MUMBAI

36. OTHER EXPENSES

		Year ended March 31, 2017 Rs. in Crores		Year ended March 31, 2016 Rs. in Crores
Processing Charges		35.76		8.87
Consumption of Stores and Spares Parts		86.74		77.39
Consumption of Laboratory materials		27.03		28.36
Power, Fuel and Water Charges		101.03		98.73
Repairs and Maintenance				
Buildings	30.54		28.52	
Plant and Machinery	64.34		61.90	
Others	25.58		17.18	
		120.46		107.60
Rent				
Premises	85.66		79.16	
Leasehold Land	0.13		0.07	
Other Assets	20.27		21.06	
		106.06		100.29
Rates & Taxes (includes excise duty)		77.42		62.25
Insurance		27.87		27.20
Travelling Expenses		107.46		93.60
Directors' Commission		1.84		1.80
Directors' Sitting Fees		0.92		0.87
Capital Work in Progress written off		-		4.72
Expected Credit Loss on Trade Receivables (Refer Note no 10)		7.87		8.65
Expected Credit Loss on Financial Assets (including Commitments)(Refer Note no 50 (f))		154.98		167.74
Loss on Sale of Non Current Investments (Net)		-		0.48
Advances written off		0.01		0.21
Property, Plant & Equipments Written Off		-		6.21
Loss on Sale of Property Plant & Equipments (Net)		7.16		2.29
Advertisement and Business Promotion Expenses		179.62		149.30
Donations		2.43		15.34
Expenditure towards Corporate Social Responsibility activities		39.47		25.86
Contribution to Electoral Trust		24.60		-
Freight		47.74		39.08
Export expenses		3.70		3.85
Clearing and Forwarding Expenses		35.11		13.54
Communication and Postage		33.95		30.91
Printing and Stationery		15.84		15.37
Claims		3.79		3.87
Legal Charges		14.71		11.72
Professional Charges		170.47		170.75
Royalty Expense		31.19		34.82
Service Charges		1.92		0.58
Information Technology Costs		68.73		51.08
Market research		104.67		113.14
R & D Expenses (Net)		100.75		144.62
Commission on fund raising		14.47		15.01
Miscellaneous Expenses		53.77		39.18
TOTAL		1,809.54		1,675.28

Note

Details in respect of Corporate Social Responsibility Expenditure:

- Gross amount required to be spent during the year – Rs.10.81 crores
- Amount spent during the year on Revenue Expenditure – Rs.39.47 crores
- Amount spent during the year on Capital Expenditure - Rs.Nil

Price Waterhouse Chartered Accountants FRN 301112E Mumbai

PIRAMAL ENTERPRISES LIMITED MUMBAI

37. EXCEPTIONAL ITEMS INCOME /(EXPENSES) (Net)

	Year ended March 31, 2017 Rs. in Crores	Year ended March 31, 2016 Rs. in Crores
Gain on sale of properties (Refer note 37 (a))	-	70.23
Income associated with R&D scale down (Refer note 47 (a))	-	2.56
Loss on Sale of Piramal Clinical Research Business (Refer note 37 (b))	-	(2.60)
Loss on impairment of assets (Refer note 37 (c))	-	(15.09)
Onerous contract expenses (net) (Refer note 37 (d))	-	(0.16)
Employee Severance costs (Refer note 37 (e))	(9.95)	(9.28)
TOTAL	**(9.95)**	**45.66**

a) During the previous year, the Company had sold certain properties having a written down value of Rs.11.07 crores for Rs. 81.30 crores resulting in a gain of Rs.70.23 crores.

b) During the previous year, the Company sold its clinical research business known as PCR business. Property Plant & Equipments of this division along with the employees were transferred on a slump sale basis as a part of the transaction for a consideration of Rs.4.64 crores, resulting in a loss of Rs.2.60 crores.

c) Loss on impairment of assets comprises impairment of certain tangible assets and Altaselect brand in Piramal Critical Care Italia S.P.A in the previous year;

d) During the previous year, Piramal Healthcare Canada Limited sold its brand BST Cargel to Smith & Nephew Orthopaedics AG for a consideration of USD 5 Million (equivalent Rs. 33.13 crores).The resultant loss of Rs. 0.16 Crores has been disclosed under exceptional expenses above.

e) Employee Severance costs consists of amounts paid to employees as a part of management separation programme.

38. OTHER COMPREHENSIVE INCOME / (EXPENSE)

	Year ended March 31, 2017 Rs. in Crores	Year ended March 31, 2016 Rs. in Crores
Other Comprehensive Income / (Expense) related to:		
Fair Valuation of Equity investments	846.35	(692.64)
Remeasurement of post-employment benefit obligations	(1.54)	(8.15)
Share of other comprehensive income of associates accounted for using the equity method	(0.08)	-
Deferred gains / (losses) on cash flow hedges	3.07	-
Exchange differences on translation of foreign operations	(165.91)	97.78
TOTAL	**681.89**	**(603.01)**

Price Waterhouse
Chartered Accountants
FRN 301112E
Mumbai

PIRAMAL ENTERPRISES LIMITED
MUMBAI

39 Interests in other entities

(a) Subsidiaries

The Group's subsidiaries at March 31, 2017 are set out below.
Unless otherwise stated, they have share capital consisting solely of equity shares that are held directly by the group, and the proportion of ownership interests held equals the voting rights held by the group.
The country of incorporation or registration is also their principal place of business.

Sr. No.	Name of the Company	Principal place of business / Country of incorporation	Ownership interest held by the group	Ownership interest held by non-controlling interests	Principal Activity
			% voting power held as at March 31, 2017	% voting power held as at March 31, 2017	
1	PHL Fininvest Private Limited	India	100%	-	Financial Services
2	Searchlight Health Private Limited (w.e.f. December 23, 2016) (formerly known as Health Superhiway Private Limited)	India	51%	49%	Information Management
3	Piramal International	Mauritius	100%	-	Holding Company
4	Piramal Holdings (Suisse) SA	Switzerland	100%	-	Holding Company
5	Piramal Imaging SA*	Switzerland	98.34%	1.66%	Pharmaceutical manufacturing and services
6	Piramal Imaging GmbH *	Germany	100%	-	Pharmaceutical manufacturing and services
7	Piramal Imaging Limited*	U.K.	100%	-	Pharmaceutical manufacturing and services
8	Piramal Critical Care Italia, S.P.A**	Italy	100%	-	Pharmaceutical manufacturing and services
9	Piramal Critical Care Deutschland GmbH**	Germany	100%	-	Pharmaceutical manufacturing and services
10	Piramal Critical Care Limited **	U.K.	100%	-	Pharmaceutical manufacturing and services
11	Piramal Healthcare (Canada) Limited **	Canada	100%	-	Pharmaceutical manufacturing and services
12	Piramal Healthcare UK Limited **	U.K.	100%	-	Pharmaceutical manufacturing and services
13	Piramal Healthcare Pension Trustees Limited**	U.K.	100%	-	Pharmaceutical manufacturing and services
14	Piramal Critical Care South Africa (Pty) Ltd ** (w.e.f. November 16, 2016)	South Africa	100%	-	Pharmaceutical manufacturing and services
15	Piramal Dutch Holdings N.V.	Netherlands	100%	-	Holding Company
16	Piramal Healthcare Inc. **	U.S.A	100%	-	Holding Company
17	Piramal Critical Care, Inc. **	U.S.A	100%	-	Pharmaceutical manufacturing and services
18	Piramal Pharma Inc.**	U.S.A	100%	-	Pharmaceutical manufacturing and services
19	Piramal Pharma Solutions Inc. (formerly known as Coldstream Laboratories Inc.) **	U.S.A	100%	-	Pharmaceutical manufacturing and services
20	PEL Pharma Inc.** (w.e.f. July 26, 2016)	U.S.A	100%	-	Pharmaceutical manufacturing and services
21	Ash Stevens LLC ** (w.e.f. August 31, 2016)	U.S.A	100%	-	Pharmaceutical manufacturing and services
22	DRG Holdco Inc. $	U.S.A	100%	-	Holding Company
23	Piramal IPP Holdings LLC $	U.S.A	100%	-	Holding Company
24	Decision Resources Inc. $	U.S.A	100%	-	Information Management
25	Decision Resources International, Inc. $	U.S.A	100%	-	Information Management
26	DR/Decision Resources, LLC $	U.S.A	100%	-	Information Management
27	DR/MRG Holdings, LLC #	U.S.A	100%	-	Information Management
28	Millennium Research Group Inc. $	Canada	100%	-	Information Management
29	Decision Resources Group Asia Ltd $	Hong Kong	100%	-	Information Management
30	DRG UK Holdco Limited $	U.K.	100%	-	Holding Company
31	Decision Resources Group UK Limited $	U.K.	100%	-	Holding Company
32	Sigmatic Limited $	U.K.	100%	-	Information Management
33	Activate Networks Inc. $	U.S.A	100%	-	Information Management
34	DRG Analytics & Insights Private Limited $	India	100%	-	Information Management
35	DRG Singapore Pte Ltd $ (w.e.f. July 21, 2016)	Singapore	100%	-	Information Management
36	Piramal Dutch IM Holdco B.V.	Netherlands	100%	-	Information Management
37	PEL-DRG Dutch Holdco B.V.$	Netherlands	100%	-	Information Management
38	Piramal Fund Management Private Limited	India	100%	-	Financial Services
39	Piramal Finance Limited (formerly known as Piramal Finance Private Limited)	India	100%	-	Financial Services
40	Piramal Housing Finance Private Limited ## (w.e.f February 10, 2017)	India	100%		Financial Services
41	Piramal Investment Advisory Services Private Limited	India	100%	-	Financial Services
42	Piramal Investment Opportunities Fund	India	100%	-	Financial Services
43	INDIAREIT Investment Management Co. $$	Mauritius	100%	-	Financial Services
44	Piramal Asset Management Private Limited $$	Singapore	100%	-	Financial Services
45	Piramal Systems & Technologies Private Limited	India	100%	-	Holding Company
46	Piramal Technologies SA @	Switzerland	100%	-	Holding Company
47	PEL Finhold Private Limited	India	100%	-	Holding Company
48	PEL Asset Resurgence Advisory Private Limited	India	100%	-	Financial Services

Price Waterhouse Chartered Accountants FRN 301112E Mumbai

Piramal Enterprises Limited Mumbai

Sr. No.	Name of the Company	Principal place of business / Country of incorporation	Ownership interest held by the group	Ownership interest held by non-controlling interests	Principal Activity
			% voting power held as at March 31, 2017	% voting power held as at March 31, 2017	
49	Piramal Consumer Products Private Limited	India	100%	-	Holding Company
50	Piramal Capital Limited (w.e.f. July 26, 2016)	India	100%	-	Holding Company
51	Piramal Asset Reconstruction Private Limited	India	100%	-	Financial Services
52	Healthcare Business Insights LLC @@	U.S.A	100%	-	Information Management
53	Cost & Quality Academy, LLC@@	U.S.A	100%	-	Information Management
54	Information Technology Academy, LLC@@	U.S.A	100%	-	Information Management
55	Labor & Productivity Academy, LLC@@	U.S.A	100%	-	Information Management
56	Supply Chain Academy, LLC@@	U.S.A	100%	-	Information Management
57	Solution Provider Academy, LLC@@	U.S.A	100%	-	Information Management
58	Revenue Cycle Academy, LLC@@	U.S.A	100%	-	Information Management
59	Revenue Cycle 360, LLC@@	U.S.A	100%	-	Information Management

* held through Piramal Holdings (Suisse) SA
** held through Piramal Dutch Holdings N.V.
@ held through Piramal Systems & Technologies Private Limited
$ held through Piramal Dutch IM Holdco B.V.
$$ held through Piramal Fund Management Private Limited
merged into DR/Decision Resources, LLC w.e.f. January 17, 2017
@@ merged into Decision Resources Inc w.e.f. October 3, 2016
held through Piramal Finance Limited

CSR (Corporate Social Responsibilities) subsidiaries:
Piramal Udgam Data Management Solutions (Udgam)###
Piramal Foundation for Educational Leadership (PFEL)###
Piramal Swasthya Management and Research Institute (formerly known as "Health Management and Research Institute") (PSMRI)
Piramal Healthcare Foundation ###

These CSR companies (###) incorporated under section 25 of the Companies Act, 1956 (Section 8 of the Companies Act, 2013), being limited by guarantee (not having share capital) and PSMRI (being a society) are engaged in Corporate Social Responsibility activities. Based on the control assessment carried out by the company, the same is not consolidated as per IndAS 110.

The Group's subsidiaries at March 31, 2016 and April 1, 2015 are set out below.

Sr. No.	Name of the Company	Principal place of business / Country of incorporation	Ownership interest held by the group		Ownership interest held by non-controlling interests		Principal Activity
			% voting power held as at March 31, 2016	% voting power held as at April 1, 2015	% voting power held as at March 31, 2016	% voting power held as at April 1, 2015	
1	PHL Fininvest Private Limited	India	100%	100%	-	-	Financial Services
2	Piramal International	Mauritius	100%	100%	-	-	Holding Company
3	Piramal Holdings (Suisse) SA	Switzerland	100%	100%	-	-	Holding Company
4	Piramal Imaging SA*	Switzerland	98.34%	98.34%	1.66%	1.66%	Pharmaceutical manufacturing and services
5	Piramal Imaging GmbH *	Germany	100%	100%	-	-	Pharmaceutical manufacturing and services
6	Piramal Imaging Limited*	U.K.	100%	100%	-	-	Pharmaceutical manufacturing and services
7	Piramal Critical Care Italia, S.P.A*	Italy	100%	100%	-	-	Pharmaceutical manufacturing and services
8	Piramal Critical Care Deutschland GmbH ##	Germany	100%	100%	-	-	Pharmaceutical manufacturing and services
9	Piramal Critical Care Limited (formerly known as Piramal Life Sciences (UK) Limited) ###	U.K.	100%	100%	-	-	Pharmaceutical manufacturing and services
10	Piramal Healthcare (Canada) Limited ##	Canada	100%	100%	-	-	Pharmaceutical manufacturing and services
11	Piramal Healthcare (UK) Limited ##	U.K.	100%	100%	-	-	Pharmaceutical manufacturing and services
12	Piramal Healthcare Pension Trustees Limited ##	U.K.	100%	100%	-	-	Pharmaceutical manufacturing and services
13	Piramal Dutch Holdings N.V.	Netherlands	100%	100%	-	-	Holding Company
14	Piramal Healthcare Inc. **	U.S.A	100%	100%	-	-	Holding Company
15	Piramal Critical Care, Inc. **	U.S.A	100%	100%	-	-	Pharmaceutical manufacturing and services
16	Piramal Pharma Inc.**	U.S.A	100%	100%	-	-	Pharmaceutical manufacturing and services
17	Coldstream Laboratories Inc. **	U.S.A	100%	100%	-	-	Pharmaceutical manufacturing and services

Price Waterhouse Chartered Accountants FRN 301112E Mumbai

PIRAMAL ENTERPRISES LIMITED MUMBAI

Sr. No.	Name of the Company	Principal place of business / Country of incorporation	Ownership interest held by the group		Ownership interest held by non-controlling interests		Principal Activity
			% voting power held as at March 31, 2016	% voting power held as at April 1, 2015	% voting power held as at March 31, 2016	% voting power held as at April 1, 2015	
18	DRG Holdco Inc. ** (w.e.f August 26, 2015)	U.S.A	100%	-	-	-	Holding Company
19	Piramal IPP Holdings LLC ** (w.e.f November 6, 2015)	U.S.A	100%	-	-	-	Holding Company
20	Decision Resources Inc. **	U.S.A	100%	100%	-	-	Information Management
21	Decision Resources International, Inc. **	U.S.A	100%	100%	-	-	Information Management
22	DR/Decision Resources, LLC **	U.S.A	100%	100%	-	-	Information Management
23	DR/MRG Holdings, LLC **	U.S.A	100%	100%	-	-	Information Management
24	Millennium Research Group Inc. **	Canada	100%	100%	-	-	Information Management
25	Decision Resources Group Asia Ltd **	Hong Kong	100%	100%	-	-	Information Management
26	DRG UK Holdco Limited **	U.K.	100%	100%	-	-	Holding Company
27	Decision Resources Group UK Limited **	U.K.	100%	100%	-	-	Holding Company
28	Sigmatic Limited **	U.K.	100%	100%	-	-	Information Management
29	Activate Networks Inc.**	U.S.A	100%	100%	-	-	Information Management
30	Healthcare Business Insights LLC** (w.e.f. May 14, 2015)	U.S.A	100%	-	-	-	Information Management
31	DRG Analytics & Insights Private Limited** (w.e.f May 11, 2015)	India	100%	-	-	-	Information Management
32	Piramal Dutch IM Holdco B.V.** (w.e.f. March 7, 2016)	Netherlands	100%	-	-	-	Information Management
33	PEL-DRG Dutch Holdco B.V.** (w.e.f. March 7, 2016)	Netherlands	100%	-	-	-	Information Management
34	Piramal Fund Management Private Limited	India	100%	100%	-	-	Financial Services
35	Piramal Finance Private Limited	India	100%	100%	-	-	Financial Services
36	Piramal Investment Advisory Services Private Limited	India	100%	100%	-	-	Financial Services
37	INDIAREIT Investment Management Co. $$	Mauritius	100%	100%	-	-	Financial Services
38	Piramal Asset Management Private Limited $$	Singapore	100%	100%	-	-	Financial Services
39	Piramal Systems & Technologies Private Limited	India	100%	100%	-	-	Holding Company
40	Piramal Technologies SA @	Switzerland	100%	100%	-	-	Holding Company
41	Piramal Investment Opportunities Fund	India	99.16%	99.71%	0.84%	0.29%	Financial Services
42	PEL Finhold Private Limited	India	100%	100%	-	-	Holding Company
43	PEL Asset Resurgence Advisory Private Limited (w.e.f. February 22, 2016)	India	100%	-	-	-	Financial Services
44	Piramal Consumer Products Private Limited (w.e.f. March 23, 2016)	India	100%	-	-	-	Holding Company
45	Piramal Asset Reconstruction Private Limited (w.e.f. January 29, 2016)	India	100%	-	-	-	Financial Services
46	Cost & Quality Academy, LLC** (w.e.f. May 14, 2015)	U.S.A	100%	-	-	-	Information Management
47	Information Technology Academy, LLC** (w.e.f. May 14, 2015)	U.S.A	100%	-	-	-	Information Management
48	Labor & Productivity Academy, LLC** (w.e.f. May 14, 2015)	U.S.A	100%	-	-	-	Information Management
49	Supply Chain Academy, LLC** (w.e.f. May 14, 2015)	U.S.A	100%	-	-	-	Information Management
50	Solution Provider Academy, LLC** (w.e.f. May 14, 2015)	U.S.A	100%	-	-	-	Information Management
51	Revenue Cycle Academy, LLC** (w.e.f. May 14, 2015)	U.S.A	100%	-	-	-	Information Management
52	Revenue Cycle 360, LLC** (w.e.f. May 14, 2015)	U.S.A	100%	-	-	-	Information Management

* held through Piramal Holdings (Suisse) SA
held through Piramal Holdings (Suisse) SA till March 22, 2016; After March 22, 2016, held through Piramal Dutch Holdings N.V.
held through Piramal Holdings (Suisse) SA till December 1, 2015; After December 1, 2015, held through Piramal Dutch Holdings N.V.
** held through Piramal Dutch Holdings N.V.
$$ held through Piramal Fund Management Private Limited
@ held through Piramal Systems & Technologies Private Limited

CSR (Corporate Social Responsibilities) subsidiaries:
Piramal Udgam Data Management Solutions (Udgam)###
Piramal Foundation for Educational Leadership (PFEL)###
Piramal Swasthya Management and Research Institute (formerly known as "Health Management and Research Institute") (PSMRI)
Piramal Healthcare Foundation ###

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Note on Common control transactions

The Group undertook the following common control transactions. These transactions have no impact on the consolidated financial statements.

March 2017
(a) Piramal Healthcare Inc sold its investment in Piramal Pharma Solutions Inc (erstwhile Coldstream Laboratories Inc.) to PEL Pharma Inc.
(b) Piramal Holdings (Suisse) SA sold its investment in Piramal Critical Care Italia S.P.A to Piramal Dutch Holdings N.V.
(c) DRG UK Holdco Limited sold its investment in Decision Resources Group UK Limited to PEL-DRG Dutch Holdco B.V.
(d) DR/MRG Holdings, LLC sold its investment in Millenium Research Group Inc to PEL-DRG Dutch Holdco B.V.
(e) Piramal Dutch Holdings N.V. sold its investment in PEL-DRG Dutch Holdco B.V. to Piramal Dutch IM Holdco B.V.

March 2016
(a) Piramal Healthcare Inc distributed dividends by way of transfer of its 90% holding in DRG Holdco Inc to Piramal Dutch Holdings N.V.
(b) Piramal Holdings (Suisse) SA sold its investments in Piramal Healthcare UK Limited, Piramal Healthcare (Canada) Limited and Piramal Critical Care Deutschland GmbH to Piramal Dutch Holdings N.V.
(c) Piramal Healthcare (Canada) Limited sold its investment in Piramal Critical Care Limited [formerly known as Piramal Life Sciences (UK) Limited] to Piramal Dutch Holdings N.V.

Price Waterhouse Chartered Accountants FRN 301112E Mumbai

Piramal Enterprises Limited Mumbai

(b) Interest in Joint Ventures / Joint operations

Sr. No.	Name of the Company	Principal place of business	Carrying Amount (Rs. In Crores)			% of ownership interest
			March 31 2017	March 31 2016	April 1 2015	
1	Convergence Chemicals Private Limited (Joint venture)	India	34.74	35.06	30.30	51%
2	Shrilekha Business Consultancy Private Limited (Joint venture) (incorporated on January 9, 2017) (was partneship firm Shrilekha Financial Services upto January 8, 2017)	India	2,557.42	-	-	74.95%
3	Shrilekha Financial Services (includes share of assets in Shriram Capital Limited) (Joint operation)	India	-	2,419.73	2,302.81	74.95%

The above investments in joint ventures are accounted for using Equity Method. These are unlisted investments and hence quoted prices are not available.

Significant judgement: classification of joint venture
Convergence Chemicals Private Limited
Convergence Chemicals Private Limited is a joint venture set up to develop, manufacture and sell speciality fluorochemicals. The Company has not commenced manufacturing activities as obtaining requisite regulatory approvals and licenses is underway and is likely to be completed during the next financial year.

The Group owns 51% equity shares of Convergence Chemicals Private Limited. The contractual arrangement states that PEL and the other shareholder shall nominate two directors each to the board and for any meeting of the board the quorum shall be two directors provided that one director from each party is present. This gives both the parties a joint control over Convergence Chemicals Private Limited. Convergence Chemicals Private Limited is a Private Limited Company whose legal form confers separation between the parties to the joint arrangement and the Company itself. Accordingly, the legal form of Convergence Chemicals Private Limited and the terms of the contractual arrangement indicate that the arrangement is a Joint Venture.

Accordingly, siginificant financial information for Convergence Chemicals Private Limited has been provided below from the date the joint arrangement is accounted as a Joint venture.

Shrilekha Business Consultancy Private Limited (Earlier known as Shrilekha Financial Services)
The joint venture agreement in relation to Shrilekha Financial Services (Partnership Firm) required unanimous consent from all parties for all relevant activities. The Group has a 74.95% interest in a joint operation called Shrilekha Financial Services which was set up as a partnership together with Shriram Ownership Trust to invest in Shriram Capital Limited. Shrilekha Financial Services holds 26.68% in Shriram Capital Limited. This was a partnership firm till January 8, 2017, where the partners had direct rights to the assets of the partnership and were jointly and severally liable for the liabilities incurred by the partnership. Accordingly, this joint arrangement was treated as a Joint Operation. The Group recognised its share of investment in Shriram Capital Limited, which was shown under Investment in Associates.

This partnership firm was converted into a Private Limited Company, whereby the unanimous consent of the Group and the other shareholder is required for fundamental issues. Since there is separation of the legal form of the structure, the joint arrangement is accounted as a Joint venture.
Investment in Shrilekha Business Consultancy Private Limited has been shown under the head Investment in Joint Venture, unlike as disclosed in earlier years.

Siginificant financial information for Shrilekha Business Consultancy Private Limited has been provided below from the date the joint arrangement is accounted as a Joint venture.

Significant financial information for joint ventures
Convergence Chemicals Private Limited

Summarised Balance sheet (Rs. In Crores)

Particulars	March 31 2017	March 31 2016	April 1 2015
Current assets	13.92	0.51	0.72
Non-current assets	168.38	148.06	92.93
Current liabilities	(33.69)	(27.51)	(2.24)
Non-current liabilities	(80.49)	(52.32)	(32.00)
Net Assets	**68.12**	**68.74**	**59.41**
The above amounts of assets and liabilities include the following:			
Cash and cash equivalents	13.56	0.41	0.72
Current financial liabilities (excluding trade and other payables and provisions)	(25.64)	(24.56)	-
Non-current financial liabilities (excluding trade and other payables and provisions)	(80.46)	(52.32)	(32.00)

Summarised statement of profit and loss (Rs. In Crores)

Particulars	March 31 2017	March 31 2016
Revenue	-	-
Interest income	-	-
Depreciation and amortisation	-	-
Interest expense	-	-
Income tax expense	(0.01)	-
Profit for the year	(0.62)	(0.67)
Other comprehensive income	-	-
Total comprehensive income	(0.62)	(0.67)
Dividends received	-	-

Reconciliation to carrying amounts

(Rs. In Crores)

Particulars	March 31 2017	March 31 2016
Opening net assets	68.74	59.41
Profit for the year	(0.62)	(0.67)
Other comprehensive income	-	-
Dividends paid	-	-
Capital Contribution	-	10.00
Closing net assets	**68.12**	**68.74**
Group's share in %	51%	51%
Proportion of the Group's ownership interest	34.74	35.06
Carrying amount	**34.74**	**35.06**

Commitments (Rs. In Crores)

Particulars	Convergence Chemicals Private Limited		
	March 31 2017	March 31 2016	April 1 2015
Share of joint venture's commitments			
- Estimated amount of contracts remaining to be executed on capital account and not provided for	0.01	-	-
Total commitments	**0.01**	-	-

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FRN 301112E
Mumbai

PIRAMAL ENTERPRISES LIMITED
MUMBAI

Shrilekha Business Consultancy Private Limited

Summarised Balance sheet

(Rs. In Crores)

Particulars	Shrilekha Business Consultancy Private Limited March 31 2017
Current assets	8.12
Non-current assets	2,661.29
Current liabilities	(0.06)
Net Assets	**2,669.35**
The above amounts of assets and liabilities include the following:	
Cash and cash equivalents	0.11
Current financial liabilities (excluding trade and other payables and provisions)	(0.06)

Summarised statement of profit and loss

(Rs. In Crores)

Particulars	Shrilekha Business Consultancy Private Limited For the period January 9, 2017 to March 31, 2017
Revenue	-
Interest income	-
Depreciation and amortisation	-
Interest expense	-
Income tax expense	-
Share of profit from associate	22.67
Profit for the year	22.67
Other comprehensive income	-
Total comprehensive income	22.67
Dividends received	-

Reconciliation to carrying amounts

(Rs. In Crores)

Particulars	Shrilekha Business Consultancy Private Limited March 31 2017
Net assets as on March 31, 2017	2,669.35
Closing net assets	**2,669.35**
Group's share in %	74.95%
Proportion of the Group's ownership interest	2,000.68
Goodwill	556.74
Unpaid Dividend and Dividend distribution tax thereon	-
Carrying amount	**2,557.42**

Shrilekha Financial Services (partnership firm accounted as a Joint operation)

Summarised Balance sheet

(Rs. In Crores)

Particulars	Shrilekha Financial Services March 31 2016	April 1 2015
Current assets	0.55	0.91
Non-current assets	2,485.18	2,328.80
Current liabilities	(0.08)	(0.06)
Net Assets	**2,485.65**	**2,329.65**
The above amounts of assets and liabilities include the following:		
Cash and cash equivalents	0.55	0.82
Current financial liabilities (excluding trade and other payables and provisions)	(0.08)	(0.06)

Summarised statement of profit and loss

(Rs. In Crores)

Particulars	Shrilekha Financial Services Period April 1 2016 to January 8, 2017	March 31 2016
Revenue	-	-
Interest income	-	-
Depreciation and amortisation	-	-
Interest expense	-	-
Income tax expense	-	-
Share of profit from associate	172.12	204.12
Profit for the year	172.06	204.11
Other comprehensive income	-	-
Total comprehensive income	172.06	204.11
Dividends received	8.30	36.06

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PIRAMAL ENTERPRISES LIMITED MUMBAI

(c) Interest in Associates

Sr. No.	Name of the Company	Principal place of business	Carrying Amount (Rs. In Crores)			% of ownership interest
			March 31 2017	March 31 2016	April 1 2015	
1	Allergan India Private Limited	India	106.00	97.57	61.76	49%

Allergan India Private Limited is mainly engaged in trading of opthalmic products.

Allergan India Private Limited
Significant judgement: classification of associate
The Group owns 49% equity shares of Allergan India Private Limited. As per the terms of the contractual agreement with Allergan Pharmaceuticals (Ireland) Limited, the company by virtue of its shareholding neither has the power to direct the relvant activities of the company, nor has the right to appoint majority of the Directors. The company only has a right to participate in the policy making processes. Accordingly Allergan India Private Limited has been considered as an Associate.

Significant financial information for associate

Summarised Balance sheet (Rs. In Crores)

Particulars	Allergan India Private Limited		
	March 31 2017	March 31 2016	April 1 2015
Current assets	225.83	228.86	146.97
Non-current assets	28.10	13.90	19.55
Current liabilities	(46.01)	(91.78)	(40.48)
Non-current liabilities	-	-	-
Net Assets	**207.92**	**150.98**	**126.04**

Summarised statement of profit and loss (Rs. In Crores)

Particulars	Allergan India Private Limited	
	March 31 2017	March 31 2016
Revenue	329.11	337.34
Profit for the year	57.38	70.16
Other comprehensive income	(0.17)	-
Total comprehensive income	57.20	70.16
Dividends received	19.60	-

Reconciliation to carrying amounts

(Rs. In Crores)

Particulars	Allergan India Private Limited	
	March 31 2017	March 31 2016
Opening net assets	150.98	126.04
Profit for the year	57.38	70.16
Other comprehensive income	(0.17)	-
Share options outstanding	(0.27)	2.92
Dividend and tax thereon	-	(48.14)
Closing net assets	**207.92**	**150.98**
Group's share in %	49%	49%
Proportion of the Group's ownership interest	101.88	73.98
Dividends received subsequently	-	23.59
Others	4.11	-
Carrying amount	**106.00**	**97.57**

Contingent liabilities (Rs. In Crores)

Particulars	Allergan India Private Limited		
	March 31 2017	March 31 2016	April 1 2015
Share of associate's contingent liabilities			
- Claims against the company not acknowledged as debt	1.43	1.43	-
- Disputed demands for income tax, sales tax and service tax matters	11.15	12.29	10.31
Total contingent liabilities	**12.58**	**13.72**	**10.31**

(d) Individually immaterial associates

The group has interests in the following individually immaterial associates that are accounted for using the equity method:

Sr. No.	Name of the Company	Principal place of business	% of ownership interest
1	Piramal Phytocare Limited (PPL)	India	17.53%
2	Bluebird Aero Systems Limited	Israel	27.83%
3	Context Matters Inc (w.e.f September 22, 2016)	U.S.A	22.73%

(Rs. In Crores)

	March 31 2017	March 31 2016
Aggregate carrying amount of individually immaterial associates	54.37	45.17
Aggregate amounts of the group's share of:		
Profit / (loss) from continuing operations	(3.89)	5.48
Other comprehensive income	-	-
Total comprehensive income	**(3.89)**	**5.48**

Significant judgement: classification of associate

The group has 17.53% shareholding in PPL. The group has the ability to appoint directors on the Board of PPL giving it the power to participate in the financial and operating policy decisions. Thus the group has significant influence over PPL making it an associate.

(e) Share of profits from Associates and Joint Venture

(Rs. In Crores)

Particulars	March 31 2017	March 31 2016
Share of profits from Joint Ventures	16.68	(0.34)
Share of profits from Associates	153.22	194.55
Total share of profits from Associates and Joint Venture	**169.90**	**194.21**

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PIRAMAL ENTERPRISES LIMITED MUMBAI

40 Business Combinations

A. Summary of acquisitions during the current year

(i) Acquisition of Ash Stevens

On August 31, 2016, the Group through its subsidiary, PEL Pharma Inc. acquired 100% of issued and outstanding membership interests in Ash Stevens LLC, formerly known as Ash Stevens Inc. Ash Stevens is a full-service pharmaceutical contract manufacturer (CMO) with over five decades of experience developing drug substances and manufacturing active pharmaceutical ingredients (APIs). It also provides research and development services to various drug manufacturers including government agencies.

The acquisition is expected to be synergetic with the Group's antibody drug conjugates and injectible business and expand its presence in North America.

(a) Details of purchase consideration

Particulars	Ash Stevens	
	USD in Million	Rs. In Crores
Cash paid	44.8	300.34
Total Purchase Consideration	**44.8**	**300.34**

(b) The assets and liabilities recognised as a result of the acquisition are as follows:

Particulars	USD in Million	Rs. In Crores
Assets		
Accounts receivable, net	2.1	14.12
Cash and cash equivalents	1.1	7.33
Inventories	1.2	7.87
Contracts in process	1.6	10.50
Prepaid expenses	0.9	6.10
Property Plant and Equipment	18.6	124.74
Computer Software	0.1	0.49
Customer relationship	6.8	45.46
Trade name	4.5	30.19
Total Assets	**36.9**	**246.80**
Liabilities		
Trade payable	0.5	3.51
Advance from customers	1.9	12.51
Accrued expenses	0.3	2.13
Security deposit	0.1	0.34
Total Liabilities	**2.8**	**18.49**
Net identificable assets acquired	**34.1**	**228.31**

The initial accounting for business combination is incomplete for the fair valuation of property, plant and equipment and hence the amount reported is provisional.

(c) Calculation of goodwill

Particulars	USD in Million	Rs. In Crores
Consideration transferred	44.8	300.34
Less: Net identifiable assets acquired	34.1	228.31
Goodwill	**10.7**	**72.03**

The goodwill is attributable to the workforce and the expected high profitability of the acquired business.

Goodwill is fully deductible for tax purposes over a period of 15 years.

(d) Acquired Receivables

Particulars	USD in Million	Rs. In Crores
Fair value of acquired trade receivables	2.1	14.12
Gross contractual amount for trade receivables	2.1	14.22
Contractual cash flows not expected to be collected	*	0.10

* below rounding off norms adopted by the Group

(e) Revenue and profit contribution

The Ash Stevens business contributed revenues and profits to the group for the period March 31 2017 as follows:

Particulars	USD in Million	Rs. In Crores
Revenue	11.7	78.66
Profit/(loss) before tax	(0.4)	(2.42)

Price Waterhouse Chartered Accountants FRN 301112E Mumbai

PIRAMAL ENTERPRISES LIMITED MUMBAI

(f) Acquisition costs charged to P&L

Acquisition costs of Rs.5.50 Crores (USD 0.8 million) were charged to consolidated statement of profit and loss under the head Other Expenses.

(g) Purchase consideration - cash outflow

Particulars	USD in Million	Rs. In Crores
Outflow of cash to acquire subsidiary, net of cash acquired		
Cash consideration	44.8	300.34
Less : Balances acquired		
Cash and cash equivalents	1.1	7.33
Net outflow of cash - investing activities	**43.7**	**293.01**

(ii) Purchase of intrathecal spasticity and pain management business from Mallinckrodt LLC

The Group through its subsidiary, Piramal Critical Care Limited, has entered into an agreement to acquire a portfolio of intrathecal spasticity and pain management drugs from Mallinckrodt LLC in an all cash deal on January 30, 2017 for a consideration of Rs.1,164.17 crores (USD 171 Million). This transaction was consummated on March 20, 2017. This transaction is a step further to expand the group's presence in global generic hospital drug market.
Of the above consideration, Rs. 114.02 crores (USD 17 million) was paid upfront and the balance Rs. 998.72 crores (USD 154 Million) is payable in February 2018.
Apart from the above consideration, Rs. 4.49 crores (USD 0.67 Million) was paid for final inventory adjustments.

The transaction is accounted for as a business combination as per IND AS 103, Business combinations.
The initial accounting for business combination is incomplete as the transaction was consummated near to the year end and the measurement period of one year is not over.
Out of the total amount of Rs. 118.51 crores (USD 17.67 Million) paid, Rs. 19.85 crores (USD 2.95 Million) is accounted for under inventories and the balance amount paid is accounted under intangible assets provisionally. This will be allocated to the identifiable intangibles over the measurement period.

The agreement also provides for an additional Rs. 207.53 crores (USD 32 Million) payable depending on achievement of certain financial milestones by the acquired business over the next 3 years.

The fair value of contingent consideration of Rs. 103.76 crores (USD 16 Million) was estimated by allocating probability to the achievement of the financial milestones. The estimates are based on discount rate of 10.31%.

Acquisition costs of Rs. 22.02 crores (USD 3.3 Million) were charged to consolidated statement of profit and loss under the head Other Expenses.

(iii) Acquisition of majority stake in Searchlight Health Private Limited

During the previous year, pursuant to Investment Agreement, the Company had invested Rs.1.07 lakhs for a minority stake in Searchlight Health Private Limited, a healthcare analytics company. The company had committed to invest an additional amount of Rs. 44.20 crores subject to achievement of certain milestones by Searchlight Health Private Limited.

During the current year, upon the second tranche of investment, the Company has waived off certain closing conditions and conditions precedent under the Investment Agreement by which it has raised the stake in Searchlight Health Private Limited to 51% on a fully diluted basis.

(a) Details of purchase consideration

Particulars	(Rs. In Crores)
Cash paid in the previous year	1.07
Cash paid in the current year	31.40
Total Purchase Consideration	**32.47**

Price Waterhouse Chartered Accountants FRN 301112E Mumbai

PIRAMAL ENTERPRISES LIMITED MUMBAI

(b) The assets and liabilities as at December 23, 2016, recognised as a result of the acquisition are as follows:

Particulars	Rs. In Crores
Assets	
Trade receivables	0.51
Cash and cash equivalents	31.45
Property Plant and Equipment	0.14
Other Non current financial assets	0.19
Other Non current assets	0.32
Other current assets	0.15
Total Assets	**32.76**
Liabilities	
Non current provisions	0.02
Current Borrowings	3.20
Trade Payables	1.39
Other current liabilities	0.60
Total Liabilities	**5.21**
Net identificable assets acquired	27.55
Company's stake	**14.05**

(c) Calculation of goodwill

Particulars	Rs. In Crores
Consideration transferred	32.47
Less: Net identifiable assets acquired	14.05
Goodwill	**18.42**

Goodwill is not deductible for income tax purposes.

Fair value of Non - controlling interests as on the acquisition date is Rs. 13.50 crores. This is measured at the non controlling interest's proportionate share of the Searchlight Health Private Limited's net identifiable assets.

The initial accounting for business combination is incomplete as the transaction was consummated near to the year end and the measurement period of one year is not over.

Post acquisition, this business contributed Rs.1.19 crores in revenue and a loss of Rs. 0.60 crores to the group.

The pro-forma effects of the above acquisition on the Group's results were not material.

(d) Purchase consideration - cash outflow

Particulars	Rs. In Crores
Outflow of cash to acquire subsidiary, net of cash acquired	
Cash consideration	32.47
Less : Balances acquired	
Cash and cash equivalents	31.45
Net outflow of cash - investing activities	**1.02**

PIRAMAL ENTERPRISES LIMITED MUMBAI

Price Waterhouse Chartered Accountants FRN 301112E Mumbai

B. Summary of acquisitions during the previous year

Healthcare Business Insights Inc. (HBI)
On May 14, 2015, the Group through its subsidiary, Decision Resources Inc. acquired 100% of issued and outstanding membership interests in HBI, trusted provider of best practice research, training and services to more than 1,400 hospitals across the U.S. This acquisition will enable the group to enter into the provider space in the United States of America.

Adaptive Software, LLC and AdaptiveRX LLC (Adaptive)
On February 19, 2016, the Group through its subsidiary, DR / Decision Resources LLC acquired the assets of Adaptive Software LLC and entire control and ownership of its wholly owned subsidiary, AdaptiveRx LLC. Adaptive Software LLC is engaged in the business of providing business process management solutions to the pharmacy benefit management and health insurance industry. This acquisition enables the Group a direct entry into the healthcare payer ecosystem.

(a) Details of purchase consideration

Particulars	HBI		Adaptive	
	USD in Million	Rs. In Crores	USD in Million	Rs. In Crores
Cash paid	30.0	191.87	7.3	50.03
Deferred consideration	-	-	11.1	75.92
Contingent Consideration	2.1	13.54	5.4	37.14
Total Purchase Consideration	**32.1**	**205.41**	**23.8**	**163.09**

(b) The assets and liabilities recognised as a result of the acquisition are as follows:

Particulars	HBI		Adaptive	
	USD in Million	Rs. In Crores	USD in Million	Rs. In Crores
	Fair value	Fair value	Fair value	Fair value
Assets				
Building	0.1	0.67	-	-
Plant & Equipment	0.1	0.92	-	-
Furniture & fixtures	0.0	0.13	0.0	0.08
Intangible assets - Customer Relations	7.5	47.84	6.4	44.00
Intangible assets - Developed Technology	-	-	0.4	2.76
Intangible assets - Trademarks	3.4	21.70	0.3	2.20
Intangible assets - Computer Software	0.1	0.40	-	-
Intangible assets - Favorable Lease	0.2	1.30	-	-
Trade receivables	2.3	14.77	0.4	2.75
Cash and cash equivalents	0.2	1.53	-	-
Other current financial assets	-	-	0.0	0.02
Other current assets	0.1	0.32	-	-
Total Assets	**14.0**	**89.58**	**7.5**	**51.81**
Liabilities				
Trade payable	0.3	1.73	-	-
Deferred revenue	3.4	22.00	1.1	7.33
Accrued liabilties	0.3	1.84	-	-
Total Liabilities	**4.0**	**25.57**	**1.1**	**7.33**
Net identifiable assets acquired	**10.0**	**64.01**	**6.4**	**44.48**

(c) Calculation of goodwill

Particulars	HBI		Adaptive	
	USD in Million	Rs. In Crores	USD in Million	Rs. In Crores
Consideration transferred	32.1	205.41	23.8	163.09
Less: Net identifiable assets acquired	10.0	64.01	6.4	44.48
Goodwill	**22.1**	**141.40**	**17.4**	**118.61**

The goodwill is attributable to the workforce and the high profitability of the acquired business.

Goodwill is fully deductible for tax purposes over a period of 15 years.

(d) Significant estimate: contingent consideration

(i) HBI
In the event that certain pre-determined Academy Revenue and Company Revenue targets are achieved by HBI for the calendar year ended December 31, 2015, additional consideration of upto Rs. 130.91 crores (USD 20 Million) may be payable in cash by November 16, 2016.

The fair value of the contingent consideration of Rs. 13.75 crores (USD 2.1 Million) was estimated by calculating the present value of probability weighed earnout payments based on a discount rate of 15.78% in case of HBI. As the targets were not met, the contingent consideration was written back to consolidated statement of profit and loss for the year ended March 31, 2016 under the head Other expenses.

Price Waterhouse
Chartered Accountants
FRN 301112E
Mumbai

PIRAMAL ENTERPRISES LIMITED
MUMBAI

(ii) Adaptive
Contingent consideration upto Rs. 39.76 crores (USD 6 Million) is payable if the eligible sales revenue targets are met in case of Adaptive over a period of two years. The fair value of the contingent consideration of Rs. 35.98 crores (USD 5.4 Million) was estimated by calculating the weightage average probable earnings.

As at March 31, 2017, loss on remeasurement of contingent consideration of Rs. 2.05 crores has been charged off to the consolidated statement of profit and loss under the head Other Expenses.

(e) Acquired Receivables

Particulars	HBI		Adaptive	
	USD in Million	Rs. In Crores	USD in Million	Rs. In Crores
Fair value of acquired trade receivables	2.3	14.77	0.4	2.75
Gross contractual amount for trade receivables	2.4	15.14	0.4	2.75
Contractual cash flows not expected to be collected	0.1	0.36	-	-

(f) Revenue and profit contribution

The HBI business contributed revenues and profits to the group for the period March 31 2016 as follows:

Particulars	USD in Million	Rs. In Crores
Revenue	9.1	59.55
Profit before tax	2.7	17.40

Since the acquisition of Adaptive occurred on February 29, 2016 , the impact on Group's revenue and profit is not material.

The pro-forma effects of both of the above acquisitions on the Group's results were not material.

(g) Acquisition costs charged to P&L
Acquisition costs of Rs. 2.28 Crores (USD 0.3 million) and Rs. 2.25 Crores (USD 0.3 million) were charged to consolidated statement of profit and loss for the year ended March 31, 2016 in relation to the acquisition of HBI and Adaptive respectively under the head Other expenses.

(h) Purchase consideration - cash outflow

Particulars	HBI		Adaptive	
	USD in Million	Rs. In Crores	USD in Million	Rs. In Crores
Outflow of cash to acquire subsidiaries, net of cash acquired				
Cash consideration	30.0	191.87	7.3	50.03
Less : Balances acquired				
Cash and cash equivalents	0.2	1.53	-	-
Net outflow of cash - investing activities	**29.8**	**190.34**	**7.3**	**50.03**

Price Waterhouse
Chartered Accountants
FRN 301112E
Mumbai

PIRAMAL ENTERPRISES LIMITED
MUMBAI

41 Goodwill

Movement in Goodwill on Consolidation during the year:

(Rs. In Crores)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Opening balance	5,485.38	4,943.69
Add: Additions during the year	90.45	261.30
Add: Currency translation differences	(148.64)	280.39
Closing balance	**5,427.19**	**5,485.38**

A segment level summary of the goodwill allocation is presented below:

(Rs. In Crores)

Particulars	As on March 31, 2017	As on March 31, 2016	As on April 1, 2015
Information Management	4,541.09	4,646.08	4,145.32
Pharmaceuticals manufacturing and services	645.49	595.53	563.01
Financial Services	240.61	243.77	235.36
Total	**5,427.19**	**5,485.38**	**4,943.69**

Goodwill is tested for impairment at least annually in accordance with the Group's procedure for determining the recoverable value of such assets.

The recoverable amount of the Information management segment is determined on the basis of Fair Value Less Cost To Sell (FVLCTS). The FVLCTS is determined based on the market capitalization approach, using the enterprise value to earnings before interest, tax, depreciation and amortisation multiples derived from observable market data.
The fair value measurement is categorized as a level 2 fair value based on the inputs in the valuation techniques used.

The carrying value of goodwill for the pharmaceutical manufacturing and services (arising from various acquisitions across the globe) and financial services are not relatively significant. The recoverable value of these segments were determined using value-in-use (VIU). The VIU is based on internal forecasts, considering the current economic conditions, growth rates and anticipated future economic conditions.

Appropriate growth rates are used to extrapolate cash flows beyond the budget period. The rates are consistent with forecasts included in industry reports.

Discount rates used are in the range of 7% to 16% which reflect specific risks relating to the relevant segments and the countries in which they operate.

Based on the above, no impairment was identified as of March 31, 2017, March 2016 and April 1, 2015 as the recoverable value of the segments exceeded the carrying values.

The management believes that any possible changes in the key assumptions would not cause the carrying amount to exceed the recoverable amount of cash generating unit.

Price Waterhouse Chartered Accountants FRN 301112E Mumbai

Piramal Enterprises Limited Mumbai

42 Employee Benefits :

Brief description of the Plans:

Other Long Term Employee Benefit Obligations

Leave Encashment, which are expected to be availed or encashed beyond 12 months from the end of the year are treated as other long term employee benefits. The Group's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/ gains are recognised in the Statement of Profit and Loss in the year in which they arise.

Long Term Service Awards are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date.

Defined Contribution plans

The Group's defined contribution plans are Provident Fund (in case of certain employees), Superannuation,Overseas Social Security Plans, Employees State Insurance Fund and Employees' Pension Scheme (under the provisions of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952) and 401(k) plan contribution(in case of US subsidiaries). The Group has no further obligation beyond making the contributions to such plans.

Post-employment benefit plans:

Gratuity for employees in India is paid as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for the number of years of service. The Group has both funded and non funded plans and makes contributions to recognised funds in India in case of funded plans.

The Group's Gratuity Plan is administered by an insurer and the Investments are made in various schemes of the trust. The Group funds the plan on a periodical basis.

In case of certain employees, The Provident fund is administered through an in-house trust. Periodic contributions to the trust are invested in various instruments considering the return, maturity, safety, etc., within the overall ambit of the Provident Fund Trust Rules and investment pattern notified through the Ministry of Labour investment guidelines for exempted provident funds.

In case of a foreign subsidiary, the subsidiary sponsors a defined benefit retirement plan.The benefits are based on employees' years of experience and final remuneration.The plan is funded through a separate trustee-administered fund.The pension cost for the main defined plans is established in accordance with the advice of independent qualified actuary.

These plans typically expose the Group to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

Investment risk

The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. Plan investment is a mix of investments in government securities, and other debt instruments.

Interest risk

A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments.

Longevity risk

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

The Group has both funded and non funded plans and makes contributions to recognised funds in India in case of funded plans. The Group does not fully fund the liability and maintains a target level of funding to be maintained over a period of time based on estimations of expected gratuity payments. In respect of certain employees, Provident Fund contributions are made to a Trust administered by the Group. The contributions made to the trust are recognised as plan assets. Plan assets in the Provident fund trust are governed by local regulations, including limits on contributions in each class of investments.

The Group actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the employee benefit obligations, with the objective that assets of the gratuity / provident fund obligations match the benefit payments as they fall due.Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets.

A large portion of assets consists of government and corporate bonds, although the Group also invests in equities, cash and mutual funds. The plan asset mix is in compliance with the requirements of the regulations in case of Provident fund.

In case of an overseas subsidiary, the pension plans are funded through a separate trustee - administered fund. The subsidiary employs a building block approach in determining the long term rate of return on pension plan assets. Historical markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principles.

Price Waterhouse Chartered Accountants FRN 301112E Mumbai

PIRAMAL ENTERPRISES LIMITED MUMBAI

PIRAMAL ENTERPRISES LIMITED
Notes to the Consolidated financial statements for the year ended March 31, 2017

I. Charge to the Consolidated Statement of Profit and Loss based on contributions:

(Rs. in Crores)

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Employer's contribution to Regional Provident Fund Office	4.02	2.28
Employer's contribution to Superannuation Fund	0.41	0.49
Employer's contribution to Employees' State Insurance	0.61	0.35
Employer's contribution to Employees' Pension Scheme 1995	4.28	3.85
Contribution to Pension Fund	38.05	43.72
401 (k) Plan contribution	30.26	14.36

Included in Contribution to Provident and Other Funds and R&D Expenses disclosed under Other Expenses (Refer Note 34 and 36)

II. Disclosures for defined benefit plans based on actuarial valuation reports as on March 31, 2017.

A. Change in Defined Benefit Obligation

(Rs. in Crores)

	(Funded)						(Non-Funded)	
	Gratuity		Pension		Provident Fund		Gratuity	
	Year Ended March 31,		Year Ended March 31,		Year Ended March 31,		Year Ended March 31,	
	2017	2016	2017	2016	2017	2016	2017	2016
Present Value of Defined Benefit Obligation as at beginning of the year	39.30	35.08	501.07	511.50	151.69	133.56	3.62	2.62
Interest Cost	3.09	2.79	13.83	19.40	12.92	10.61	0.28	0.20
Current Service Cost	3.92	3.29	0.95	1.42	9.68	8.56	0.47	0.31
Past ServiceCost							0.08	
Contributions from plan participants	-	-	-	-	15.31	13.49	-	-
Liability Transferred In for employees joined	-	-	-	-	5.56	7.07	-	-
Liability Transferred Out for employees left	-	-	-	-	(4.96)	(7.72)	-	-
Liability acquired on acquisition of a subsidiary	0.02	-	-	-	-	-	-	-
Benefits Paid	(2.53)	(3.78)	(11.19)	(17.49)	(8.81)	(13.88)	(0.05)	-
Actuarial (Gains)/loss - due to change in Demographic Assumptions	-	(0.92)	-	(31.29)	-	-	0.17	(0.01)
Actuarial (Gains)/loss - due to change in Financial Assumptions	1.58	0.32	53.76	-	-	-	0.10	(0.01)
Actuarial (Gains)/loss - due to experience adjustments	1.07	2.52	31.60	-	-	-	1.73	0.51
Exchange Differences on Foreign Plans	-	-	(82.56)	17.53	-	-	-	-
Present Value of Defined Benefit Obligation as at the end of the year	**46.45**	**39.30**	**507.46**	**501.07**	**181.39**	**151.69**	**6.40**	**3.62**

B. Changes in the Fair Value of Plan Assets

(Rs. in Crores)

	(Funded)						(Non-Funded)	
	Gratuity		Pension		Provident Fund		Gratuity	
	Year Ended March 31,		Year Ended March 31,		Year Ended March 31,		Year Ended March 31,	
	2017	2016	2017	2016	2017	2016	2017	2016
Fair Value of Plan Assets as at beginning of the year	28.30	25.58	627.59	610.85	151.69	133.56	-	-
Interest Income	2.23	2.04	13.97	21.29	12.92	10.61	-	-
Contributions from employer	0.96	5.00	1.24	7.17	9.68	8.56	-	-
Contributions from plan participants	-		-	-	15.31	13.49	-	-
Assets Transferred In for employees joined	0.04	-	-	-	5.56	7.07	-	-
Assets Transferred out for employees left	-	-	-	-	(4.96)	(7.72)	-	-
Asset acquired on acquisition of a subsidiary	0.05	-	-	-	-	-	-	-
Benefits Paid from the fund	(2.53)	(3.78)	(11.19)	(17.49)	(8.81)	(13.88)	-	-
Return on Plan Assets, Excluding Interest Income	0.71	(0.54)	95.04	(14.15)	-		-	
Exchange Differences on Foreign Plans			(102.41)	19.92		-	-	-
Fair Value of Plan Asset as at the end of the year	**29.76**	**28.30**	**624.24**	**627.59**	**181.39**	**151.69**	**-**	**-**

Price Waterhouse Chartered Accountants FRN 301112E Mumbai

Piramal Enterprises Limited Mumbai

PIRAMAL ENTERPRISES LIMITED
Notes to the Consolidated financial statements for the year ended March 31, 2017

C. Amount recognised in the Balance Sheet

(Rs. in Crores)

	(Funded)									(Non-Funded)		
	Gratuity			Pension			Provident Fund			Gratuity		
	As at March 31,		As at April 1,	As at March 31,		As at April 1,	As at March 31,		As at April 1,	As at March 31,		As at April 1,
	2017	2016	2015	2017	2016	2015	2017	2016	2015	2017	2016	2015
Present Value of Defined Benefit Obligation as at the end of the year	46.45	39.30	35.08	507.46	501.07	511.50	181.39	151.69	133.56	6.40	3.62	2.62
Fair Value of Plan Assets As at end of the year	29.76	28.30	25.58	624.24	627.59	610.85	181.39	151.69	133.56	-	-	-
Funded Status	-	-	-	(116.78)	(126.52)	(99.35)	-	-	-	-	-	
Asset Ceiling	-	-	-	110.87	118.87	95.51	-	-	-	-	-	
Effect of currency transalations	-	-	-	0.02	2.32	-	-	-	-	-	-	
Net Liability/(Asset) recognised in the Balance Sheet (Refer Notes 8, 20 and 26)	**16.69**	**11.00**	**9.50**	**(5.89)**	**(5.33)**	**(3.84)**	**-**	**-**	**-**	**6.40**	**3.62**	**2.62**

Recognised under:												
Non Current provision (Refer Note 20)	6.38	1.89	1.74	-	-	-	-	-	-	5.71	2.99	2.26
Current provision (Refer Note 26)	10.31	9.11	7.76	-	-	-	-	-	-	0.69	0.63	0.36
Other Non-current assets (Refer Note 8)	-	-	-	(5.89)	(5.33)	(3.84)	-	-	-	-	-	-

The Provident Fund has a surplus that is not recognised on the basis that future economic benefits are not available to the Group in the form of a reduction in future contributions or a cash refund due to local regulations.

Surplus in pension fund in case of an overseas subsidiary is recognised to the extent, future economic benefits are available to the Group in the form of a reduction in future contibutions.

The Group has no legal obligation to settle the deficit in the funded plan (Gratuity) with an immediate contribution or additional one off contributions. The Group intends to continue to contribute the defined benefit plans in line with the actuary's latest recommendations.

Price Waterhouse
Chartered Accountants
FRN 301112E
Mumbai

Piramal Enterprises Limited
Mumbai

PIRAMAL ENTERPRISES LIMITED
Notes to the Consolidated financial statements for the year ended March 31, 2017

D. Expenses recognised in Consolidated Statement of Profit and Loss

(Rs. in Crores)

	(Funded)						(Non-Funded)	
	Gratuity		Pension		Provident Fund		Gratuity	
	Year Ended March 31,		Year Ended March 31,		Year Ended March 31,		Year Ended March 31,	
	2017	2016	2017	2016	2017	2016	2017	2016
Current Service Cost	3.92	3.29	0.95	1.42	9.68	8.56	0.47	0.31
Past Service Cost	-			-	-	-	0.08	-
Net interest Cost	0.86	0.75	(0.15)	(1.89)	-	-	0.28	0.20
Total Expenses / (Income) recognised in the Statement of Profit And Loss*	**4.78**	**4.04**	**0.80**	**(0.47)**	**9.68**	**8.56**	**0.83**	**0.51**

*Included in Salaries and Wages, Contribution to Provident and Other Funds, Gratuity Fund and Research and Development Expenses (Refer Note 34 and 36)

E. Expenses Recognized in the Other Comprehensive Income (OCI)

(Rs. in Crores)

	(Funded)						(Non-Funded)	
	Gratuity		Pension		Provident Fund		Gratuity	
	Year Ended March 31,		Year Ended March 31,		Year Ended March 31,		Year Ended March 31,	
	2017	2016	2017	2016	2017	2016	2017	2016
Actuarial (Gains)/Losses on Obligation For the Period - Due to changes in demographic assumptions	-	(0.92)			-	-	0.17	(0.01)
Actuarial (Gains)/Losses on Obligation For the Period - Due to changes in financial assumptions	1.58	0.32	53.76	(31.29)	-	-	0.10	(0.01)
Actuarial (Gains)/Losses on Obligation For the Period - Due to experience adjustment	1.07	2.52	31.60		-	-	1.73	0.51
Return on Plan Assets, Excluding Interest Income	(0.71)	0.54	(95.04)	14.15	-	-	-	-
Change in Asset Ceiling	-	-	8.64	23.36	-	-	-	-
Net (Income)/Expense For the Period Recognized in OCI	**1.94**	**2.46**	**(1.04)**	**6.22**	**-**	**-**	**2.00**	**0.49**

F. Significant Actuarial Assumptions:

Figures in (%)

	(Funded)									(Non-Funded)		
	Gratuity			Pension			Provident Fund			Gratuity		
	As at March 31,			As at March 31,			As at March 31,			As at March 31,		
	2017	2016	2015	2017	2016	2015	2017	2016	2015	2017	2016	2015
Discount Rate (per annum)	6.85-8.00	7.80	7.96	2.20	3.00	3.55	7.09	7.56	7.96	7.22	7.72	7.89
Salary escalation rate	7.00-11.00	7.00	7.00	1.20	1.20	1.20	7.00	7.00	7.00	9.00	9.00	9.00
Expected Rate of return on Plan Assets (per annum)	6.85-8.00	7.80	7.96	2.20	3.00	3.55	7.09	7.56	7.96	-	-	-

The expected rate of return on plan assets is based on market expectations at the beginning of the year. The rate of return on long-term government bonds is taken as reference for this purpose.

In case of certain employees, the Provident Fund contribution is made to a Trust administered by the Group. In terms of the Guidance note issued by the Institute of Actuaries of India, the actuary has provided a valuation of Provident fund liability based on the assumptions listed above and determined that there is no shortfall at the end of each reporting period.

Price Waterhouse Chartered Accountants FRN 301112E Mumbai

Piramal Enterprises Limited Mumbai

G. Movements in the present value of net defined benefit obligation are as follows:

(Rs. in Crores)

	(Funded)				(Non-Funded)	
	Gratuity As at March 31,		Pension As at March 31,		Gratuity As at March 31,	
	2017	2016	2017	2016	2017	2016
Opening Net Liability/(asset)	11.00	9.50	(5.33)	(3.84)	3.62	2.62
Expenses Recognized in Statement of Profit or Loss	4.78	4.04	0.80	(0.47)	0.83	0.51
Expenses Recognized in OCI	1.94	2.46	(1.04)	6.22	2.00	0.49
Exchange Fluctuation	-	-	0.92	(0.07)	-	-
Net Liability/(Asset) Transfer In	(0.04)	-	-	-	-	-
Net (Liability)/Asset Transfer Out	-	-	-	-	-	-
Net asset added on acquisition of subsidiary	(0.03)					
Benefit Paid Directly by the Employer	-	-	-	-	(0.05)	-
Employer's Contribution	(0.96)	(5.00)	(1.24)	(7.17)	-	-
Net Liability/(Asset) Recognized in the Balance Sheet	**16.69**	**11.00**	**(5.89)**	**(5.33)**	**6.40**	**3.62**

H. Category of Assets

(Rs. in Crores)

	(Funded)								
	Gratuity As at March 31,			Pension As at March 31,			Provident Fund As at March 31,		
	2017	2016	2015	2017	2016	2015	2017	2016	2015
Government of India Assets (Central & State)	12.97	15.32	11.43		-	-	73.84	56.75	48.27
Public Sector Unit Bonds	-	-			-	-	41.75	49.10	46.87
Debt Instruments	-	-	-	474.42	478.22	466.08	-	-	-
Corporate Bonds	11.19	10.26	11.41		-	-	33.90	15.88	9.50
Fixed Deposits under Special Deposit Schemes of Central Government*	1.34	-	-		-	-	27.05	28.75	28.92
Insurance fund	0.63	-	-		-	-	-	-	-
Asset-Backed Securities	-	-	-		-	-	-	-	-
Structured Debt	-	-	-		-	-	-	-	-
Equity Shares of Listed Entities	3.58	2.73	2.74				4.75	1.21	-
Global Equities	-	-	-	149.82	149.37	144.77	-	-	-
Others	0.04	-	-	-	-	-	0.10	-	-
Total	**29.76**	**28.30**	**25.58**	**624.24**	**627.59**	**610.85**	**181.39**	**151.69**	**133.56**

* Except this, all the other investments are quoted.

Price Waterhouse Chartered Accountants FRN 301112E Mumbai

PIRAMAL ENTERPRISES LIMITED MUMBAI

I. Other Details
Funded Gratuity

	As at March 31, 2017	As at March 31, 2016
No of Active Members	4,100	3,783
Per Month Salary For Active Members	9.46	9.11
Average Expected Future Service (Years)	7-9 years	8
Projected Benefit Obligation (PBO) (Rs. In crores)	46.45	39.30
Prescribed Contribution For Next Year (12 Months) (Rs. In crores)	**11.12**	**9.11**

J. Cash Flow Projection: From the Fund

(Rs. In crores)

Projected Benefits Payable in Future Years From the Date of Reporting	Estimated for the year ended March 31, 2018	Estimated for the year ended March 31, 2017
1st Following Year	14.52	12.96
2nd Following Year	2.42	2.44
3rd Following Year	2.94	2.69
4th Following Year	3.11	3.39
5th Following Year	3.23	3.82
Sum of Years 6 To 10	17.66	27.22

The Group's Gratuity Plan is administered by an insurer and the Investments are made in various schemes of the trust. The Group funds the plan on a periodical basis.

In case of certain employees, The Provident fund is administered through an in-house trust. Periodic contributions to the trust are invested in various instruments considering the return, maturity, safety, etc., within the overall ambit of the Provident Fund Trust Rules and investment pattern notified through the Ministry of Labour investment guidelines for exempted provident funds.

Weighted average duration of the defined benefit obligation is in the range of 7 - 9 years (Previous year 6 years)

K. Sensitivity Analysis

(Rs. In crores)

Projected Benefits Payable in Future Years From the Date of Reporting	Gratuity - Funded		Pension - Funded		Gratuity - Non Funded	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
Impact of +1% Change in Rate of Discounting	(2.34)	(1.89)	(39.43)	(36.30)	6.39	(0.15)
Impact of -1% Change in Rate of Discounting	2.65	2.13	51.05	46.51	(0.41)	0.16
Impact of +1% Change in Rate of Salary Increase	2.61	2.12	14.30	13.01	0.45	0.15
Impact of -1% Change in Rate of Salary Increase	(2.35)	(2.05)	(11.04)	(10.17)	(0.40)	(0.14)

The above sensitivity analyses are based on change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The liability for Long term Service Awards (Non – Funded) as at year end is Rs.2.09 crores (As at March 31, 2016 - Rs.1.97 crores, As at April 1, 2015 - Previous year Rs. 0.88 Crores)

The liability for Leave Encashment (Non – Funded) as at year end is Rs.38.67 Crores (Previous year Rs.30.03 Crores, As at April 1, 2015 - Rs. 25.28 Crores)

Price Waterhouse Chartered Accountants FRN 301112E Mumbai

PIRAMAL ENTERPRISES LIMITED MUMBAI

43 Information in accordance with the requirements of Indian Accounting Standard 24 on Related Party Disclosures.

1. List of related parties

A. Controlling Entities

The Ajay G. Piramal Foundation @
Piramal Life Sciences Limited - Senior Employees Stock Option Trust through its Trustee, Mr. Ajay G Piramal@
The Sri Krishna Trust through its Trustees, Mr.Ajay Piramal and Dr.(Mrs.) Swati A. Piramal (Previously held through its Corporate Trustees,Piramal Management Services Private Limited) @

Aasan Info Solutions (India) Private Limited @
Piramal Welfare Trust (Formerly known as The Piramal Enterprise Executives Trust) through its Trustee, Piramal Corporate Services Limited @
PRL Realtors LLP @

B. Subsidiaries - Refer Note 39 (a) for list of subsidairies.

C. Other related parties
Entities controlled by Key Management Personnel
Aasan Corporate Solutions Private Limited (Formerly known as Aasan Developers and Constructions Private Limited)(Demerged from Piramal Estates) (Aasan Developers)
Gopikrishna Piramal Memorial Hospital (GPMH)
Piramal Corporate Services Limited (PCSL)
Piramal Estates Private Limited (Piramal Estates)
Piramal Glass Limited (PGL)
Piramal Glass USA Inc.
Piramal Realty Private Limited @
Piramal Water Private Limited
India Venture Advisors Private Limited (India Venture)
Piramal Forging Private Limited (Piramal Forging) @
Piramal Security Private Limited (Piramal Security) @
Piramal Hospitality Private Limited (Piramal Hospitality) @
Topzone Mercantile Company LLP (Topzone) @
PRL Developers Private Limited (PRL)
PRL Agastya Private Limited
The Sri Hari Trust

Employee Benefit Trusts
Staff Provident Fund of Piramal Healthcare Limited (PPFT)
Piramal Healthcare Limited Employees Group Gratuity Assurance Scheme

@There are no transactions during the year.

Price Waterhouse
Chartered Accountants
FRN 301112E
Mumbai

PIRAMAL ENTERPRISES LIMITED
MUMBAI

D. Associates and its intermediates

Shriram Capital Limited
Shriram Transport Finance Company Limited (Shriram Transport) (w.e.f. July 21, 2015)
Shriram City Union Finance Limited (Shriram City Union) (w.e.f. July 21, 2015)
Shriram Life Insurance Company Limited (Shriram Life) (w.e.f. July 21, 2015)
Shriram General Insurance Company Limited (w.e.f. July 21, 2015) @
Shriram Credit Company Limited (w.e.f. July 21, 2015) @
Bharat Re-insurance Brokers Private Limited (w.e.f. July 21, 2015) @
Shriram Overseas Investment Private Limited (w.e.f. July 21, 2015) @
Shriram Investments Holdings Limited (w.e.f. July 21, 2015) @
Bluebird Aero Systems Limited @
Piramal Phytocare Limited (PPL)
Allergan India Private Limited (Allergan)
Context Matters Inc. (w.e.f September 22, 2016)

E. Jointly controlled entities
Convergence Chemicals Private Limited (Convergance)
Shrilekha Financial Services (partnership firm) (upto January 8, 2017)
Shrilekha Business Consultancy Private Limited (w.e.f. January 9, 2017) @
Novus Cloud Solutions Private Limited (upto April 1, 2015) @
Zebra Management Services Private Limited (w.e.f April 1, 2015) @

F. Key Management Personnel and their relatives

Mr. Ajay G. Piramal
Dr. (Mrs.) Swati A. Piramal
Ms. Nandini Piramal
Mr. Vijay Shah
Mr. Peter De Young [husband of Ms. Nandini Piramal]

G. Non Executive/Independent Directors
Dr. R. A. Mashelkar
Mr. Gautam Banerjee
Mr. Goverdhan Mehta
Mr. N. Vaghul
Mr. S. Ramadorai
Mr. Deepak Satwalekar
Mr. Keki Dadiseth
Mr. Siddharth N Mehta

@ There are no transactions during the year with the above companies

Price Waterhouse Chartered Accountants FRN 301112E Mumbai

PIRAMAL ENTERPRISES LIMITED MUMBAI

2. Details of transactions with related parties.

(Rs. in Crores)

Details of Transactions	Jointly Controlled Entities		Associates & Intermediates		Other Related Parties		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
Purchase of Goods								
- PGL	-	-	-	-	4.70	4.12	4.70	4.12
- Piramal Glass USA Inc.	-	-	-	-	4.91	8.54	4.91	8.54
TOTAL	**-**	**-**	**-**	**-**	**9.61**	**12.66**	**9.61**	**12.66**
Sale of Goods								
- Piramal Glass USA Inc.	-	-	-	-	1.09	-	1.09	-
- Allergan	-	-	65.69	59.24	-	-	65.69	59.24
TOTAL	**-**	**-**	**65.69**	**59.24**	**1.09**	**-**	**66.78**	**59.24**
Amenities Charges								
- Piramal Estates	-	-	-	-	-	1.52	-	1.52
- Aasan Developers	-	-	-	-	1.47	0.28	1.47	0.28
TOTAL	**-**	**-**	**-**	**-**	**1.47**	**1.80**	**1.47**	**1.80**
Rendering of Services								
- Allergan	-	-	0.53	0.94	-	-	0.53	0.94
- Others	-	-	-	-	-	0.01	-	0.01
TOTAL	**-**	**-**	**0.53**	**0.94**	**-**	**0.01**	**0.53**	**0.95**
Royalty Expense								
- PCSL	-	-	-	-	21.75	30.00	21.75	30.00
TOTAL	**-**	**-**	**-**	**-**	**21.75**	**30.00**	**21.75**	**30.00**
Rent Expense								
- GPMH	-	-	-	-	0.01	-	0.01	-
- Piramal Estates	-	-	-	-	-	10.54	-	10.54
- Aasan Developers	-	-	-	-	15.80	2.00	15.80	2.00
- Others	-	-	-	-	1.16	0.54	1.16	0.54
TOTAL	**-**	**-**	**-**	**-**	**16.97**	**13.08**	**16.97**	**13.08**
Reimbursements of expenses recovered								
- PGL	-	-	-	-	1.65	-	1.65	-
- Piramal Estates	-	-	-	-	-	0.36	-	0.36
- PPL	-	-	0.05	0.12	-	-	0.05	0.12
- Convergence Chemicals Private Limited	0.19	-	-	-	-	-	0.19	-
- PRL	-	-	-	-	0.22	-	0.22	-
- Others	-	-	-	-	-	0.27	-	0.27
TOTAL	**0.19**	**-**	**0.05**	**0.12**	**1.87**	**0.63**	**2.11**	**0.75**

Price Waterhouse Chartered Accountants FRN 301112E Mumbai

PIRAMAL ENTERPRISES LIMITED MUMBAI

(Rs. in Crores)

Details of Transactions	Jointly Controlled Entities		Associates & Intermediates		Other Related Parties		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
Reimbursements of expenses paid								
- Piramal Glass USA Inc	-	-	-	-	0.18	1.06	0.18	1.06
- GPMH	-	-	-	-	-	1.52	-	1.52
- Aasan Developers	-	-	-	-	0.55	-	0.55	-
TOTAL	-	-	-	-	**0.73**	**2.58**	**0.73**	**2.58**
Donation Paid								
- Piramal Water Private Limited	-	-	-	-	0.02	-	0.02	-
TOTAL	-	-	-	-	**0.02**	-	**0.02**	-
Purchase of Fixed Assets								
- PRL Agastya Private Limited	-	-	-	-	408.03	-	408.03	-
TOTAL	-	-	-	-	**408.03**	-	**408.03**	-
Security deposit placed							-	-
- Aasan Developers	-	-	-	-	0.73	-	0.73	-
TOTAL	-	-	-	-	**0.73**	-	**0.73**	-
Refund of Security Deposit								
- Piramal Estates	-	-	-	-	-	0.22	-	0.22
TOTAL	-	-	-	-	-	**0.22**	-	**0.22**
Sale of Assets								
- Topzone	-	-	-	-	-	70.00	-	70.00
TOTAL	-	-	-	-	-	**70.00**	-	**70.00**
Purchase of Securities								
- Piramal Forging	-	-	-	-	-	0.01	-	0.01
- Piramal Security	-	-	-	-	-	*	-	*
- Piramal Hospitality	-	-	-	-	-	*	-	*
TOTAL	-	-	-	-	-	**0.01**	-	**0.01**
Dividend Income								
- Shriram Capital	-	-	8.30	36.06	-	-	8.30	36.06
- Shriram Transport	-	-	22.60	22.60	-	-	22.60	22.60
- Shriram City Union	-	-	9.87	10.20	-	-	9.87	10.20
- Allergan	-	-	19.60	-	-	-	19.60	-
TOTAL	-	-	**60.37**	**68.86**	-	-	**60.37**	**68.86**

* - Below the rounding off threshold applied by the Group

Price Waterhouse
Chartered Accountants
FRN 301112E
Mumbai

PIRAMAL ENTERPRISES LIMITED
MUMBAI

(Rs. in Crores)

Details of Transactions	Jointly Controlled Entities		Associates & Intermediates		Other Related Parties		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
Finance granted/(repayments)								
- Convergance	16.91	12.29	-	-	-	-	16.91	12.29
TOTAL	**16.91**	**12.29**	-	-	-	-	**16.91**	**12.29**
Loan Taken /(repayments) - Net								
- Shriram Life	-	-	(5.00)	5.00	-	-	(5.00)	5.00
TOTAL	-	-	**(5.00)**	**5.00**	-	-	**(5.00)**	**5.00**
Interest received on loans/investments								
- Convergance	3.74	-	-	-	-	-	3.74	-
- Others	-	0.02	-	-	-	-	-	0.02
TOTAL	**3.74**	**0.02**	-	-	-	-	**3.74**	**0.02**
Interest paid on loans								
- Shriram Life	-	-	0.21	0.02	-	-	0.21	0.02
TOTAL	-	-	**0.21**	**0.02**	-	-	**0.21**	**0.02**
Sale of Investments								
- The Sri Hari Trust	-	-	-	-	55.59	-	55.59	-
TOTAL	-	-	-	-	**55.59**	-	**55.59**	-
Contribution to Funds								
- PPFT	-	-	-	-	24.98	29.06	24.98	29.06
- Piramal Healthcare Limited Employees Group Gratuity Assurance Scheme	-	-	-	-	-	5.00	-	5.00
TOTAL	-	-	-	-	**24.98**	**34.06**	**24.98**	**34.06**

Price Waterhouse Chartered Accountants FRN 301112E Mumbai

PIRAMAL ENTERPRISES LIMITED MUMBAI

Apart from the above, the Group has transacted with the following subsidiaries which have not been consolidated (Refer note 39 (a)):

	2017	2016
Expenditure towards Corporate Social Responsibility activities		
- PFEL	20.89	18.76
- PSMRI	9.14	12.71
- Udgam	0.21	0.57
TOTAL	**30.24**	**32.04**
Donation Paid		
- PFEL	1.50	-
- PSMRI	7.49	0.52
TOTAL	**8.99**	**0.52**
Finance granted /(repayments) - Net (including loans and Equity contribution in cash or in kind)		
- PSMRI	1.50	-
TOTAL	**1.50**	-
Interest Received on Loans/Investments		
- PSMRI	0.32	-
TOTAL	**0.32**	-

All the transactions were made on normal commercial terms and conditions and at market rates.

Compensation of key managerial personnel

The remuneration of directors and other members of key managerial personnel during the year was as follows:

(Rs. in Crores)

Particulars	**2017**	**2016**
Short-term employee benefits	19.93	17.41
Post-employment benefits	3.26	2.78
Other long-term benefits	0.85	0.74
Commission and other benefits to non-executive/independent directors	2.76	2.67
Total	**26.80**	**23.60**

Payments made to the directors and other members of key managerial personnel are approved by the Nomination & Remuneration Committee

Price Waterhouse Chartered Accountants FRN 301112E Mumbai

PIRAMAL ENTERPRISES LIMITED MUMBAI

PIRAMAL ENTERPRISES LIMITED
Notes to the Consolidated financial statements for the year ended March 31, 2017

3. Balances of related parties. **(Rs. in Crores)**

Account Balances	Jointly Controlled Entities			Associates & Intermediates			Other Related Parties			Total		
	2017	2016	2015	2017	2016	2015	2017	2016	2015	2017	2016	2015
Trade Receivables												
- PGL	-	-	-	-	-	-	-	-	0.81	-	-	0.81
- Piramal Glass USA Inc	-	-	-	-	-	-	0.08	0.17	-	0.08	0.17	-
- Piramal Estates	-	-	-	-	-	-	0.83	0.83	-	0.83	0.83	-
- Aasan Developers	-	-	-	-	-	-	1.30	0.56	-	1.30	0.56	-
- Others	-	-	-	-	-	-	-	0.05	0.01	-	0.05	0.01
TOTAL	-	-	-	-	-	-	**2.21**	**1.61**	**0.82**	**2.21**	**1.61**	**0.82**
Advance from Customer												
- Allergan	-	-	-	-	2.87	-	-	-	-	-	2.87	-
TOTAL	-	-	-	-	**2.87**	-	-	-	-	-	**2.87**	-
Consideration Receivable												
- Topzone	-	-	-	-	-	-	-	70.00	-	-	70.00	-
TOTAL	-	-	-	-	-	-	-	**70.00**	-	-	**70.00**	-
Loans from Related Parties												
- Shriram Life	-	-	-	-	5.00	-	-	-	-	-	5.00	-
TOTAL	-	-	-	-	**5.00**	-	-	-	-	-	**5.00**	-
Long-Term Financial Assets												
- Aasan Developers	-	-	-	-	-	-	7.28	7.28	-	7.28	7.28	-
- Piramal Estates	-	-	-	-	-	-	-	-	7.78	-	-	7.78
- Convergence Chemicals Private Limited	24.10	7.19	-	-	-	-	-	-	-	24.10	7.19	-
TOTAL	**24.10**	**7.19**	-	-	-	-	**7.28**	**7.28**	**7.78**	**31.38**	**14.47**	**7.78**
Trade Payables												
- Piramal Glass USA Inc	-	-	-	-	-	-	0.38	0.21	0.09	0.38	0.21	0.09
- Piramal Estates	-	-	-	-	-	-	-	-	0.56	-	-	0.56
- PGL	-	-	-	-	-	-	0.15	0.65	-	0.15	0.65	-
- PCSL	-	-	-	-	-	-	3.71	11.45	12.65	3.71	11.45	12.65
- Aasan Developers	-	-	-	-	-	-	0.30	-	-	0.30	-	-
- Others	-	-	-	-	-	-	-	0.07	0.01	-	0.07	0.01
TOTAL	-	-	-	-	-	-	**4.54**	**12.38**	**13.31**	**4.54**	**12.38**	**13.31**
Payable for Purchase of Assets												
- PRL Agastya Private Limited	-	-	-	-	-	-	36.38	-	-	36.38	-	-
TOTAL	-	-	-	-	-	-	**36.38**	-	-	**36.38**	-	-
Current Account balances with related parties												
- PCSL	-	-	-	-	-	-	0.03	-	-	0.03	-	-
- PGL	-	-	-	-	-	-	1.71	-	-	1.71	-	-
- PPL	-	-	-	0.01	-	-	-	-	-	0.01	-	-
- Convergance	2.20	-	-	-	-	-	-	-	-	2.20	-	-
- PRL	-	-	-	-	-	-	0.22	-	-	0.22	-	-
TOTAL	**2.20**	-	-	**0.01**	-	-	**1.96**	-	-	**4.17**	-	-

Apart from the above, the Group has balances outstanding with the following subsidiaries which have not been consolidated (Refer note 39 (a)):

Loans to related parties - Unsecured (at amortised cost)	2017	2016	2015
- PSMRI	1.50	-	-
TOTAL	**1.50**	-	-

All outstanding balances are unsecured and are repayable in cash

Price Waterhouse
Chartered Accountants
FRN 301112E

PIRAMAL ENTERPRISES LIMITED
MUMBAI

44 Property, Plant & Equipment, Capital Work In Progress, Non Convertible Debentures, Loans, Brands and Trademarks, Inter Corporate Deposits and Other Financial Assets amounting Rs.13,693.18 Crores (As on 31st March 2016 Rs.3,596.51 Crores and as on 1st April 2015 1,694.22 Crores) are mortgaged / hypothecated as a security against long term secured borrowings as at March 31, 2017.

Inventories and Trade receivables amounting Rs.231.34 Crores (As on 31st March 2016 Rs.332.83 Crores and as on 1st April 2015 211.53 Crores) are hypothecated as a security against short term secured borrowings as at March 31, 2017.

45 The Group's significant operating lease arrangements are mainly in respect of residential / office premises, computers, motor vehicles and vaporizers. The aggregate lease rentals payable on these leasing arrangements are charged as rent under "Other Expenses" in Note 36.

These lease arrangements are for a period ranging from one year to fifteen years and are in most cases renewable by mutual consent, on mutually agreeable terms.

(Rs. in Crores)

Payable	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Not Later than one year	68.35	72.25	77.35
Later than one year but not later than five years	180.87	213.85	157.63
Later than five years	43.80	37.30	30.20

Rent expenses, recognised under Other Expenses (Refer Note 36) pertains to minimum lease payment only.

46 Earnings Per Share (EPS) - EPS is calculated by dividing the profit attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year. Numbers used for calculating basic and diluted earnings per equity share are as stated below :

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
1. Profit attributable to owners of Piramal Enterprises Limited (Rs. in Crores)	1,252.33	904.74
2. Weighted Number of Shares (Nos.)	172,563,100	172,563,100
3. Earnings / (Loss) per share - Basic and Diluted (Rs.)	72.6	52.4
4. Face value per share (Rs.)	2.00	2.00

47 **(a)** The Company conducts research and development to find new sustainable chemical routes for pharmaceutical & herbal products. The company is undertaking development activities for Oral Solids and Sterile Injectables, apart from other Active Pharmaceutical Ingredients.
The Company has research and development centres in Mumbai, Ennore and Ahmedabad.

Details of additions to Property Plant & Equipments & Intangibles under Development and qualifying Revenue Expenditure for Department of Scientific & Industrial Research (DSIR) approved research and development facilities / division of the Company at Mumbai, Ennore and Ahmedabad (with effect from September 23, 2016) for the year are as follows;

(Rs. in Crores)

Description	For the year ended March 31, 2017	For the year ended March 31, 2016
Revenue Expenditure	43.39	35.36
Capital Expenditure, Net		
Additions to Property Plant & Equipments	7.11	30.28
Additions to Intangibles under Development	11.55	-
Less: Sale proceeds of the assets and Transfer of the Assets	-	3.75
Less: Credit for transfer of R&D assets out of R&D center	-	6.74
TOTAL	**18.66**	**19.79**

During the year ended March 31,2015 , the Company had decided to curtail investments in New Chemical Entity research.
Accordingly, Costs and write-downs associated with the scale-down incurred during the previous year, disclosed under Exceptional Income / (Expenses) (Refer Note 37), are mentioned below:

(Rs. in Crores)

Description	For the year ended March 31, 2016
(Gain)/Loss on sale of Property Plant & Equipment	(2.56)
TOTAL	**(2.56)**

(b) The Group through its subsidiary Piramal Imaging SA has invested in the following molecules:
- FSPG - targeting a metabolic pathway which balances oxidative stress in cancer and provides an additional growth advantage for a variety of tumors.
- Bombesin - targeting accurate and earlier detection of prostate cancer and improved staging of the disease
- GP1 - a 18F-labeled PET tracer that binds specifically to the key receptor involved in platelet aggregation and thrombi formation.

48 The Consolidated results for the year ended March 31, 2017 includes the results for Piramal Critical Care Italia S.P.A, Piramal Holdings (Suisse) SA, Piramal Technologies SA and Piramal Critical Care Deutschland GmbH based on audited accounts upto their respective financial year ending December 31, 2016 and management estimates prepared by respective Company's Management for the interim period ending March 31, 2017. The results of Piramal Dutch Holdings N.V., Bluebird Aero Systems Limited, Piramal Critical Care South Africa (Pty) Ltd and Piramal Healthcare Pension Trustees Limited are based on management estimates for the year ended March 31, 2017 as audited results were unavailable. The percentage of combined Revenues from operations for the year ended March 31, 2017 for all the above companies to the Consolidated Revenue is 0.34%. The percentage of combined profit/(loss) for the year ended March 31, 2017 for all the above companies to the Consolidated Profit and Loss is (1.44) %.

Price Waterhouse Chartered Accountants FRN 301112E Mumbai

Piramal Enterprises Limited Mumbai

49 Capital Management

The Group manages its capital to ensure that it will be able to continue as going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of net debt (borrowings as detailed in notes 18, 23 and 24 offset by cash and bank balances) and total equity of the Group.

The Group determines the amount of capital required on the basis of annual as well as long term operating plans and other strategic investment plans. The funding requirements are met through non convertible debt securities or other long-term /short-term borrowings.The Group monitors the capital structure on the basis of total debt to equity ratio and maturity profile of the overall debt portfolio of the Group.

The capital components of the Group are as given below:

Rs in Crores

	March 31, 2017	March 31, 2016	April 1, 2015
Total Equity	**14,895.78**	**12,948.47**	**13,425.60**
Borrowings - Current	12,079.48	6,828.93	2,796.54
Borrowings - Non Current	14,495.69	7,474.00	3,687.27
Current Maturities of Long Term Debt	3,875.81	1,975.86	702.53
Total Debt	**30,450.98**	**16,278.79**	**7,186.34**
Cash & Cash equivalents	(1,490.44)	(297.98)	(278.71)
Net Debt	**28,960.54**	**15,980.81**	**6,907.63**
Debt/Equity Ratio	**1.94**	**1.23**	**0.51**

The terms of the Secured and unsecured loans and borrowings contain certain financial covenants primarily requiring the Company and it's subsidiaries to maintain certain financial ratios like Total Debt to Total Net Worth, Interest Coverage Ratio, Fixed Asset Cover ratio, Minimum net worth conditions, etc. The Company and it's subsidiaries are broadly in compliance with the said covenants and banks have generally waived / condoned such covenants.

50 Risk Management

The Group's activities expose it to market risk, liquidity risk and credit risk.
The Group has an independent and dedicated Enterprise Risk Management (ERM) system to identify, manage and mitigate business risks.
Board has approved the Asset Liability Management Policy and the formation of Asset Liability Management Committee (ALCO). The ALCO includes the Group's senior management and an external industry expert. It defines the strategy for managing liquidity and interest rate risks in the business.

This note explains the sources of risk which the group is exposed to and how the group manages the risk and the impact of hedge accounting in the financial statements.

Risk	Exposure arising from	Management
Liquidity risk	Borrowings and other liabilities	ALCO deliberates on the static liquidity gap statement, future asset growth plans, tenor of assets, market liquidity and pricing of various sources of funds. It decides on the optimal funding mix taking into consideration the asset strategy and a focus on diversifying sources of funds.
Market risk - Interest rate	Long-term borrowings at variable rates	ALCO reviews the interest rate gap statement and the mix of floating and fixed rate assets and liabilities. The Risk Management Group has also initiated a scenario analysis to assess the short-term impact of interest rates on net interest income (NII).
Market risk - Securities price risks	Sensitivity analysis	The Group continue to effectively evaluate various risks involved in underlying assets, before and after making any such strategic investments.
Market risk - Foreign exchange	Sensitivity analysis	The centralised treasury function aggregates the foreign exchange exposure and takes prudent measures to hedge the exposure based on prevalent macroeconomic conditions.
Credit risk	Cash and cash equivalents, trade receivables, derivative financial instruments, financial assets measured at amortised cost.	Diversification of bank deposits, credit limits and letters of credit Each investment in financial services is assessed by the investment team as well as independent risk team on the risk-return framework. The combined analysis of these teams is presented to the Investment Committee for investment decision. The risk is being partly mitigated by setting up a concentration risk framework, which incentivises business units to diversify portfolio across counterparties, sectors and geographies.

Price Waterhouse Chartered Accountants FRN 301112E Mumbai

PIRAMAL ENTERPRISES LIMITED MUMBAI

a. **Liquidity Risk Management**

Liquidity Risk refers to insufficiency of funds to meet the financial obligations. Liquidity Risk Management implies maintenance of sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit lines to meet obligations when due.

The Group has formulated an Asset Liability Management Policy. The Asset Liability Management Committee (ALCO) is responsible for the management of the Group's short-term, medium-term and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and by continuously monitoring forecast and actual cash flows, and by assessing the maturity profiles of financial assets and liabilities. The Group has access to undrawn borrowing facilities at the end of each reporting period, as detailed below:

The Group has the following undrawn credit lines available as at the end of the reporting period.

(Rs. in Crores)

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
- Expiring within one year	9,324.28	3,544.15	3,887.95
- Expiring beyond one year	-	-	-
	9,324.28	3,544.15	3,887.95

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the rate applicable as of reporting period ends respectively has been considered. The contractual maturity is based on the earliest date on which the Group may be required to pay.

Maturities of Financial Liabilities	March 31, 2017			
	Upto 1 year	1 to 3 years	3 to 5 years	5 years & above
Borrowings	16,209.51	15,915.83	2,419.56	1,056.29
Trade Payables	764.29	-	-	-
Derivative Financial Liabilities	30.73	-	-	-
Other Financial Liabilities	1,206.07	149.74	0.74	-
	18,210.60	16,065.57	2,420.30	1,056.29

Maturities of Financial Liabilities	March 31, 2016			
	Upto 1 year	1 to 3 years	3 to 5 years	5 years & above
Borrowings	9,350.60	7,119.92	1,290.64	-
Trade Payables	702.56	-	-	-
Derivative Financial Liabilities	-	4.03	-	-
Other Financial Liabilities	271.36	39.57	3.56	-
	10,324.52	7,163.52	1,294.20	-

Maturities of Financial Liabilities	April 1, 2015			
	Upto 1 year	1 to 3 years	3 to 5 years	5 years & above
Borrowings	3,718.75	3,139.05	1,031.42	21.03
Trade Payables	668.04	-	-	-
Other Financial Liabilities	112.78	2.53	-	-
	4,499.57	3,141.58	1,031.42	21.03

The following table details the Group's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Group's liquidity risk management as the liquidity is managed on a net asset and liability basis. Hence, maturities of the relevant assets have been considered below.

Maturities of Financial Assets	March 31, 2017			
	Upto 1 year	1 to 3 years	3 to 5 years	5 years & above
Investments & Loans	5,573.46	13,930.32	6,792.19	2,102.99
Trade Receivables	1,147.86	-	-	-
	6,721.32	13,930.32	6,792.19	2,102.99

Maturities of Financial Assets	March 31, 2016			
	Upto 1 year	1 to 3 years	3 to 5 years	5 years & above
Investments & Loans	3,882.11	10,820.71	5,103.84	837.46
Trade Receivables	1,004.90	-	-	-
	4,887.01	10,820.71	5,103.84	837.46

Maturities of Financial Assets	April 1, 2015			
	Upto 1 year	1 to 3 years	3 to 5 years	5 years & above
Investments & Loans	3,307.33	4,360.28	1,015.95	92.52
Trade Receivables	845.59	-	-	-
	4,152.92	4,360.28	1,015.95	92.52

The balances disclosed in the table above are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant

Price Waterhouse Chartered Accountants FRN 301112E Mumbai

PIRAMAL ENTERPRISES LIMITED MUMBAI

In case of loan commitments, the expected maturities are as under:

(Rs. in Crores)

	March 31, 2017	March 31, 2016	April 1, 2015
	Within 1 year	Within 1 year	Within 1 year
Commitment to invest in non-convertible debentures	106.45	1,257.45	798.94
Commitment to invest in Inter Company Deposits/Loans	230.40	555.45	170.00
Commitment to invest in Optionally Convertible Debentures	-	-	100.00
Total	**336.85**	**1,812.90**	**1,068.94**

(Rs. in Crores)

	March 31, 2017	March 31, 2016	April 1, 2015
	1 to 3 years	1 to 3 years	1 to 3 years
Commitment to invest in AIF	75.00	85.00	-
	75.00	**85.00**	-

b. Interest Rate Risk Management

The Group is exposed to interest rate risk as it has assets and liabilities based on floating interest rates as well. The Group has an approved Asset and Liability Management Policy which empowers the Asset and Liability Management Committee (ALCO) to assess the interest rate risk run by it and provide appropriate guidelines to the Treasury to manage the risk. The ALCO reviews the interest rate risk on periodic basis and decides on the asset profile and the appropriate funding mix. The ALCO reviews the interest rate gap statement and the interest rate sensitivity analysis.

The exposure of the Group's borrowing to interest rate changes at the end of the reporting period are as follows:

(Rs. in Crores)

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Variable rate borrowings	11,541.91	5,536.55	3,623.55
Fixed rate borrowings	18,712.80	10,668.76	3,686.27
	30,254.71	16,205.31	7,309.82

The sensitivity analyses below have been determined based on the exposure to interest rates for assets and liabilities at the end of the reporting period. For floating rate assets and liabilities, the analysis is prepared assuming the amount of the liabilities/assets outstanding at the end of the reporting period was outstanding for the whole year and the rates are reset as per the applicable reset dates. The basis risk between various benchmarks used to reset the floating rate assets and liabilities has been considered to be insignificant.

If interest rates related to borrowings had been 100 basis points higher/lower and all other variables were held constant for the Company and its subsidiaries in India, the Group's

- Profit before tax for the year ended/Other Equity(pre tax) as on March 31, 2017 would decrease/increase by Rs.78.68 Crores (Previous year Rs.28.95 Crores). This is mainly attributable to the Group's exposure to borrowings at floating interest rates.

If interest rates related to borrowings had been 25 basis points higher/lower and all other variables were held constant for the Company's subsidiaries located outside India, the Group's

- Profit before tax for the year ended/Other Equity(pre tax) as on March 31, 2017 would decrease/increase by Rs.9.19 Crores (Previous year Rs.6.60 Crores). This is mainly attributable to the Group's exposure to borrowings at floating interest rates.

If interest rates related to loans given / debentures invested had been 100 basis points higher/lower and all other variables were held constant, the Group's

- Profit before tax for the year ended/Other Equity(pre tax) as on March 31, 2017 would decrease/increase by Rs.68.38 Crores (Previous year Rs.7.76 Crores). This is mainly attributable to the Group's exposure to lendings at floating interest rates.

c. **Other price risks**

The Group is exposed to equity price risks arising from equity investments and classified in the balances sheet at fair value through Other Comprehensive Income.

Equity price sensitivity analysis:

The table below summarises the impact of increases/decreases on the Group's Equity and OCI for the period. Analysis is based on the assumption that equity index had increased/decreased by 5% with all the other variables held constant, and these investments moved in the line with the index.

Rs. in crores

Particulars	Impact on OCI	
	March 31, 2017	March 31, 2016
NSE Nifty 100, Increase by 5%	199.46	157.13
NSE Nifty 100, Decrease by 5%	(199.46)	(157.13)

The Group has designated the following securities as FVTOCI Investments:

Shriram City Union Finance Limited
Shriram Transport Finance Company Limited

The Group chose this presentation alternative because the investment were made for strategic purposes rather than with a view to profit on subsequent sale, and there are no plans to dispose of these investments.

Price Waterhouse
Chartered Accountants
FRN 301112E
Mumbai

PIRAMAL ENTERPRISES LIMITED
MUMBAI

PIRAMAL ENTERPRISES LIMITED
Notes to the Consolidated financial statements for the year ended March 31, 2017

50 (d) Foreign Currency Risk Management

The Group is exposed to Currency Risk arising from its trade exposures and Capital receipt / payments denominated, in other than the Functional Currency. The Group has a detailed policy which includes setting of the recognition parameters, benchmark targets, the boundaries within which the treasury has to perform and also lays down the checks and controls to ensure the effectiveness of the treasury function.
The Group has defined strategies for addressing the risks for each category of exposures (e.g. for exports , for imports, for loans, etc.). The centralised treasury function aggregates the foreign exchange exposure and takes prudent measures to hedge the exposure based on prevalent macro-economic conditions.

i) Derivatives outstanding as at the reporting date

i. Firm commitment and highly probable forecast transaction	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	FC in Crores	Rs. In Crores	FC in Crores	Rs. In Crores	FC in Crores	Rs. In Crores
Forward contracts to sell USD / INR	5.38	351.54	3.90	267.17	7.28	473.92
Forward contracts to sell EUR / USD	0.50	37.51	1.20	91.38	-	-
Forward contracts to sell GBP / USD	0.19	19.02	1.20	114.57	0.95	87.28

ii. Receivable of Loan to related parties	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	FC in Crores	Rs. In Crores	FC in Crores	Rs. In Crores	FC in Crores	Rs. In Crores
Forward contracts to sell USD	4.18	271.70	4.33	296.94	3.07	194.36

iii. Loans payable to banks	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	FC in Crores	Rs. In Crores	FC in Crores	Rs. In Crores	FC in Crores	Rs. In Crores
Cross currency interest rate swap USD/INR	3.77	244.18	6.02	398.93	-	-

ii) Particulars of foreign currency exposures as at the reporting date

Currencies	March 31, 2017				March 31, 2016				April 1, 2015			
	Advances from customers		Trade receivables		Advances from customers		Trade receivables		Advances from customers		Trade receivables	
	FC in Crores	Rs. In Crores	FC in Crores	Rs. In Crores	FC in Crores	Rs. In Crores	FC in Crores	Rs. In Crores	FC in Crores	Rs. In Crores	FC in Crores	Rs. In Crores
EUR	0.04	2.96	1.92	133.05	0.04	2.73	0.57	42.97	0.01	0.91	1.01	67.36
USD	0.62	39.96	4.80	311.33	0.46	30.56	3.72	246.70	0.28	17.53	3.41	213.40
GBP	0.12	9.45	1.51	122.54	*	0.14	0.73	69.31	0.01	0.65	0.76	70.61
AUD	-	-	0.01	0.35	-	-	-	-	*	0.09	0.01	0.64
CHF	-	-	-	-	-	-	*	0.17	-	-	-	-
CAD	-	-	-	-	-	-	0.02	0.78	-	-	-	-
SGD	-	-	0.01	0.35	-	-	*	0.16	-	-	*	-

Currencies	March 31, 2017				March 31, 2016				April 1, 2015			
	Advances to vendors		Trade payables		Advances to vendors		Trade payables		Advances to vendors		Trade payables	
	FC in Crores	Rs. In Crores	FC in Crores	Rs. In Crores	FC in Crores	Rs. In Crores	FC in Crores	Rs. In Crores	FC in Crores	Rs. In Crores	FC in Crores	Rs. In Crores
CHF	*	0.25	0.06	3.81	0.10	7.12	0.03	2.04	*	0.31	0.05	2.94
EUR	0.06	4.13	1.13	78.48	1.16	86.71	0.35	26.07	1.22	82.22	0.25	16.64
GBP	0.01	0.58	0.10	7.93	0.04	3.43	0.03	3.16	0.02	1.96	0.06	5.87
JPY	0.15	5.34	0.13	7.49	0.03	0.02	0.07	0.04	0.05	0.03	0.13	0.08
SEK	0.13	1.01	0.04	0.27	0.13	1.03	0.04	0.28	0.13	0.97	0.04	0.26
USD	0.19	12.34	1.19	76.86	0.44	29.00	2.26	149.27	0.22	13.89	1.75	109.41
INR	-	-	0.17	0.17	-	-	-	-	-	-	0.12	0.12
HKD	-	-	-	-	-	-	-	-	-	-	*	0.03
THB	0.04	0.07	-	-	0.04	0.07	-	-	0.04	0.04	-	-
AUD	-	-	-	-	-	-	*	0.08	-	-	-	-
CAD	-	-	-	-	-	-	*	0.05	*	*	*	0.02
SGD	-	-	-	-	*	*	-	-	-	-	-	-
NZD	-	-	-	-	-	-	*	*	-	-	*	*

* - Below the rounding off threshold applied by the Group

Currencies	March 31, 2017		March 31, 2016		April 1, 2015	
	Loan from Banks		Loan from Banks		Loan from Banks	
	FC in Crores	Rs. In Crores	FC in Crores	Rs. In Crores	FC in Crores	Rs. In Crores
USD	7.53	488.37	1.12	73.94	0.85	52.94
EUR	1.71	118.74	-	-	-	-
GBP	0.25	20.44	-	-	-	-

Price Waterhouse Chartered Accountants FRN 301112E

PIRAMAL ENTERPRISES LIMITED MUMBAI

PIRAMAL ENTERPRISES LIMITED
Notes to the Consolidated financial statements for the year ended March 31, 2017

Currencies	March 31, 2017				March 31, 2016				April 1, 2015			
	Loans and interest receivable		Current Account Balances		Loans and interest receivable		Current Account Balances		Loans and interest receivable		Current Account Balances	
	FC in Crores	Rs. In Crores	FC in Crores	Rs. In Crores	FC in Crores	Rs. In Crores	FC in Crores	Rs. In Crores	FC in Crores	Rs. In Crores	FC in Crores	Rs. In Crores
USD	44.00	2,853.94	0.07	4.39	33.74	2,236.05	(0.02)	(0.13)	19.68	1,207.79	0.07	4.47
GBP	5.32	430.33	0.02	1.47	1.06	101.14	0.17	16.15	0.64	59.71	0.13	12.05
EUR	11.87	822.80	(0.13)	(9.23)	0.33	24.96	(0.32)	(24.40)	0.22	14.69	0.06	3.91
CHF	0.25	16.39	-	-	0.32	22.08	-	-	0.28	18.22	*	0.06

Currencies	March 31, 2017		March 31, 2016		April 1, 2015	
	Loans taken and interest payable		Loans taken and interest payable		Loans taken and interest payable	
	FC in Crores	Rs. In Crores	FC in Crores	Rs. In Crores	FC in Crores	Rs. In Crores
EUR	7.84	543.25	2.93	220.59	3.13	209.89
USD	6.44	417.78	1.67	110.85	4.67	292.03
GBP	4.77	385.73	1.96	186.61	1.26	116.07
CHF	-	-	10.38	716.72	-	-
CAD	-	-	*	0.07	-	-

Currencies	March 31, 2017		March 31, 2016		April 1, 2015	
	Other Current liabilities		Other Current liabilities		Other Current liabilities	
	FC in Crores	Rs. In Crores	FC in Crores	Rs. In Crores	FC in Crores	Rs. In Crores
USD	-	-	0.15	10.00	-	-

* - Below the rounding off threshold applied by the Group

Of the above, the Group is mainly exposed to USD, GBP, EUR & CHF. Hence the following table analyses the Group's Sensitivity to a 5% increase and a 5% decrease in the exchange rates of these currencies against INR.

Currencies	Increase/Decrease	For the year ended March 31, 2017				For the year ended March 31, 2016			
		Total Assets in FC	Total Liabilities in FC	Change in exchange rate	Impact on Profit or Loss/Other Equity for the year	Total Assets in FC	Total Liabilities in FC	Change in exchange rate	Impact on Profit or Loss/Other Equity for the year
USD	Increase by 5%#	49.07	15.78	3.24	107.86	37.87	5.52	3.31	107.08
USD	Decrease by 5%#	49.07	15.78	(3.24)	(107.86)	37.87	5.52	(3.31)	(107.08)
GBP	Increase by 5%#	6.85	5.24	4.05	6.52	1.99	1.99	4.77	(0.00)
GBP	Decrease by 5%#	6.85	5.24	(4.05)	(6.52)	1.99	1.99	(4.77)	0.00
EUR	Increase by 5%#	13.85	10.86	3.46	10.35	2.05	3.31	3.77	(4.75)
EUR	Decrease by 5%#	13.85	10.86	(3.46)	(10.35)	2.05	3.31	(3.77)	4.75
CHF	Increase by 5%#	0.25	0.06	3.24	0.62	0.42	0.03	3.45	1.35
CHF	Decrease by 5%#	0.25	0.06	(3.24)	(0.62)	0.42	0.03	(3.45)	(1.35)

Holding all the other variables constant

iii) During the year, the functional currencies of the following subsidiaries were reassessed and changed:

A. Piramal Critical Care Limited had Great Britain pounds as its functional currency. However after October 2016, the entity had majority assets and liabilities denominated in USD and due to overseas acquisition wherein majority of revenue would be denominated in USD, the functional currency was changed to USD.

B. Piramal Dutch Holdings N.V. had EURO as its functional currency. Since October 2016, the entity had majority assets and liabilities denominated in USD and hence the functional currency was changed to USD.

Price Waterhouse
Chartered Accountants
Mumbai

Piramal Enterprises Limited
Mumbai

50 (e) Accounting for cash flow hedge

The Group has taken foreign currency floating rate borrowings which are linked to LIBOR. For managing the foreign currency risk and interest rate risk arising from changes in LIBOR on such borrowings, the Group has enterred into cross-currency interest rate swap (CCIRS) for the entire loan liability. The Group has designated the CCIRS (hedging instrument) and the borrowing (hedged item) into a hedging relationship and applies hedge accounting.

Under the terms of the CCIRS, the Group pays interest at the fixed rate to the swap counterparty in INR and receives the floating interest payments based on LIBOR in foreign currency. As the critical terms of the hedged item and the hedging instrument (notional, interest periods, underlying and fixed rates) are matching and the interest cashflows are off-setting, an economic relationship exists beteween the two. This ensures that the hedging instrument and hedged item have values that generally move in the opposite direction.

Hedge Effectiveness Testing is assessed at designation date of the hedging relationship, and on an ongoing basis. The ongoing assessment is performed at a minimum at each reporting date or upon a significant change in circumstances affecting the hedge effectiveness requirements, whichever comes first.

The date on which CCIRS and the borrowings were designated into hedging relationship is later than the date on which the respective contracts were enterred into. This timing difference has caused hedge ineffectiveness to a certain extent, the effect of which has been recognised in profit or loss under the head Exchange gain / losses.

Following table provides quantitative information regarding the hedging instrument as on March 31, 2017:

Rs. in crores

Type of hedge and risks	Nominal value	Carrying amount of hedging instruments (included under "other current and non-current financial liabilities")	Maturity date	Hedge ratio	Average contracted fixed interest rate	Changes in fair value of hedging instrument used as the basis for recognising hedge effectiveness	Changes in the value of hedged item used as the basis for recognising hedge effectiveness
	(Liabilities)	(Liabilities)					
Cash Flow Hedge							
Foreign currency and Interest rate risk	900.00	37.71	June 2017 to June 2018	1:1	9.46%	-51.23	51.23

Following table provides the effects of hedge accounting on financial performance for the year ended March 31, 2017:

Rs. in crores

Type of hedge	Changes in the value of hedging instruments recognised in Other comprehensive income	Hedge ineffectiveness recognised in profit or loss	Amount reclassified from cash flow hedge reserve to profit or loss	Line-item affected in statement of profit or loss because of reclassification
Cash flow hedge				
Interest Rate risk and Foreign Exchange Risk	51.23		28.27	Finance Cost
		-	(27.66)	Foreign Exchange (gain)/loss

Movement in cash flow hedging reserve:

Rs. in crores

Particulars	Amount
As on March 31, 2016	-
Changes in fair value of CCIRS	(51.23)
Amounts reclassified to profit or loss	55.93
Deferred taxes related to above	(1.63)
As on March 31, 2017	3.07

Price Waterhouse Chartered Accountants FRN 301112E Mumbai

PIRAMAL ENTERPRISES LIMITED MUMBAI

50 (f) Credit Risk

Typically, the receivables of the Group can be classified in 2 categories:
1. Pharma and Information Management Trade Receivables
2. Financial Services business Loan Book primarily comprising of Real estate developers, Infrastructure Companies and Others.
Please refer Note 10 for risk mitigation techniques followed for Pharma and Information Management Trade Receivables. Risk mitigation measures for Financial Services business primarily comprising of Real Estate Developers and Strategic Investment Groups are explained in the note below.

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Risk management team has developed proprietary internal rating models to evaluate risk return trade-off for the loans and investments done by the Group. The output of traditional credit rating model is an estimate of probability of default. These models are different from the traditional credit rating models as they integrate both probability of default and loss given default into a single model.

The lending exposure includes lending to the below sectors

Sectors	Exposure as at		
	March 31, 2017	March 31, 2016	April 1, 2015
Real Estate	87.58%	85.96%	83.24%
Infrastructure	3.59%	6.71%	8.97%
Others	8.83%	7.33%	7.79%

Credit Risk Management
Credit risk management is achieved by considering various factors like :
- Cashflow at risk – This is an assessment of the standalone project or business from which interest servicing and principal repayment is expected to be done.
- Security cover – This is an assessment of the value of the security under stress scenario which is further adjusted for factors like liquidity, enforceability, transparency in valuation etc. of the collateral.
- Promoter strength – This is an assessment of the promoter from financial, management and performance perspective.
- Exit – This is an assessment of the liquidity of the loan or investment.

The output from each of the analysis is converted to a risk weight equivalent. Each of the four components of the risk analysis are assigned a specific weight which differ based on type of investment. The risk weight is then converted into capital requirement. The required capital and the return is combined to create a metric which is used for deal assessment.

Based on the above assessment the risk team categorises the deals in to the below Risk Grades

- Good	Deals with very high risk adjusted returns
- Investment Grade	Deals with high risk adjusted returns
- Management Review Grade	Deals with risk adjusted returns required as per lending policy
- Not Advisable Grade	Deals with lower than required risk adjusted returns

Further, a periodic review of the performance of the portfolio is also carried out by the Risk Group. The Risk Group adjusts the stress case considered during the initial approval based on actual performance of the deal, developments in the sector, regulatory changes etc. The deal level output is combined to form a portfolio snapshot. The trends from portfolio are used to provide strategic inputs to the management.

The credit risk on liquid funds and other financial instruments is limited because the counterparties are banks with high credit-ratings assigned credit-rating agencies or mutual funds.

Provision for Expected Credit Loss
The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking parameters, which are both qualitative and quantitative. These parameters have been detailed in Note no.vii of Significant Accounting Policies. Based on the result yielded by the above assessment the Financial assets are classified into (1) Standard (Performing) Asset, (2) Significant Credit Deteriorated (Under-Performing) Asset (3) Default (Non-Performing) Asset (Credit Impaired).
Macroeconomic information (such as regulatory changes, market interest rate or growth rates) is incorporated as part of the internal rating model.
In general, it is presumed that credit risk has significantly increased since initial recognition if the payments are more than 30 days past due.
For the purpose of expected credit loss analysis the Group defines default as any asset with more than 90 days overdues. This is also as per the rebuttable presumption provided by the standard.

The Group provides for expected credit loss based on the following:

Category - Description	Basis for Recognition of Expected Credit Loss
Stage 1 - Standard (Performing) Assets	12 month ECL
Stage 2 - Significant Credit Deteriorated Assets	Life time ECL
Stage 3 - Default (Non-Performing) Assets (Credit Impaired)	Life time ECL

Price Waterhouse Chartered Accountants FRN 301112E Mumbai

PIRAMAL ENTERPRISES LIMITED MUMBAI

As at April 1, 2015, a combination of both internal and external Probability of Default (PD) has been used by the Group since the asset portfolio was at a very nascent stage. The internal PD has been computed by dividing the default observed during the year with the number of investments present on the book at the start of the year. For External PD the Group has relied upon the 10 year PD data from external rating agency. For Loss given default (LGD), the Group has relied on internal and external information.

For the year ended March 31, 2017 and March 31, 2016 the Group has developed a PD Matrix after considering some parameters as stated below :

(1) Borrower Grade (2) Past Overdue History (3) Repeat Deal with Borrower (4) Status from monthly Asset Monitoring report (5) Deal IRR (6) Deal Tenure remaining. Based on these parameters the Group has computed the PD. The Group has also built in model scorecards to determine the internal LGD. However, since there has been no default history to substantiate the internal LGD, the Group has made use of a combination of both internal as well as external LGD.

Expected Credit Loss as at the Reporting period:

As at March 31, 2017
Rs. in crores

Particulars	**Asset Group**	**Gross Carrying Amount at Default**	**Expected Credit Loss**	**Carrying Amount net of impairment provision**
Very High quality liquid assets	Other Financial Assets and Loans	1,143.68	-	1,143.68
Assets for which credit risk has not significantly increased from initial recognition	Investments at amortised cost	17,172.72	327.40	16,845.32
	Loans	6,440.17	119.97	6,320.20
Assets for which credit risk has increased significantly but not credit impaired	Investments at amortised cost	163.61	5.68	157.93
	Loans	44.64	2.33	42.31
Assets for which credit risk has increased significantly and credit impaired	Investments at amortised cost	64.66	26.30	38.36
	Loans	115.85	50.78	65.07
Total		**25,145.33**	**532.46**	**24,612.87**

As at March 31, 2016
Rs. in crores

Particulars	**Asset Group**	**Gross Carrying Amount at Default**	**Expected Credit Loss**	**Carrying Amount net of impairment provision**
Very High quality liquid assets	Other Financial Assets and Loans	1,102.72	-	1,102.72
Assets for which credit risk has not significantly increased from initial recognition	Investments at amortised cost	9,775.59	220.44	9,555.15
	Loans	2,632.02	58.92	2,573.10
Assets for which credit risk has increased significantly but not credit impaired	Loans	53.41	4.02	49.39
Assets for which credit risk has increased significantly and credit impaired	Investments at amortised cost	23.93	10.51	13.42
	Loans	103.57	50.02	53.55
Total		**13,691.24**	**343.91**	**13,347.33**

As at April 1, 2015
Rs. in crores

Particulars	**Asset Group**	**Gross Carrying Amount at Default**	**Expected Credit Loss**	**Carrying Amount net of impairment provision**
Very High quality liquid assets	Other Financial Assets and Loans	1,369.47	-	1,369.47
Assets for which credit risk has not significantly increased from initial recognition	Investments at amortised cost	3,430.62	74.58	3,356.04
	Loans	1,350.49	38.81	1,311.68
Assets for which credit risk has increased significantly and credit impaired	Investments at amortised cost	22.31	11.11	11.20
	Loans	124.21	66.26	57.95
Total		**6,297.10**	**190.76**	**6,106.34**

Price Waterhouse Chartered Accountants FRN 301112E Mumbai

PIRAMAL ENTERPRISES LIMITED MUMBAI

a) **Reconciliation of Loss Allowance**

For the year ended March 31, 2017
Rs. in crores

Investments and Loans	Loss allowance measured at 12 month expected losses	Loss allowance measured at life-time expected losses	
		Financial assets for which credit risk has increased significantly and not credit-impaired	Financial assets for which credit risk has increased significantly and credit-impaired
Balance at the beginning of the year	279.35	4.02	60.54
Transferred to 12-month ECL	-	-	-
Transferred to Lifetime ECL not credit impaired	-	-	-
Transferred to Lifetime ECL credit impaired - collective provision	-	-	-
Transferred to Lifetime ECL credit impaired - specific provision	(2.90)	-	2.90
Charge to Statement of Profit and Loss	-	-	-
On Account of Rate Change	(51.68)	-	(2.86)
On Account of Disbursements	306.07	5.68	39.59
On Account of Repayments	(83.47)	(1.69)	(23.09)
Balance at the end of the year	**447.37**	**8.01**	**77.08**

The reason for increase in provision is due to increase in the loans & investments which is partially offset by a reduction in rate of ECL.

For the year ended March 31, 2016
Rs. in crores

Investments and Loans	Loss allowance measured at 12 month expected losses	Loss allowance measured at life-time expected losses	
		Financial assets for which credit risk has increased significantly and not credit-impaired	Financial assets for which credit risk has increased significantly and credit-impaired
Balance at the beginning of the year	113.38	-	77.38
Transferred to 12-month ECL	-	-	-
Transferred to Lifetime ECL not credit impaired	(1.36)	1.36	-
Transferred to Lifetime ECL credit impaired - collective provision	(1.00)	-	1.00
Charge to Statement of Profit and Loss			
On Account of Rate Change	(3.46)	2.66	3.61
On Account of Disbursements	234.50	-	-
On Account of Repayments	(62.71)	-	(21.45)
Balance at the end of the year	**279.35**	**4.02**	**60.54**

The reason for increase in provision is due to increase in the loans & investments which is partially offset by a reduction in rate of ECL.

Price Waterhouse
Chartered Accountants
FRN 301112E
Mumbai

PIRAMAL ENTERPRISES LIMITED
MUMBAI

b) Movement in Expected Credit Loss on undrawn loan commitments:

Rs. in crores

Particulars	Expected Credit Loss on Loan Commitments	
	2017	**2016**
Balances as at the beginning of the year	39.93	25.34
Additions	5.96	16.54
Rate change	(0.33)	(0.14)
Amount used	(39.20)	(1.81)
Balances as at the end of the year	**6.36**	**39.93**
Classified as Non-current (Refer note 20)	-	-
Classified as Current (Refer note 26)	6.36	39.93
Total	**6.36**	**39.93**

c) The amounts of Financial Assets outstanding in the Balance Sheet along with the undrawn loan commitments (refer note 28) as at the end of the reporting period represent the maximum exposure to credit risk.

Description of Collateral held as security and other credit enhancements

The credit risk management policy of the Group prescribes a security cover of 200% of the proposed facility amount. The Group periodically monitors the quality as well as the value of the security to meet the prescribed limits. The collateral held by the Group varies on case to case basis and includes:

i) First / Subservient charge on the Land and / or Building of the project or other projects
ii) First / Subservient charge on the fixed and current assets of the borrower
iii) Hypothecation over receivables from funded project or other projects of the borrower
iv) Pledge on Shares of the borrower or their related parties
v) Guarantees of Promoters / Promoter Undertakings
vi) Post dated / Undated cheques

As at the reporting date, the ratio of value of the collateral held as security for the credit impaired financial assets to the exposure at default for these assets is higher than 1.

d) The credit impaired assets as at the reporting dates were secured by charge on land and building and project receivables amounting to:

Rs. in crores

	March 31, 2017	**March 31, 2016**	**April 1, 2015**
Value of Security	105.36	66.97	69.15

Collateral taken over by the Group against recovery on credit impaired asset:
The Group has taken possession of a residential property which was mortgaged as collateral to recover dues on a credit impaired asset. The carrying value of the collateral is Rs.15.91 crores and accounted for as asset held for sale.

Price Waterhouse
Chartered Accountants
FRN 301112E
Mumbai

Piramal Enterprises Limited
Mumbai

51 **Movement in Provisions :**

(Rs. in Crores)

Particulars	Litigations / Disputes		Provisions for Grants - Committed		Onerous Contracts		Incentive	
	As at		As at		As at		As at	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Balances as at the beginning of the year	13.39	26.42	28.83	24.29	17.19	36.55	22.60	-
Additions	-	-	-	-	-	17.59	7.62	22.60
Unwinding of Discount	-	-	2.72	3.05	-	-	-	-
Amount used	-	-	(13.25)		(6.12)	(35.94)	-	-
Revaluation of closing balances	-	-	(0.42)	1.49	(0.65)	(1.01)	(0.74)	-
Unused amounts reversed	(9.89)	(13.03)	-	-	(1.06)	-	-	-
Balances as at the end of the year	**3.50**	**13.39**	**17.88**	**28.83**	**9.36**	**17.19**	**29.48**	**22.60**
Classified as Non-current (Refer note 20)	-	-	4.91	15.58	4.25	10.08	29.48	22.60
Classified as Current (Refer note 26)	3.50	13.39	12.97	13.25	5.11	7.11	-	-
Total	**3.50**	**13.39**	**17.88**	**28.83**	**9.36**	**17.19**	**29.48**	**22.60**

Provision for litigation / disputes represents claims against the Group not acknowledged as debts that are expected to materialise in respect of matters under litigation. Future cash outflows are determinable only on receipt of judgments/decisions pending with various forums/authorities.

Provision for Onerous contracts represents the amounts provided for contracts where the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

Provision for grants represent expected contributions to be paid in FY 2017-18 and 2018-19.

Provision for incentive represent stock-based compensation for certain employees in a subsidiary.

52 The details of Specified Bank Notes (as defined in the MCA notification GSR 308(E) dated March 31, 2017) held and transacted during the period from November 8, 2016 to December 30, 2016 are

(Rs. in Crores)

Particulars	Specified Bank Notes (SBN)	Other Denomination Notes	Total
Closing cash in hand as on 08.11.2016	0.06	0.04	**0.10**
(+) Permitted receipts@	0.03	0.27	**0.30**
(-) Permitted payments	-	0.23	**0.23**
(-) Amount deposited in Banks	0.09	-	**0.09**
Closing cash in hand as on 30.12.2016	-	**0.08**	**0.08**

@ For SBN, it represents unspent advance lying with employee

Price Waterhouse Chartered Accountants FRN 301112E Mumbai

PIRAMAL ENTERPRISES LIMITED MUMBAI

53 The Chief Operating Decision maker of the Company examines the Group's performance both from a product and from a geographic perspective. From a product perspective, the management has identified the following reportable segments:
1. Pharmaceuticals Manufacturing and Services
2. Financial Services
3. Information Management

1. Pharmaceuticals Manufacturing and Services: In this segment, the Group has a strong presence in Pharma Solutions, Critical Care, Consumer Products Services and Imaging. The Company and certain subsidairies act as a Contract Development and manufacturing organization offering both APIs and formulations. The Group's critical care business deals in the inhalation anesthesia market. The group's consumer products business is primarily an India-centric consumer healthcare business with strong brands portfolio. The Group also has a presence in Imaging business; a subsidiary has US FDA and European Commission approval for the commercial sale of its diagnostic imaging agent.
2. Financial Services: Company's financial services segment offers a complete suite of financial products to meet the diverse needs of its customers. The Company lends to various real estate developers and under special situation opportunities in various sectors and has investments in Shriram Group, through which the Company has exposure to retail financing segments.
3. Information Management: PEL's Information Management business, Decision Resources Group (DRG), is a market-leading decision-support platform in the healthcare information services space. DRG provides indispensable insights to life sciences companies as well as healthcare providers and payers through a variety of high value-added data and analytics, research reports, and knowledge-based services. These offerings enable customers to make informed investment, cost containment and strategic business decisions in their chosen markets.

(Rs. in Crores)

Details	Pharmaceuticals manufacturing and services		Financial services		Information Management		Eliminations		Total	
	March 2017	March 2016	March 2017	March 2016	March 2017	March 2016	March 2017	March 2016	March 2017	March 2016
Revenue from operations	3,972.87	3,485.92	3,351.50	1,739.72	1,222.38	1,155.92	-	0.08	**8,546.75**	**6,381.48**
Segment Results	333.41	170.04	1,421.55	815.91	104.03	176.89	-	-	**1,858.99**	**1,162.84**
Add : Exchange Gain, Net									45.46	101.26
Add : Unallocated Income / (Net of unallocated cost)*									(157.69)	(130.72)
Less: Finance Cost									436.50	373.34
Profit before share of net profits of investments accounted for using equity method and tax									**1,310.26**	**760.04**
Add: Share of net profit of associates and joint ventures accounted for using the equity method									169.90	194.21
Less: Tax Expenses									228.12	49.51
Net Profit before Non controlling interest									**1,252.04**	**904.74**

Included in the above Segment results, are the Exceptional Items as mentioned below: **(Rs. in Crores)**

Details	Pharmaceuticals manufacturing and services		Information Management		Total	
	March 2017	March 2016	March 2017	March 2016	March 2017	March 2016
Gain on sale of properties	-	70.23	-	-	-	70.23
Costs / (Income) associated with R&D scale down	-	2.56	-	-	-	2.56
Loss on Sale of Piramal Clinical Research Business	-	(2.60)	-	-	-	(2.60)
Loss on impairment of assets	-	(15.09)	-	-	-	(15.09)
Loss on sale of BST-Cargel	-	(0.16)	-	-	-	(0.16)
Severance Pay	(9.95)	-	-	(9.28)	(9.95)	(9.28)
Total	**(9.95)**	**54.94**	-	**(9.28)**	**(9.95)**	**45.66**

Price Waterhouse Chartered Accountants FRN 301112E Mumbai

PIRAMAL ENTERPRISES LIMITED MUMBAI

Other Information (Rs. in Crores)

Details	Pharmaceuticals manufacturing and services		Financial services		Information Management		Eliminations		Total	
	March 2017	March 2016	March 2017	March 2016	March 2017	March 2016	March 2017	March 2016	March 2017	March 2016
Segment Assets	7,086.32	4,729.00	33,003.70	19,248.18	5,846.02	5,466.75	-	-	45,936.04	29,443.93
Unallocable Corporate Assets									2,303.32	1,535.78
Total Assets									**48,239.36**	**30,979.71**
Segment Liabilities	1,565.22	881.73	22,478.04	10,718.35	1,086.20	607.95	-	-	25,129.46	12,208.03
Unallocable Corporate Liabilities									8,227.33	5,823.33
Total Liabilities									**33,356.79**	**18,031.36**
Capital Expenditure	3,104.05	578.75	31.26	8.18	114.59	499.02	-	-	3,249.90	1,085.95
Unallocable Capital Expenditure									408.80	-
Depreciation and amortisation	290.41	211.51	2.38	2.55	88.90	41.39	-	-	381.70	255.45
Non Cash expenditure other than depreciation and amortisation	6.76	15.35	155.01	167.96	1.11	4.23	-	-	162.88	187.54

The above segment assets and unallocated assets include: Investment in associates and joint ventures accounted for by the equity method	2,752.54	2,597.18

Summary of Segment Assets and Liabilities as at April 1, 2015

(Rs. In Crores)

	Assets	Liabilities
Pharmaceuticals manufacturing and services	4,227.99	828.35
Financial services	11,495.90	211.50
Information management	4,585.43	407.36
Unallocated	1,693.25	7,129.88
Total	**22,002.57**	**8,577.09**

Geographical Segments

(Rs. in Crores)

Details	Within India		Outside India		Eliminations		Total	
	March 2017	March 2016	March 2017	March 2016	March 2017	March 2016	March 2017	March 2016
Revenue from operations	4,234.18	2,473.76	4,585.12	4,220.38	(272.55)	(312.66)	8,546.75	6,381.48
Carrying amount of Non current Assets*	2,138.08	1,536.14	9,113.11	6,899.29	0.27	(130.30)	11,251.46	8,305.13

Geographical Segments as on April 1, 2015

(Rs. in Crores)

Details	Within India	Outside India	Eliminations	Total
Carrying amount of Non current Assets*	1,236.03	5,811.60	69.16	7,116.78

* Other than Financial instruments, deferred tax assets and post- employment benefit assets
No customer contributed more than 10% of the total revenue of the Group

Price Waterhouse Chartered Accountants FRN 301112E Mumbai

PIRAMAL ENTERPRISES LIMITED MUMBAI

54) Income taxes relating to operations

a) Income tax recognised in profit or loss

(Rs. In Crores)

	Year Ended March 31, 2017	Year Ended March 31, 2016
Current tax		
In respect of the current year	440.52	298.48
In respect of prior years	44.94	(0.06)
	485.46	298.42
Deferred tax		
In respect of the current year	(257.34)	(248.91)
Total income tax expense recognised	228.12	49.51

b) Income tax recognised in other comprehensive income

(Rs. In Crores)

	Year ended March 31, 2017	Year ended March 31, 2016
Current tax	-	-
Deferred tax		
Arising on income and expenses recognised in other comprehensive income:		
Exchange loss on long term loans transferred to OCI	(51.57)	-
Fair value remeasurement of hedging instruments entered into for cash flow hedges	1.63	-
Remeasurement of defined benefit obligation	(1.41)	(1.02)
Total income tax recognised in other comprehensive income	(51.35)	(1.02)

c) Deferred tax balances

(Rs. In Crores)

The following is the analysis of deferred tax assets/(liabilities) presented in the consolidated statement of financial position:	March 31, 2017	March 31, 2016	April 1, 2015
Deferred tax assets (net)	625.21	317.93	91.84
Deferred tax liabilities (net)	(30.75)	(30.26)	(33.81)
	594.46	287.67	58.03

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases, and unutilized business loss and depreciation carry-forwards and tax credits. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, depreciation carry-forwards and unused tax credits could be utilized.

Movement of deferred tax during the year ended March 31, 2017

Particulars	Opening balance	Recognised in profit or loss	Utilized during the year	Recognised in other comprehensive income	Closing balance
Deferred tax (liabilities)/assets in relation to:					
Measurement of financial assets at amortised cost / fair value	53.07	29.39	-	-	82.46
Provision for expected credit loss on financial assets (including commitments)	129.96	47.95	-	-	177.91
Other Provisions	4.77	2.64	-	-	7.41
Amortisation of expenses which are allowed in current year	3.67	(1.11)	-	-	2.56
Disallowances for items allowed on payment basis	38.39	1.81	-	1.41	41.61
Effect of recognition of lease rent expense on straight line basis	2.74	(0.24)	-	-	2.50
Unrealised profit margin on inventory	-	40.32	-	-	40.32
Property, Plant and Equipment and Intangible assets	(139.46)	(26.99)	-	-	(166.45)
Measurement of financial liabilities at amortised cost	(4.29)	(14.36)	-	-	(18.65)
Fair value measurement of derivative contracts	(3.07)	0.66	-	-	(2.41)
Fair Valuation of Investment	(8.21)	(7.22)	-	-	(15.43)
Unamortised Distribution Expenses	(9.54)	2.84	-	-	(6.70)
Share of undistributed earnings of associates	(10.75)	(0.85)	-	-	(11.60)
Other temporary differences	(5.90)	10.90	-	(1.90)	3.10
Cash flow hedges	-	-	-	(1.63)	(1.63)
Deferred tax on exchange differences on long term loans designated as net investments transferred to OCI	-	(51.57)	-	51.57	-
Brought forward losses	-	76.35	-	-	76.35
Unused tax credit (MAT credit entitlement)	236.29	146.82	-	-	383.11
Total	287.67	257.34	-	49.45	594.46

Movement of deferred tax during the year ended March 31, 2016

Particulars	Opening balance	Recognised in profit or loss	Utilized during the year	Recognised in other comprehensive income	Closing balance
Deferred tax (liabilities)/assets in relation to:					
Measurement of financial assets at amortised cost / fair value	51.78	1.29	-	-	53.07
Provision for expected credit loss on financial assets (including commitments)	26.34	103.62	-	-	129.96
Other Provisions	15.15	(10.38)	-	-	4.77
Amortisation of expenses which are allowed in current year	5.12	(1.45)	-	-	3.67
Disallowances for items allowed on payment basis	27.61	9.76	-	1.02	38.39
Effect of recognition of lease rent expense on straight line basis	-	2.74	-	-	2.74
Property, Plant and Equipment and Intangible assets	(131.78)	(7.68)	-	-	(139.46)
Measurement of financial liabilities at amortised cost	(1.47)	(2.82)	-	-	(4.29)
Fair value measurement of derivative contracts	(2.99)	(0.08)	-	-	(3.07)
Fair Valuation of Investment	(7.28)	(0.93)	-	-	(8.21)
Unamortised Distribution Expenses	(12.83)	3.29	-	-	(9.54)
Share of undistributed earnings of associates	(6.70)	(4.05)	-	-	(10.75)
Other temporary differences	(8.72)	2.07	-	0.75	(5.90)
Brought forward losses	76.69	(76.69)	-	-	0.00
Unused tax credit (MAT credit entitlement)	27.11	230.22	(21.04)	-	236.29
Total	58.03	248.91	(21.04)	1.77	287.67

Price Waterhouse Chartered Accountants FRN 301112E Mumbai

Piramal Enterprises Mumbai

The income tax expense for the year can be reconciled to the accounting profit as follows:

(Rs. in crores)

Particulars	March 31, 2017	March 31, 2016
Consolidated Profit before tax	1,310.26	760.04
Income tax expense calculated at 34.608% (2015-16: 34.608%)	**453.45**	**263.03**
Effect of expenses that are not deductible in determining taxable profit	77.50	48.84
Utilisation of previously unrecognised tax losses	(323.79)	(392.10)
Effect of incomes which are taxed at different rates	(11.09)	50.69
Profit on sale of property, plant, and equipment	-	(3.70)
Effect of incomes which are exempt from tax	(24.73)	(19.48)
Effect of expenses for which weighted deduction under tax laws is allowed	(18.18)	(21.57)
Effect of previously unrecognised tax losses used to reduce defered tax expense	(76.35)	-
Tax provision for earlier years	44.94	(0.06)
Tax losses for which no deferred income tax is recognised	83.34	75.45
Temporary differences for which no deferred income tax was recognised	8.14	2.25
Charge for previously recognised deferred tax assets	-	20.09
Unrealised profit margin on inventory	(40.32)	-
Dividend received from overseas subsidiary	-	16.37
Deferred tax on exchange differences on long term loans designated as net investments transferred to OCI	51.57	-
Share of undistributed earnings of associates	0.85	4.05
Others	2.79	5.63
Income tax expense recognised in consolidated statement of profit or loss	**228.12**	**49.51**

The tax rate used for the reconciliations above is the corporate tax rate of 34.608% (for the year 2016-17 and 2015-16) payable by corporate entities in India on taxable profits under tax law in Indian jurisdiction.

In assessing the realizability of deferred tax assets, the Group considers the extent to which it is probable that the deferred tax asset will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable profits during the periods in which those temporary differences and tax loss carry-forwards become deductible. The Group considers the expected reversal of deferred tax liabilities, projected future taxable income and tax planning strategies in making this assessment.

Based on this, the Group believes that it is probable that the Group will realize the benefits of these deductible differences. The amount of deferred tax asset considered realizable, however, could be reduced in the near term if the estimates of future taxable income during the carry-forward period are reduced.

As at March 31, 2017, the Group has recognized Deferred Tax Asset of Rs.76.35 Crores on unused tax losses, considering profits in the past 2 years and reasonable certainty of realisation of such deferred tax asset in the future years.

Deferred tax asset amounting to Rs.677.08 crores, Rs.927 crores and Rs. 1,158.42 crores (excluding the amount already recognised to the extent of Deferred Tax Liabilties amounting Rs.57.49 Crores) as at March 31, 2017, March 31, 2016 and April 1, 2015, respectively in respect of unused tax losses was not recognized by the Group, considering that the Company and its subsidiaries had a history of tax losses for recent years. Unrecognized Deferred tax of Rs. 198.41 crores, Rs. 206.91 crores and Rs. 176.14 crores as at March 31, 2017, March 31, 2016 and April 1, 2015 are attributable to carry forward tax losses which are not subject to expiration dates. The remaining unrecognized deferred tax of Rs. 478.67 crores, Rs. 720.09 crores and Rs. 982.28 crores as at March 31, 2017, March 31, 2016 and April 1, 2015, respectively are attributable to carry forward tax losses which expires in various years through fiscal 2037.

The Company has calculated its tax liability for current domestic taxes after considering MAT. The excess tax paid under MAT provisions over and above normal tax liability can be carried forward and set-off against future tax liabilities computed under normal tax provisions. The Company was required to pay MAT during the current and previous year and accordingly, a deferred tax asset of Rs.236.29 crores and Rs.146.82 crores has been recognized in the statement of financial position as of March 31, 2016 and 2017 respectively, which can be carried forward for a period of 10 years (15 years w.e.f. current year) from the year of recognition.

Price Waterhouse Chartered Accountants FRN 301112E Mumbai

Piramal Enterprises Limited Mumbai

55 (a) . Disclosures mandated by Schedule III by way of additional information

Name of the entity	Net Assets (total assets minus total liabilities)		Share in Profit or (loss)		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
	As a % of Consolidated net assets	Amount (Rs. Crores)	As a % of Consolidated profit or loss	Amount (Rs. Crores)	As a % of Consolidated Other Comprehensive Income	Amount (Rs. Crores)	As a % of Consolidated Total Comprehensive Income	Amount (Rs. Crores)
Parent								
Piramal Enterprises Limited	22.41 %	3,331.89	46.44%	581.55	107.34 %	731.90	67.92 %	1,313.44
Subsidiaries								
Indian								
PHL Fininvest Private Limited	0.32 %	47.11	1.71 %	21.47	0.00 %	-	1.11 %	21.47
Searchlight Health Private Limited	0.30 %	45.35	(0.18)%	(2.20)	0.00 %	-	(0.11)%	(2.20)
Piramal Capital Limited	0.01 %	2.00	0.00 %	-	0.00 %	-	0.00 %	-
Piramal Fund Management Private Limited	2.02 %	300.74	4.21 %	52.67	(0.72)%	(4.88)	2.47 %	47.79
INDIAREIT Investment Management Co.	1.13 %	167.53	0.56 %	6.96	0.00 %	-	0.36 %	6.96
Piramal Asset Management Private Limited	0.00 %	0.08	(0.03)%	(0.32)	0.00 %	-	(0.02)%	(0.32)
Piramal Finance Limited	22.79 %	3,391.24	21.71 %	271.85	0.31 %	2.08	14.16 %	273.94
PEL Finhold Private Limited	0.00 %	0.01	0.00 %	-	0.00 %	-	0.00 %	-
Piramal Investment Advisory Services Private Limited	0.00 %	0.66	0.00 %	0.02	0.00 %	-	0.00 %	0.02
Piramal Consumer Products Private Limited	0.00 %	0.01	(0.00)%	(0.00)	0.00 %	-	(0.00)%	(0.00)
Piramal Systems & Technologies Private Limited	0.26 %	38.52	(0.12)%	(1.53)	0.00 %	-	(0.08)%	(1.53)
Piramal Technologies SA	0.00 %	0.02	(0.00)%	(0.04)	(0.09)%	(0.63)	(0.03)%	(0.67)
Piramal Investment Opportunities Fund	0.12 %	18.30	0.14 %	1.70	0.00 %	-	0.09 %	1.70
Piramal Asset Reconstruction Private Limited	0.01 %	2.02	(0.00)%	(0.01)	0.00 %	-	(0.00)%	(0.01)
PEL Asset Resurgence Advisory Private Limited	0.04 %	6.39	(0.16)%	(2.01)	0.00 %	-	(0.10)%	(2.01)
Foreign								
Piramal International	0.00 %	-	0.00 %	-	0.00 %	-	0.00 %	-
Piramal Holdings (Suisse) SA	(0.78)%	(116.76)	(0.33)%	(4.18)	(1.26)%	(8.57)	(0.66)%	(12.75)
Piramal Imaging SA	4.34 %	646.35	(3.17)%	(39.70)	6.74 %	45.99	0.33 %	6.29
Piramal Imaging GmbH	0.00 %	0.27	0.83 %	10.36	(0.09)%	(0.63)	0.50 %	9.74
Piramal Imaging Limited	(1.53)%	(228.25)	(1.49)%	(18.62)	0.99 %	6.73	(0.62)%	(11.89)
Piramal Dutch Holdings N.V.	4.20 %	625.03	(1.61)%	(20.18)	2.16 %	14.72	(0.28)%	(5.46)
Piramal Healthcare Inc.	2.51 %	373.07	(3.65)%	(45.68)	(4.49)%	(30.65)	(3.95)%	(76.34)
Piramal Critical Care, Inc.	3.19 %	474.92	23.51 %	294.38	0.00 %	-	15.22 %	294.38
Piramal Pharma Inc.	0.12 %	17.73	(4.21)%	(52.68)	0.00 %	-	(2.72)%	(52.68)
PEL Pharma Inc.	(4.89)%	(727.13)	(1.12)%	(14.06)	0.08 %	0.57	(0.70)%	(13.49)
Ash Stevens LLC	1.94 %	288.18	(0.14)%	(1.80)	0.00 %	-	(0.09)%	(1.80)
Piramal Pharma Solutions Inc.	1.82 %	271.12	0.23 %	2.93	0.00 %	-	0.15 %	2.93
Piramal Critical Care Italia, S.P.A	0.13 %	19.34	0.95 %	11.90	(0.13)%	(0.86)	0.57 %	11.04
Piramal Critical Care Deutschland GmbH	0.05 %	7.02	(0.20)%	(2.56)	(0.10)%	(0.68)	(0.17)%	(3.24)
Piramal Healthcare (UK) Limited	2.44 %	363.88	5.16 %	64.57	(5.08)%	(34.62)	1.55 %	29.95
Piramal Healthcare Pension Trustees Limited	0.00 %	-	0.00 %	-	0.00 %	-	0.00 %	-
Piramal Critical Care Limited	0.18 %	27.41	(8.85)%	(110.79)	(3.53)%	(24.10)	(6.97)%	(134.89)
Piramal Healthcare (Canada) Limited	0.78 %	115.65	4.83 %	60.45	(0.89)%	(6.04)	2.81 %	54.41
Piramal Critical Care South Africa (Pty) Ltd	(0.00)%	(0.11)	(0.01)%	(0.11)	0.00 %	-	(0.01)%	(0.11)
Piramal Dutch IM Holdco B.V.	0.45 %	67.33	0.27 %	3.42	(1.23)%	(8.36)	(0.26)%	(4.94)
PEL-DRG Dutch Holdco B.V. (and Subsidaries)	17.24 %	2,566.33	1.17 %	14.67	0.00 %	-	0.76 %	14.67
Non-controlling Interests in all subsidiaries	(0.09)%	(13.21)	(0.02)%	(0.29)	0.00 %	-	(0.01)%	(0.29)
Associates (Investment as per the equity method)								
Indian								
Allergan India Private Limited	0.71 %	106.00	2.25 %	28.11	(0.01)%	(0.08)	1.45 %	28.03
Piramal Phytocare Limited	0.01 %	0.88	0.00 %	0.01	(0.00)%	(0.00)	0.00 %	0.01
Shriram Capital Limited (Refer Note 4(a))	0.00 %	-	10.30 %	129.00	(0.00)%	(0.00)	6.67 %	129.00
Foreign								
Bluebird Aero Systems Limited	0.26 %	38.38	(0.22)%	(2.80)	0.00 %	-	(0.14)%	(2.80)
Context Matters Inc	0.10 %	15.11	(0.09)%	(1.10)	0.00 %	-	(0.06)%	(1.10)
Joint venture (Investment as per the equity method)								
Indian								
Convergence Chemicals Private Limited	0.23 %	34.74	(0.03)%	(0.32)	0.00 %	-	(0.02)%	(0.32)
Shrilekha Business Consultancy Private Limited (Refer Note 4(a))	17.18 %	2,557.42	1.36 %	17.00	0.00 %	-	0.88 %	17.00
Total	100.00%	14,882.57	100.00%	1,252.04	100.00%	681.89	100.00%	1,933.93

Price Waterhouse
Chartered Accountants
FRN 301112E
Mumbai

PIRAMAL ENTERPRISES LIMITED
MUMBAI

55 (b) . Disclosures mandated by Schedule III by way of additional information for the year ended March 31, 2016

Name of the entity	Net Assets (total assets minus total liabilities)		Share in profit or (loss)		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
	As a % of Consolidated net assets	Amount (Rs. In Crores)	As a % of Consolidated profit or loss	Amount (Rs. In Crores)	As a % of Consolidated Other Comprehensive Income	Amount (Rs. In Crores)	As a % of Consolidated Total Comprehensive Income	Amount (Rs. In Crores)
Parent								
Piramal Enterprises Limited	37.22 %	4,819.97	73.12 %	661.55	115.66 %	(697.43)	(11.87)%	(35.88)
Subsidiaries								
Indian								
PHL Fininvest Private Limited	0.27 %	35.43	(0.01)%	(0.10)	0.00 %	-	(0.03)%	(0.10)
Piramal Fund Management Private Limited	2.45 %	317.13	0.97 %	8.78	(1.81)%	10.90	6.52 %	19.68
PHL Finance Private Limited	4.09 %	528.99	9.15 %	82.81	0.02 %	(0.13)	27.40 %	82.68
Piramal Investment Advisory Services Private Limited	0.02 %	3.07	0.00 %	0.02	0.00 %	-	0.01 %	0.02
Piramal Systems & Technologies Private Limited	(0.01)%	(1.16)	0.31 %	2.83	(0.12)%	0.73	1.18 %	3.56
PEL Finhold Private Limited	0.00 %	0.01	0.00 %	-	0.00 %	-	0.00 %	-
PEL Asset Resurgence Advisory Private Limited	0.04 %	5.01	(0.01)%	(0.05)	0.00 %	-	(0.02)%	(0.05)
Piramal Consumer Products Private Limited	0.00 %	0.02	0.00 %	-	0.00 %	-	0.00 %	-
Piramal Asset Reconstruction Private Limited	0.02 %	2.03	(0.00)%	(0.04)	0.00 %	-	(0.01)%	(0.04)
Piramal Investment Opportunities Fund	0.12 %	15.00	0.00 %	-	0.00 %	-	0.00 %	-
Foreign								
Piramal International	0.00 %	-	0.00 %	-	0.00 %	-		-
Piramal Holdings (Suisse) SA	(3.09)%	(400.60)	(7.40)%	(66.97)	(2.64)%	15.90	(16.93)%	(51.07)
Piramal Imaging SA	2.78 %	359.35	(2.36)%	(21.39)	3.30 %	(19.89)	(13.68)%	(41.28)
Piramal Imaging GmbH	(0.01)%	(1.56)	(5.25)%	(47.50)	0.00 %	-	(15.74)%	(47.50)
Piramal Critical Care Italia, S.P.A	0.17 %	22.01	(1.38)%	(12.49)	(0.29)%	1.73	(3.57)%	(10.76)
Piramal Critical Care Deutschland GmbH	0.02 %	2.80	(0.14)%	(1.25)	(0.20)%	1.18	(0.02)%	(0.07)
Piramal Critical Care Limited	1.15 %	149.03	(0.01)%	(0.10)	(0.67)%	4.06	1.31 %	3.96
Piramal Imaging Limited	0.43 %	55.95	(8.09)%	(73.23)	0.00 %	-	(24.27)%	(73.23)
Piramal Healthcare (Canada) Limited	(0.13)%	(17.14)	4.31 %	39.04	(0.35)%	2.13	13.65 %	41.17
Piramal Healthcare (UK) Limited	2.41 %	312.25	2.61 %	23.63	0.01 %	(0.08)	7.81 %	23.55
Piramal Healthcare Pension Trustees Limited	0.00 %	-	0.00 %	-	0.00 %	-	0.00 %	-
Piramal Dutch Holdings N.V.	0.27 %	35.16	1.46 %	13.18	0.35 %	(2.09)	3.68 %	11.09
Piramal Healthcare Inc.	(8.15)%	(1,054.86)	(10.35)%	(93.60)	(16.41)%	98.97	1.78 %	5.37
Piramal Critical Care, Inc.	7.48 %	969.02	14.75 %	133.48	0.00 %	-	44.24 %	133.48
Piramal Pharma Inc.	(0.00)%	(0.19)	(5.69)%	(51.46)	0.00 %	-	(17.06)%	(51.46)
Coldstream Laboratories Inc.	1.87 %	241.64	(0.63)%	(5.66)	0.00 %	-	(1.88)%	(5.66)
DRG Holdco Inc.	(14.51)%	(1,878.23)	(2.47)%	(22.33)	0.00 %	-	(7.40)%	(22.33)
Piramal IPP Holdings LLC	13.25 %	1,716.11	0.00 %	-	0.00 %	-	0.00 %	-
Decision Resources Inc and its subsidiaries	30.26 %	3,918.24	14.98 %	135.54	3.15 %	(18.99)	38.63 %	116.55
Piramal Dutch IM Holdco B.V.	(0.00)%	(0.04)	(0.00)%	(0.04)	0.00 %	-	(0.01)%	(0.04)
PEL-DRG Dutch Holdco B.V.	(0.00)%	(0.04)	(0.00)%	(0.04)	0.00 %	-	(0.01)%	(0.04)
INDIAREIT Investment Management Co.	1.52 %	197.42	0.82 %	7.41	0.00 %	-	2.46 %	7.41
Piramal Asset Management Private Limited	(0.00)%	(0.54)	(0.15)%	(1.39)	0.00 %	-	(0.46)%	(1.39)
Piramal Technologies SA	0.00 %	0.01	(0.01)%	(0.10)	0.00 %	-	(0.03)%	(0.10)
Non-controlling Interests in all subsidiaries	(0.00)%	(0.12)	0.00 %	-	0.00 %	-	0.00 %	-
Associates (Investment as per the equity method)								
Indian								
Shriram Capital Limited	18.68 %	2,419.38	16.94 %	153.26	0.00 %	-	50.79 %	153.26
Allergan India Private Limited	0.75 %	97.57	3.96 %	35.81	0.00 %	-	11.87 %	35.81
Piramal Phytocare Limited	0.01 %	0.87	(0.06)%	(0.58)	0.00 %	-	(0.19)%	(0.58)
Foreign								
Bluebird Aero Systems Limited	0.34 %	44.30	0.67 %	6.06	0.00 %	-	2.01 %	6.06
Joint ventures (Investment as per the equity method)								
Indian								
Convergence Chemicals Private Limited	0.27 %	35.06	(0.04)%	(0.34)	0.00 %	-	(0.11)%	(0.34)
Total	100.00%	12,948.35	100.00%	904.74	100.00%	(603.01)	100.00%	301.73

Price Waterhouse
Chartered Accountants
FRN 301112E
Mumbai

PIRAMAL ENTERPRISES LIMITED
MUMBAI

56 (a) Transition to Ind AS

Overall principle

The accounting policies set out in note 2 have been applied in preparing the financial statements for the year ended 31 March 2017, the comparative information presented in these financial statements for the year ended 31 March 2016 and in the preparation of an opening Ind AS balance sheet at 1 April 2015 (the Group's date of transition). In preparing its opening Ind AS balance sheet, the Group has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP). An explanation of how the transition from previous GAAP to Ind AS has affected the Group's financial position, financial performance and cash flows is set out in the following tables and notes.

Exemptions and Exceptions availed:

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

Ind AS Optional Exemptions:

Deemed cost for property, plant and equipment and other intangible assets

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets.
Accordingly, the Group has elected to measure all of its property, plant and equipment and intangible assets at their previous GAAP carrying value.

Designation of previously recognized financial instruments

Ind AS 101 allows an entity to designate investments in equity instruments at FVTOCI on the basis of the facts and circumstances at the date of transition to Ind AS.
The Group has designated certain investments in equity share as held at FVTOCI on the basis of the facts and circumstances that existed at the transition.

Determining whether an arrangement contains a lease

Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. Ind AS 101 provides an option to make this assessment on the basis of facts and circumstances existing at the date of transition to Ind AS, except where the effect is expected to be not material.

The Group has elected to apply this exemption for such contracts/arrangements.

Business Combinations

Ind AS 101 provides the option to apply Ind AS 103 prospectively from the transition date or from a specific date prior to the transition date. This provides relief from full retrospective application that would require restatement of all business combinations prior to the transition date.

The group elected to apply Ind AS 103 prospectively to business combinations occurring after its transition date. Business combinations occurring prior to the transition date have not been restated. The group has applied same exemption for investment in associates and joint ventures.

Prospective application of Ind AS 21 to business combinations

Ind AS 101 allows a first-time adopter not to apply Ind AS 21 Effects of changes in Foreign Exchange Rates retrospectively for business combinations that occurred before the date of transition to Ind AS. In such cases, where the entity does not apply Ind AS 21 retrospectively to fair value adjustments and goodwill, the entity treats them as assets and liabilities of the acquirer entity and not as the acquiree.
The group has elected to apply this exemption.

Cumulative translation differences

Ind AS 101 permits cumulative translation gains and losses to be reset to zero at the transition date. This provides relief from determining cumulative currency translation differences in accordance with Ind AS 21 from the date a subsidiary or equity method investee was formed or acquired.
The group elected to reset all cumulative translation gains and losses to zero by transferring it to opening retained earnings at its transition date.

Price Waterhouse
Chartered Accountants
FRN 301112E
Mumbai

PIRAMAL ENTERPRISES LIMITED
MUMBAI

Ind AS Mandatory Exceptions:

Estimates:

An entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error. Ind AS estimates as at 1 April 2015 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Group made estimates for following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP:

A. Investment in debt instruments carried at FVTPL; and

B. Impairment of financial assets based on expected credit loss model.

Derecognition of financial assets and financial liabilities

Ind AS 101 requires a first-time adopter to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 allows a first-time adopter to apply the de-recognition requirements in Ind AS 109 retrospectively from a date of the entity's choosing, provided that the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions.

The Group has elected to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets (investment in debt instruments) on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

The Group has determined the classification of Financial Assets in terms of whether they meet the amortized cost criteria, FVTPL criteria or FVOTCI criteria based on the facts and circumstances that existed as of transition date.

Impairment of financial assets:

The Group has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date.

Chartered Accountants FRN 301112E Mumbai

PIRAMAL ENTERPRISES LIMITED MUMBAI

56 (b) Reconciliation of total equity as at March 31, 2016 and April 1, 2015

(Rs. In Crores)

Particulars	Notes	As at March 31, 2016 (End of last period presented under previous GAAP)	As at April 1, 2105 (Date of transition)
Total equity (shareholders' funds) under previous GAAP		**12,422.10**	**11,735.93**
Fair valuation gain on investments held through OCI	a	705.88	1,398.52
Measurement of financial assets at amortised cost	b	(175.20)	(64.26)
Measurement of financial assets at FVTPL	b	38.42	44.18
Expected credit loss allowance on investments, loans and commitments	c	(105.50)	(107.19)
Reversal of amortisation of goodwill under Ind AS	d	76.07	-
Remeasurement of net pension assets	e	(118.88)	(95.51)
Amortisation of distribution fees	f	27.64	37.54
Measurement of forward exchange contracts at fair value	g	8.86	7.73
Measurement of financial liabilities at amortised cost	h	59.78	77.08
Recognition of constructive obligation	i	(28.84)	(24.29)
Recognition of lease rent expense on straight-line method	j	(7.94)	-
Dividends not recognised as liability until declared under Ind AS	k	-	415.39
Impact of equity method of accounting being followed for associates / joint ventures	l	0.62	(3.10)
Application of acquisition method of accounting for Business Combinations under Ind AS 103	m	5.98	-
Others		0.23	(1.95)
Effect of foreign currency translation	n	(1.26)	-
Net Deferred Tax impact on all the Ind AS adjustments	o	40.39	5.41
Total adjustments to equity		**526.25**	**1,689.55**
Total equity under Ind AS		**12,948.35**	**13,425.48**

Reconciliation of total comprehensive income for the year ended March 31, 2016:

Particulars	Notes	Year ended March 31, 2016 (latest period presented under previous GAAP)
Profit as per previous GAAP		**950.60**
Adjustments:		
Measurement of financial assets at amortised cost	b	(110.94)
Measurement of financial assets at FVTPL	b	(5.76)
Measurement of loss allowance on certain financial assets using the expected credit loss model	c	1.69
Reversal of amortisation of goodwill under Ind AS	d	76.07
Remeasurement of net pension assets	e	(17.14)
Amortisation of distribution fees	f	(9.90)
Measurement of forward exchange contracts at fair value	g	1.13
Measurement of financial liabilities at amortised cost	h	(17.31)
Unwinding of discounting of provisions	i	(4.55)
Recognition of lease rent expense on straight-line method	j	(7.94)
Impact of equity method of accounting being followed for associates / joint ventures	l	3.72
Application of acquisition method of accounting for business combinations under Ind AS 103	m	5.98
Remeasurement of defined benefit obligation transferred to other comprehensive income and (expense)	p	2.02
Others		2.10
Net Deferred Tax impact on all the Ind AS adjustments	o	34.97
Total effect of transition to Ind AS		**(45.86)**
Profit for the year as per Ind AS		904.74
Other comprehensive income for the year (net of tax)	a,e,n,p	(603.01)
Total comprehensive income under Ind AS		**301.73**

Price Waterhouse Chartered Accountants FRN 301112E Mumbai

Piramal Enterprises Limited Mumbai

Notes

a) Under previous GAAP, long term investments were measured at cost less diminution in value which is other than temporary. Under Ind AS, these financial assets have been designated as measured at FVTOCI. On the date of transition to Ind AS, these financial assets have been measured at their fair value which is higher than the cost as per previous GAAP, resulting in an increase in the carrying amount by Rs. 705.88 crores as at March 31, 2016 and by Rs. 1,398.52 crores as at April 1, 2015.

Fair value changes with respect to investments in equity instruments designated as at FVTOCI have been recognised in FVTOCI – Equity investments reserve as at the date of transition and subsequently in the other comprehensive income for the year ended March 31, 2016. This increased other reserves by Rs. 705.88 crores as at March 31, 2016 and by Rs. 1,398.52 crores as at April 1, 2015 and Other Comprehensive Income for the year ended March 31, 2016 decreased by Rs. 692.64 crores.

b) Under previous GAAP, investments, term loans and inter-corporate deposits were carried at cost whereas under Ind AS, these are measured based on entity's business model for managing the financial assets and contractual cash flow characteristics of the financial asset. The investments, term loans and inter-corporate deposits that meet the business model and contractual cash flow tests are measured at amortised cost and interest income is recognised as per the effective interest rate method. Those that do not meet these tests are measured at fair value. Considering the above criteria the investments, term loans and inter-corporate deposits have decreased by Rs. 136.78 crores as at March 31, 2016 and Rs. 20.08 crores as at April 1, 2015. The total equity decreased by an equivalent amount. The profit for the year ended March 31, 2016 decreased by Rs. 116.70 crores on account of the same.

c) Under previous GAAP, provision for doubtful loans and receivables was calculated using incurred loss model. Under Ind AS, the provision on financial assets and commitments, including trade receivables needs to be calculated using the expected credit loss model. Accordingly, an additional provision for Rs. 105.50 crores was recognized as at March 31, 2016 and Rs. 107.19 crores as recognised at April 1, 2015. The total equity decreased by equivalent amount. The profit for the year ended March 31, 2016 increased by Rs. 1.69 crores.

d) Under the previous GAAP, goodwill on acquisition in Information Management segment was amortised over a period of 10 years. Under Ind AS, goodwill cannot be amortised, but tested for impairment. Accordingly, amortisation of Rs. 76.07 crores has been written back in the statement of profit and loss for the year ended March 31, 2016 resulting in an increase in the profit and total equity as on that date.

e) Under previous GAAP, the surplus in the defined benefit plan in an overseas subsidiary was recognised as an asset. Under Ind AS, such surplus is restricted to the extent of the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. On the date of transition to Ind AS, the group has written off the surplus assets thus resulting in a decrease in the total equity by Rs. 118.88 crores as at March 31, 2016 and by Rs. 95.51 crores as at April 1, 2015. The changes in the effect of limiting a net defined benefit asset to the asset ceiling has been charged to other comprehensive income resulting in a decrease of Rs. 6.23 crores for the year ended March 31, 2016. The profit for the year ended March 31, 2016 has decreased by Rs. 17.14 crores.

f) Under previous GAAP, expenses for distribution fees were recognised as expense as and when incurred. As per Ind AS, these expenses are recognised as asset and amortized on a systematic basis that is consistent with the transfer of investment management services to the customer. This has resulted in the recognition of asset as at March 31, 2016 of Rs. 27.64 crores and as at April 1, 2015 of Rs. 37.54 crores with an equivalent increase in the total equity. The profit for the year ended March 31, 2016 has decreased by Rs. 9.90 crores.

g) Under previous GAAP, premium paid for derivative contracts was amortized over the term of the derivative contracts whereas under Ind AS the derivative contracts are measured at FVTPL. Thus, the unamortized premium as on April 1, 2015 and as on March 31, 2016 has been charged off to retained earnings and to the Statement of Profit and Loss respectively and derivative contracts have been recognised at fair value. This has resulted into net increase in total equity as on March 31, 2016 by Rs. 8.86 Crores and as on April 1, 2015 by Rs. 7.73 crores. The profit for the year ended March 31, 2016 increased by Rs. 1.13 crores on account of the same.

h) Under previous GAAP, borrowings were recorded at cost and transaction costs were charged to Statement of Profit and Loss as and when incurred. Under Ind AS, transaction cost incurred towards origination of borrowings is required to be deducted from the carrying amount of borrowings on initial recognition. These costs are recognised in the Statement of Profit and Loss over the tenure of the borrowing as part of interest expense by applying effective interest rate method. Accordingly, borrowings as at March 31, 2016 have been reduced by Rs. 59.78 crores and Rs. 77.08 crores as at April 1, 2015. The total equity increased by an equivalent amount and the profit for the year ended March 31, 2016 decreased by Rs. 17.31 crores.

i) Under previous GAAP, no provision was accounted for Constructive obligations. Under Ind AS, provisions need to be recognised (at discounted value) for the these obligations. Accordingly, an additional provision was recognised at Rs. 28.84 crores as at March 31, 2016 and Rs. 24.29 crores as at April 1, 2015. The total equity decreased by equivalent amount. The unwinding of discounts in this case amounted Rs. 4.55 crores during the year ended March 31, 2016 resulting in decrease in profit to that extent.

j) Under previous GAAP, there was no clear guidance on treatment of lease incentives. Under Ind AS, in the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. Accordingly, the total equity as on March 31, 2016 and the profit for the year ended March 31, 2016 decreased by Rs. 7.94 crores.

k) Under previous GAAP, dividends on equity shares recommended by the Board of Directors after the end of the reporting period but before the financial statement were approved for issue were recognised in the financial statement as a liability. Under Ind AS, such dividends are recognised when approved by the members in a general meeting. The effect of this change is an increase in total equity as at March 31, 2016 of Rs. Nil and Rs. 415.39 crores as at April 1, 2015 but does not affect the profit for the year ended March 31, 2016.

l) Under previous GAAP, Piramal Phytocare Limited (PPL) was considered as long term investment and measured at cost. The group has 17.53% shareholding in PPL. The group has the ability to appoint directors on the Board of PPL giving it the power to participate in the financial and operating policy decisions. Thus the group has significant influence over PPL making it an associate. Accordingly, under Ind AS, the investment in PPL has been accounted using the equity method resulting into a decrease in the total equity by Rs. 3.68 crore as on March 31, 2016 and by Rs. 3.10 crores as on April 1, 2015. Profit for the year has reduced by Rs. 0.58 crores. Apart from this, reversal of dividend distribution tax and other consolidation adjustments in an associate has increased the profit for the year ended March 31, 2016 by Rs. 4.30 crores.

m) The Group has elected not to apply Ind AS 103 Business Combinations retrospectively to past business combinations that occurred before the transition date of April 1, 2015, thus not having any impact on total equity as on that date. The application of Ind AS 103 for acquisitions after April 1, 2015 has resulted in a increase in the total equity and the profit for the year ended March 31, 2016 by Rs. 5.98 crores.

Price Waterhouse Chartered Accountants FRN 301112E Mumbai

Piramal Enterprises Limited Mumbai

n) Impacts of the changes in the foreign currency translations on the adjustments made on transition to Ind AS have been recognised in other comprehensive income.

o) Deferred taxes have been recognised on adjustments made on transition to Ind AS.

p) Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss as under the previous GAAP. As a result of this change, the profit for the year ended March 31, 2016 increased by Rs. 2.02 crores. There is no impact on the total equity as at March 31, 2016.

q) The group has elected to reset the balance appearing in the foreign currency translation reserve to zero as at April 1, 2015. Accordingly, translation reserve balance under previous GAAP of Rs. 266.15 crores has been transferred to retained earnings. There is no impact on total equity as a result of this adjustment.

r) Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit and loss as 'other comprehensive income' includes remeasurements of defined benefit plans, fair value gains or (losses) on FVTOCI equity instruments, deferred gains and losses on cash flow hedge and effect of currency translation of foreign operations. The concept of other comprehensive income did not exist under previous GAAP.

s) **Associate**

Allergan India Private Limited

Allergan India Private Limited was accounted for using the proportionate consolidation method under previous GAAP whereas it being an associate needs to be accounted using the equity method under Ind AS. Therefore:

- On the transition date, the Group has recognised investment in Allergan India Private Limited by measuring it at the aggregate of the carrying amount of the assets and liabilities that the Group had proportionately consolidated under previous GAAP as of the transition date;
- This investment amount has been deemed to be the cost of investment at initial recognition;
- The Group has tested the investment in Allergan India Private Limited for impairment as of the transition date;
- After initial recognition at the transition date, the Group has accounted for Allergan India Private Limited using the equity method in accordance with Ind AS 28; and
- The break-down of the assets and liabilities of Allergan India Private Limited that were previously aggregated into the single line investment balance at the transition date is below:

(Rs. In crores)

Particulars	April 1, 2015
Non-current assets	
Property, plant and equipment	1.71
Other intangible assets	0.55
Financial assets	3.68
Deferred Tax Assets (Net)	1.72
Other non current assets	1.91
Current assets	
Cash and cash equivalents	37.00
Inventories	18.91
Other financial assets	11.94
Other current assets	4.17
Current liabilities	
Current financial liabilities	(14.85)
Provisions	(2.42)
Other current liabilities	(2.56)
Net assets derecognised	**61.76**
Share of net assets recognised under equity method	**61.76**

Price Waterhouse Chartered Accountants FRN 301112E Mumbai

PIRAMAL ENTERPRISES LIMITED MUMBAI

t) **Joint Venture**

Convergence Chemicals Private Limited

Convergence Chemicals Private Limited was accounted for as a subsidiary using the full consolidation method under previous GAAP whereas it needs to be accounted for as a joint venture using the equity method under Ind AS. Therefore:

- The investment amount has been deemed to be the cost of investment at initial recognition;
- The Group has tested the investment in Convergence Chemicals Private Limited for impairment as of the transition date;
- After initial recognition at the transition date, the Group has accounted for Convergence Chemicals Private Limited using the equity method in accordance with Ind AS 28; and
- The break-down of the assets and liabilities of Convergence Chemicals Private Limited that will have to be disaggregated from the single line investment balance at the transition date is below.

Particulars	**As at April 1, 2015** (Date of transition) (amounts as reported in previous GAAP)
Non-current assets	
Property, plant and equipment	
Capital Work in progress	4.11
Other non current assets	88.82
Current assets	
Cash and cash equivalents	0.72
Non-current Liabilities	
Borrowings	(32.00)
Current liabilities	
Payables	(2.24)
Net assets derecognised	**59.41**
Share of net assets recognised under equity method	**30.30**

u) Impact of Ind AS adoption on the Statements of Cash flows for the year ended March 31, 2016:

Rs. in Crores

Particulars	**Previous GAAP**	**Adjustments**	**Ind AS**
Net Cash flow from Operating Activities	(6,777.33)	(178.86)	(6,956.19)
Net Cash flow from Investing Activities	(876.78)	272.74	(604.04)
Net Cash flow from Financing Activities	7,619.87	(75.97)	7,543.90
Net Increase/(decrease) in cash and cash equivalents	**(34.24)**	**17.91**	**(16.33)**

The adjustments are primarily on account of Bank overdraft now considered as Cash and Cash Equivalents, deconsolidation of Convergance Chemicals Private Limited, discontinuance of proportionate consolidation of Allergan India Private Limited, consolidation of Piramal Investment Oppotunities Fund and other Ind AS reclassifications.

Price Waterhouse
Chartered Accountants
FRN 301112E
Mumbai

PIRAMAL ENTERPRISES LIMITED
MUMBAI

57 Fair Value Measurement

Financial Instruments by category:

a)

Rs. In Crores

Categories of Financial Instruments:	March 31, 2017 FVTPL	March 31, 2017 FVTOCI	March 31, 2017 Amortised Cost	March 31, 2016 FVTPL	March 31, 2016 FVTOCI	March 31, 2016 Amortised Cost	April 1, 2015 FVTPL	April 1, 2015 FVTOCI	April 1, 2015 Amortised Cost
Financial Assets									
Investments	1,397.54	3,988.92	17,041.61	1,008.39	3,142.57	9,568.56	291.55	3,835.21	3,367.22
Loans	-	-	7,335.73	-	-	3,533.23	-	-	2,644.62
Cash & Bank Balances	-	-	1,540.90	-	-	365.94	-	-	423.69
Trade Receivables	-	-	1,107.74	-	-	970.81	-	-	819.29
Other Financial Assets	14.69	-	220.83	11.47	-	234.06	12.77	-	81.70
	1,412.23	3,988.92	27,246.81	1,019.86	3,142.57	14,672.60	304.32	3,835.21	7,336.52
Financial liabilities									
Borrowings (including Current Maturities of Long Term Debt)	-	-	30,450.98	-	-	16,278.79	-	-	7,186.34
Trade Payables	-	-	764.29	-	-	702.56	-	-	668.04
Other Financial Liabilities	172.52	-	1,214.76	40.01	-	278.51	-	-	115.31
	172.52	-	32,430.03	40.01	-	17,259.86	-	-	7,969.69

b) **Fair Value Hierarchy and Method of Valuation**

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the group has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Rs. In Crores

Financial Assets	March 31, 2017 Notes	Carrying Value	Level 1	Level 2	Level 3	Total
Measured at FVTPL - Recurring Fair Value Measurements						
Investments						
Investments in Preference Shares		1.70			1.70	1.70
Investments in debentures or bonds						
Redeemable Non-Convertible Debentures	i.	987.86			987.86	987.86
Investments in Mutual Funds	ii.	191.56	191.56			191.56
Investment in Alternative Investment Fund/Venture Capital Funds	vi.	216.42			216.42	216.42
Other Financial Assets						
Derivative Financial Assets	iii.	14.69		14.69		14.69
Measured at FVTOCI						
Investments in Equity Instruments	ii.	3,988.92	3,988.92			3,988.92
Measured at Amortised Cost for which fair values are disclosed						
Investments						
Investments in debentures or bonds (Gross of Expected Credit Loss)	iv.	17,401.00			17,317.67	17,317.67
Loans						
Term Loans (Gross of Expected Credit Loss)	iv.	6,548.59			7,039.98	7,039.98
Intercorporate Deposits (Gross of Expected Credit Loss)	iv.	43.78			41.39	41.39
Financial Liabilities						
Measured at FVTPL - Recurring Fair Value Measurements						
Contingent Consideration	vii.	141.79			141.79	141.79
Derivative Financial Liabilities	iii.	30.73		30.73		30.73
Measured at Amortised Cost for which fair values are disclosed						
Borrowings (including Current Maturities of Long Term Debt)	v.	30,450.98			30,720.32	30,720.32

Price Waterhouse Chartered Accountants FRN 301112E Mumbai

PIRAMAL ENTERPRISES LIMITED MUMBAI

Rs. In Crores

Financial Assets	March 31, 2016					
	Notes	Carrying Value	Level 1	Level 2	Level 3	Total
Measured at FVTPL - Recurring Fair Value Measurements						
Investments						
Investments in Equity Instruments		29.43			29.43	29.43
Investments in Preference Shares		0.66			0.66	0.66
Investments in debentures or bonds						
Redeemable Non-Convertible Debentures	i.	758.44			758.44	758.44
Investments in Mutual Funds	ii.	6.23	6.23			6.23
Investment in Alternative Investment Fund/Venture Capital Fund	vi.	213.63			213.63	213.63
Other Financial Assets						
Derivative Financial Assets	iii.	11.47		11.47		11.47
Measured at FVTOCI						
Investments in Equity Instruments	ii.	3,142.57	3,142.57			3,142.57
Measured at Amortised Cost for which fair values are disclosed						
Investments						
Investments in debentures or bonds (Gross of Expected Credit Loss)	iv.	9,799.51			10,148.72	10,148.72
Loans						
Term Loans (Gross of Expected Credit Loss)	iv.	916.08			896.76	896.76
Intercorporate Deposits (Gross of Expected Credit Loss)	iv.	1,864.63	-	-	1,856.52	1,856.52
Financial Liabilities						
Measured at FVTPL - Recurring Fair Value Measurements						
Contingent Consideration	vii.	35.98			35.98	35.98
Derivative Financial Liabilities	iii.	4.03		4.03		4.03
Measured at Amortised Cost for which fair values are disclosed						
Borrowings (including Current Maturities of Long Term Debt)	v.	16,278.79	-	-	16,278.79	16,278.79

Price Waterhouse Chartered Accountants FRN 301112E Mumbai

PIRAMAL ENTERPRISES LIMITED MUMBAI

Rs. In Cror

Financial Assets	April 1, 2015					
	Notes	Carrying Value	Level 1	Level 2	Level 3	Tot
Measured at FVTPL - Recurring Fair Value Measurements						
Investments						
Investments in Equity Instruments		28.36			28.36	28.3
Investments in Preference Shares		0.63			0.63	0.6
Investments in debentures or bonds						
Redeemable Non-Convertible Debentures	i.	-			-	-
Investments in Mutual Funds	ii.	127.44	127.44			127.4
Investment in Alternative Investment Fund	vi.	135.12			135.12	135.1
Other Financial Assets						
Derivative Financial Assets	iii.	12.77		12.77		12.7
Measured at FVTOCI						
Investments in Equity Instruments	ii.	3,835.21	3,835.21			3,835.2
Measured at Amortised Cost for which fair values are disclosed						
Investments						
Investments in debentures or bonds (Gross of Expected Credit Loss)	iv.	3,452.91			3,595.56	3,595.5
Loans						
Term Loans (Gross of Expected Credit Loss)	iv.	829.69			789.82	789.8
Intercorporate Deposits (Gross of Expected Credit Loss)	iv.	636.71			789.52	789.5
Financial Liabilities						
Measured at Amortised Cost for which fair values are disclosed						
Borrowings (including Current Maturities of Long Term Debt)	v.	7,186.34	-	-	7,186.34	7,186.3

Except for those financial instruments for which the carrying amounts are mentioned in the above table, the Company considers that the carrying amounts recognised in the financial statements approximate their fair values.
For financial assets that are measured at fair value, the carrying amounts are equal to the fair values.

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds and mutual funds that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing NAV.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-thecounter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.
Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration, Debentures, Term Loans and ICDs included in level 3.

Price Waterhouse
Chartered Accountants
FRN 301112E
Mumbai

PIRAMAL ENTERPRISES LIMITED
MUMBAI

Valuation techniques used to determine the fair values:

i. Discounted cash flow method has been used to determine the fair value. The yield used for discounting has been determined based on trades, market polls, levels for similar issuer with same maturity, spread over matrices, etc. For instruments where the returns are linked to the share price of the investee company the equity price has been derived using Monte Carlo simulation and local volatility model using the inputs like spot rate, volatility surface, term structures and risk free rates from globally accepted 3rd party vendor for these data.

ii. This includes listed equity instruments and mutual funds which are fair valued using quoted prices and closing NAV in the market.

iii. This includes forward exchange contracts and cross currency interest rate swap. The fair value of the forward exchange contract is determined using forward exchange rate at the balance sheet date. The fair value of cross currency interest rate swap is calculated as the present value of future cash flow based on observable yield curves and forward exchange rates.

iv. Discounted cash flow method has been used to determine the fair value. The discounting factor used has been arrived at after adjusting the rate of interest for the financial assets by the difference in the Government Securities rates from date of initila recognition to the reporting dates.

v. Fair values of borrowings are based on discounted cash flow using a current borrowing rate. They are classified as Level 3 values hierarchy due to the use of unobservable inputs, including own credit risk.

vi. Discounted cash flow method has been used to determine the fair value. The discounting factor has been computed using a mix of past trends as well as likely rate of return of the underlying projects.

vii. Discounted cash flow method has been used to determine the fair value of contingent consideration.

c) **Fair value measurements using significant unobservable inputs (level 3)**

The following table presents the changes in level 3 items for the period ended March 31, 2016 and April 1, 2015.

	Debentures	Alternative Investment Fund/Venture Capital Fund	Equity Instruments	Preference Shares	Contingent Consideration	Total
As at April 1, 2015	-	135.12	28.36	0.63	-	164.11
Acquisitions/Additions	675.00	88.98	1.07	-	35.98	801.03
Gains / (Losses) recognised in profit or loss	83.65	2.67	-	-	-	86.32
Gains / Losses recognised in other comprehensive income	-	-	-	0.03	-	0.03
Realisations	(0.22)	(13.14)	-	-	-	(13.36)
As at March 31, 2016	**758.43**	**213.63**	**29.43**	**0.66**	**35.98**	**1,038.13**
Acquisitions	304.55	17.73	-	1.04	103.76	427.08
Losses recognised in profit or loss	-	-	-	-	2.05	2.05
Gains / (Losses) recognised in profit or loss	160.48	20.88	27.29	-	-	208.65
Gains / Losses recognised in other comprehensive income	-	-	-	-	-	-
Transfer out during the year	-	-	-	-	-	-
Realisations	(235.60)	(35.82)	(56.72)	-	-	(328.14)
As at March 31, 2017	**987.86**	**216.42**	-	**1.70**	**141.79**	**1,347.77**

d) **Valuation Process**

The Company engages external valuation consultants to fair value financial instruments measured at FVTPL and FVTOCI. The main level 3 inputs used for unlisted equity securities, preference shares, investment in AIF / Venture capital fund, contingent consideration and debentures are as follows:

1) For Non Convertible Debentures, Waterfall approach has been used to arrive at the yields for securities held by the Company. For determining the equity prices Monte Carlo simulations and local volatility model using the inputs like spot rate, volatility surface, term structures and risk free rates from globally accepted third party vendor for these data have been used.

2) For Alternative Investment Fund/Venture Capital Fund, Discounted cash flow method has been used to determine the fair value. The discounting factor has been computed using a mix of past trends as well as likely rate of return of the underlying projects.
3) For Contingent consideration, fair value has been estimated by allocating probability to achievement of financial milestones. Discount rate is determined using Capital Asset Pricing Model.

Price Waterhouse Chartered Accountants FRN 301112E Mumbai

PIRAMAL ENTERPRISES LIMITED MUMBAI

e) **Sensitivity for instruments:**

Nature of the instrument	Fair value As on March 31, 2017	Fair value As on March 31, 2016	Fair value As on April 1, 2015	Significant unobservable inputs*	Increase / Decrease in the unobservable input	Sensitivity Impact for the year ended March 31, 2017		Sensitivity Impact for the year ended March 31, 2016	
						FV Increase/(Decrease)	FV Increase/(Decrease)	FV Increase/(Decrease)	FV Increase/(Decrease)
Non Convertible Debentures	987.86	758.45	-	Discount rate	1%	(24.23)	25.05	(27.98)	29.22
				Equity component (projections)	5%	-	-	-	-
Alternative Investment Fund/Venture Capital Fund	216.42	213.63	135.12	Discount rate	1%	(1.03)	1.01	(1.57)	1.53
				Cash Flow	5%	(6.71)	6.71	(6.67)	6.67
Contingent Consideration	141.79	35.98	-	Discount rate	1%	2.59	(2.59)	0.54	(0.54)
				Expected Cash Outflow	10%	9.79	(9.79)	3.60	(3.60)

* There were no significant inter-relationships between unobservable inputs that materially affect fair values.

f) Management uses its best judgment in estimating the fair value of its financial instruments. However, there are inherent limitations in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates presented above are not necessarily indicative of all the amounts that the Company could have realized or paid in sale transactions as of respective dates. As such, the fair value of the financial instruments subsequent to the respective reporting dates may be different from the amounts reported at each year end.

58 (a) The Group operates an incentive plan arrangement for certain employees of certain subsidiaries. The scheme provides a cash payment to the employees based on a specific number of phantom shares at grant and share price of Piramal Enterprises Limited, the ultimate parent company at the vesting date. The Cash payment is dependent on the performance of the underlying shares of Piramal Enterprises Limited and continued employment on vesting date.The fair values of the award is calculated using the Black Scholes model at the grant date. The fair value is updated at each reporting date as the awards are accounted as cash settled plan. The inputs to the models are based on the Piramal Enterprises Limited historic data , the risk free rate and the weighted average fair value of shares in the scheme at the reporting date. The amount expensed in the current year relating to the plan is Rs 2.43 Crores. The Group considers these amount as not material and accordingly has not provided further disclosures as required by IND AS 102 "Share Based Payments".

58 (b) A subsidiary has issued certain options under the Scheme titled "Health Superhiway Employees Stock Option Plan - 2011 (ESOP Plan) to its employees. Each option comprises one underlying equity share of the subsidiary. The exercise price of each option shall be Rs. 54.10. The options granted vests over a period of four years from the date of grant in proportions specified in the Scheme. Options may be exercised within three years of vesting. SInce the exercise price of the shares is much higher than the book value of the share of the subsidiary, there is no impact on the earnings.

59 During the previous year, the Company identified a fraud committed by an employee in one of its divisions. The Company initiated an internal investigation in the matter. Based on the results of the investigation, it was concluded that the employee had misrepresented to various customers and raised forged invoices and credit notes to the extent of Rs.3.18 crores during the previous year. The Company had filed a criminal complaint with appropriate authorities and is pursuing the matter further. The Company had taken appropriate measures and had further strengthened internal processes and controls to prevent such cases.
During the current year, the Company has recovered an amount of Rs.1.80 crores from such customers.

60 The financial statements for the year ended March 31, 2017 include the results and financial position of associates to whom Ind AS does not apply currently and hence, the results are accounted based on currently applicable Indian GAAP.

61 Subsequent to the year end, on April 6, 2017, the Group through its subsidiary, Sigmatic Limited, acquired UK based Sharp Insight Limited for USD 1.45 million equivalent to Rs.9.42 Crores.

Price Waterhouse Chartered Accountants FRN 301112E Mumbai

PIRAMAL ENTERPRISES LIMITED MUMBAI

62 The Board of Directors' at their meeting held on May 12, 2017 have approved the issuance of equity shares and / or convertible securities for an aggregate amount not exceeding Rs.5000 crores or an equivalent amount thereof in one or more foreign currencies, including approval of the postal ballot notice for obtaining shareholders' approval.

63 The financial statements were approved by board of directors on May 12, 2017

Signature to note 1 to 63 of financial statements.

For and on behalf of the Board of Directors

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Jeetendra Mirchandani
Partner
Membership Number: 048125

Mumbai, May 12, 2017

Ajay G. Piramal
Chairman

Rajesh Laddha
Chief Financial Officer

Leonard D'Souza
Company Secretary

Mumbai, May 12, 2017

Deloitte
Haskins & Sells LLP

Chartered Accountants
Indiabulls Finance Centre
Tower 3, 27th-32nd Floor
Senapati Bapat Marg
Elphinstone Road (West)
Mumbai - 400 013
Maharashtra, India

Tel: +91 22 6185 4000
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INDEPENDENT AUDITOR'S REVIEW REPORT ON REVIEW OF INTERIM STANDALONE FINANCIAL RESULTS

TO THE BOARD OF DIRECTORS OF
PIRAMAL ENTERPRISES LIMITED

1. We have reviewed the accompanying Statement of Unaudited Standalone Financial Results of **PIRAMAL ENTERPRISES LIMITED** ("the Company"), for the three and six months ended September 30, 2017 ("the Statement"), being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as modified by Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016.

   This Statement which is the responsibility of the Company's Management and approved by the Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to issue a report on the Statement based on our review.

2. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity', issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of Company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

3. Based on our review conducted as stated above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the aforesaid Indian Accounting Standards and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as modified by Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016, including the manner in which it is to be disclosed, or that it contains any material misstatement.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm Registration No. 117366W/W-100018)

Rupen K. Bhatt
Partner
(Membership No.046930)

Mumbai, November 6, 2017

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(LLP Identification No. AAB-8737)

Piramal

PIRAMAL ENTERPRISES LIMITED

Piramal Tower, Peninsula Corporate Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai - 400013

STATEMENT OF UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE THREE AND SIX MONTHS ENDED SEPTEMBER 30, 2017

(Rs. in Crores)

Particulars	Three months ended 30/09/2017	Three months ended 30/06/2017	Corresponding Three months ended 30/09/2016	Year to date figures for current period ended 30/09/2017	Year to date figures for previous period ended 30/09/2016	Previous Year ended 31/03/2017
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Revenue from operations	802.25	620.63	1,212.60	1,422.88	2,253.86	3,809.31
Other Income	177.90	173.26	227.82	351.16	355.48	357.15
Total Income	**980.15**	**793.89**	**1,440.42**	**1,774.04**	**2,609.34**	**4,166.46**
Expenses						
Cost of materials consumed	197.12	194.21	214.24	391.33	414.22	791.27
Purchase of Stock-in-Trade	24.44	21.21	36.44	45.65	63.50	127.55
Changes in inventories of finished goods, work-in-progress and stock-in-trade	5.11	(47.81)	(40.50)	(42.70)	(56.28)	19.06
Excise Duty	-	8.32	11.22	8.32	20.81	43.10
Employee benefits expense	103.69	104.34	94.89	208.03	183.81	370.63
Finance costs	242.39	220.63	409.34	463.02	752.37	1,178.34
Depreciation and amortisation expense	25.77	24.92	22.32	50.69	45.37	94.49
Other Expenses, Net	157.71	203.42	174.79	361.13	365.36	622.09
Total Expenses	**756.23**	**729.24**	**922.74**	**1,485.47**	**1,789.16**	**3,246.53**
Profit Before Exceptional Items and Tax	**223.92**	**64.65**	**517.68**	**288.57**	**820.18**	**919.93**
Exceptional Items	-	-	-	-	-	-
Profit before Tax	**223.92**	**64.65**	**517.68**	**288.57**	**820.18**	**919.93**
Tax Expense						
(1) Current Tax (including tax expense of prior years)	49.75	16.67	70.77	66.42	143.55	195.42
(2) Deferred Tax	23.51	6.33	(0.67)	29.84	(28.60)	(52.27)
Profit for the period	**150.66**	**41.65**	**447.58**	**192.31**	**705.23**	**776.78**
Other Comprehensive Income and (Expense) (OCI)						
A. Items that will not be subsequently reclassified to profit or loss						
(a) Changes in fair values of equity instruments through OCI	(89.33)	(160.81)	218.85	(250.14)	882.93	846.35
(b) Remeasurement of Post Employment Benefit Plans	1.16	(4.50)	(0.48)	(3.34)	(3.58)	(1.94)
Less: Income Tax Impact on above	(0.41)	1.56	0.17	1.15	1.24	0.67
B. Items that will be subsequently reclassified to profit or loss						
(a) Hedging Reserve	(1.33)	(0.28)	-	(1.61)	-	0.20
Less: Income Tax Impact on above	0.46	0.10	-	0.56	-	(0.07)
Other Comprehensive Income / (Expense) (OCI) for the period, net of tax expense	**(89.45)**	**(163.93)**	**218.54**	**(253.38)**	**880.59**	**845.21**
Total Comprehensive Income / (Expense) for the period	**61.21**	**(122.28)**	**666.12**	**(61.07)**	**1,585.82**	**1,621.99**
Paid-up Equity Share Capital (Face Value Rs.2/- each)	34.51	34.51	34.51	34.51	34.51	34.51
Other Equity (excluding Revaluation Reserves)						14,388.09
Paid-up Debt Capital				5,195.00	5,170.00	3,795.00
Net Worth				13,926.33	14,425.39	14,422.60
Debenture Redemption Reserve				655.79	524.00	655.79
Earnings Per Equity Share (EPS) (of Rs.2/- each) (not annualised)						
a) Basic and diluted EPS before extraordinary items for the period (Rs.)	8.73	2.41	25.94	11.14	40.87	45.01
b) Basic and diluted EPS after extraordinary items for the period (Rs.)	8.73	2.41	25.94	11.14	40.87	45.01
Debt Equity Ratio (Refer Footnote 1)				1.0	0.9	0.7
Debt Service Coverage Ratio (Refer Footnote 2)				0.5	2.5	0.7
Interest Service Coverage Ratio (Refer Footnote 3)				1.6	2.1	1.8

Footnotes:

1. Debt equity Ratio:
   Debt = Long term Borrowings + Short term Borrowings + Current maturities of Long term Borrowings
   Equity = Paid up Share Capital plus Other Equity
2. Debt Service Coverage Ratio = (Earnings before Interest, Tax and Exceptional items) / (Interest Expense + Principal Repayment of Debt excluding loans transferred)
   Debt = Long Term Debt
   Interest Expense = Interest on Long Term Debt
3. Interest Service Coverage Ratio = (Earnings before Interest, Tax and Exceptional items) / Interest Expense

DELOITTE HASKINS & SELLS LLP CHARTERED ACCOUNTANTS

PIRAMAL ENTERPRISES LIMITED MUMBAI

Piramal Enterprises Limited
(Formerly Known as Piramal Healthcare Limited)
CIN : L24110MH1947PLC005719
Registered Office : Piramal Tower, Ganpatrao Kadam Marg, Lower Parel, Mumbai - 400 013, India
Agastya Corporate Park, Opposite Fire Brigade, Kamani Junction, LBS Marg, Kurla (West), Mumbai - 400070, India
T +91 22 3802 3000
piramal.com

Notes:

1. The standalone financial results for the three months and six months ended September 30, 2017, have been reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on November 06, 2017. The statutory auditors, Deloitte Haskins & Sells LLP have issued an unqualified review conclusion. Standalone financial results for the three months ended June 30, 2017, three months and six months ended September 30, 2016 and year ended March 31, 2017 were reviewed/audited by previous auditors - Price Waterhouse.

2. **Statement of Standalone Assets and Liabilities :**

(Rs.in Crores)

Particulars	As at 30/09/2017 (Unaudited)	As at 31/03/2017 (Audited)
ASSETS		
1. **Non-Current Assets**		
(a) Property, Plant & Equipment	1,251.75	712.52
(b) Capital Work in Progress	192.24	575.21
(c) Intangible Assets	347.66	362.28
(d) Intangible Assets under development	36.51	26.65
(e) Financial Assets:		
(i) Investments	16,485.78	15,607.64
(ii) Loans	5,105.23	3,635.83
(iii) Other Financial Assets	40.56	47.33
(f) Deferred Tax Assets (Net)	321.82	349.95
(g) Other Non Current Assets	296.91	264.14
Total Non-Current Assets	**24,078.46**	**21,581.55**
2. **Current Assets**		
(a) Inventories	412.76	343.11
(b) Financial Assets:		
(i) Investments	2,214.32	1,666.57
(ii) Trade Receivables	445.60	491.43
(iii) Cash & Cash equivalents	140.25	95.10
(iv) Bank balances other than (iii) above	32.77	28.97
(v) Loans	1,231.91	1,045.24
(vi) Other Financial Assets	138.28	107.80
(c) Other Current Assets	161.94	114.95
Total Current Assets	**4,777.83**	**3,893.17**
Total Assets	**28,856.29**	**25,474.72**
EQUITY AND LIABILITIES		
1. **Equity**		
(a) Equity Share capital	34.51	34.51
(b) Other Equity	13,891.82	14,388.09
Total Equity	**13,926.33**	**14,422.60**
2. **Liabilities**		
Non-Current Liabilities		
(a) Financial Liabilities:		
(i) Borrowings	4,005.47	2,739.52
(ii) Other Financial Liabilities	4.68	5.65
(b) Provisions	32.16	30.86
Total Non-Current Liabilities	**4,042.31**	**2,776.03**
Current Liabilities		
(a) Financial Liabilities:		
(i) Borrowings	7,963.50	5,020.12
(ii) Trade Payables	514.93	533.36
(iii) Other Financial Liabilities	2,293.58	2,620.74
	10,772.01	**8,174.22**
(b) Other Current Liabilities	56.33	46.76
(c) Provisions	41.64	42.16
(d) Current Tax Liabilities (Net)	17.67	12.95
Total Current Liabilities	**10,887.65**	**8,276.09**
Total Equity & Liabilities	**28,856.29**	**25,474.72**

3. **Segment Wise Revenue, Results and Capital Employed**

(Rs. in Crores)

Particulars	Three months Ended 30/09/2017	Three months ended 30/06/2017	Corresponding Three months ended 30/09/2016	Year to date figures for current period ended 30/09/2017	Year to date figures for previous period ended 30/09/2016	Previous Year ended 31/03/2017
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1. Segment Revenue						
Total Income from Operations, Net						
a. Pharmaceuticals	501.60	371.36	498.39	872.96	962.70	2,138.07
b. Financial services	300.65	249.27	714.21	549.92	1,291.16	1,671.24
Total	**802.25**	**620.63**	**1,212.60**	**1,422.88**	**2,253.86**	**3,809.31**
Less: Inter Segment revenue	-	-	-	-	-	-
Total Income from Operations, Net	**802.25**	**620.63**	**1,212.60**	**1,422.88**	**2,253.86**	**3,809.31**
2. Segment Results						
a. Pharmaceuticals	199.51	63.79	43.79	263.30	177.75	334.40
b. Financial services	89.11	76.81	517.84	165.92	752.12	872.89
Total	**288.62**	**140.60**	**561.63**	**429.22**	**929.87**	**1,207.29**
Less: Depreciation and Amortisation expense	25.77	24.92	22.32	50.69	45.37	94.49
Less: Finance Cost (unallocated)	93.48	93.05	44.20	186.53	112.46	260.22
Add : Unallocated Income / (Net of unallocated cost)	54.55	42.02	22.57	96.57	48.14	67.35
Total Profit / (Loss) Before Tax	**223.92**	**64.65**	**517.68**	**288.57**	**820.18**	**919.93**
3. Capital Employed						
(Segment Assets - Segment Liabilities)						
a. Pharmaceuticals						
Segment Assets	5,732.38	5,448.25	5,719.88	5,732.38	5,719.88	5,166.96
Segment Liabilities	(697.47)	(701.39)	(636.30)	(697.47)	(636.30)	(696.13)
b. Financial services						
Segment Assets	18,031.40	16,610.22	19,557.76	18,031.40	19,557.76	15,537.88
Segment Liabilities	(9,088.15)	(7,042.15)	(9,956.26)	(9,088.15)	(9,956.26)	(5,826.58)
c. Unallocated						
Segment Assets	5,092.53	5,005.47	3,500.65	5,092.53	3,500.65	4,769.88
Segment Liabilities	(5,144.36)	(5,020.08)	(3,760.34)	(5,144.36)	(3,760.34)	(4,529.41)
Total Capital Employed	**13,926.33**	**14,300.32**	**14,425.39**	**13,926.33**	**14,425.39**	**14,422.60**

Note:

Segment results of Pharmaceuticals segment represent Earnings before Interest, Tax, Depreciation and Amortisation and Segment results of Financial services represent Earnings before Tax, Depreciation and Amortisation.

DELOITTE HASKINS & SELLS LLP CHARTERED ACCOUNTANTS

PIRAMAL ENTERPRISES LIMITED MUMBAI

4. The secured listed non-convertible debentures of the Company aggregating to Rs.3,990 Crores as on September 30, 2017 are secured by way of the hypothecation over the specified identified receivables and a first ranking pari passu mortgage over Specifically Mortgaged Property.
The Asset cover on the secured and unsecured listed non-convertible debentures of the Company exceeds hundred percent of the principal amount of the said debentures.

5. Board of Directors, at their meeting held on October 12, 2017, approved the following:
a. Qualified Institutional Placement ("QIP") of Compulsorily Convertible Debentures ("CCD") for an aggregate amount of Rs. 5,000 Crores. Subsequently, Rs. 4,996.19 Crores of CCDs have been allotted to the CCD holders upon receipt of the necessary funds on October 25, 2017.
b. Rights issue of equity shares for an amount upto Rs.2,000 Crores.
c. Scheme of amalgamation of Company's subsidiaries – Piramal Finance Limited and Piramal Capital Limited with Piramal Housing Finance Limited, subject to the requisite statutory / regulatory approvals, including directions and approval of the Hon'ble National Company Law Tribunal and such other authority, as may be applicable.

6. During the three months and six months ended September 30, 2016, the Company transferred a portion of its lending portfolio comprising of Loan book assets of Rs.12,738.01 Crores and Borrowings of Rs.11,314.90 Crores, forming part of its financial services business to its wholly owned subsidiary Piramal Finance Limited, for a net consideration of Rs. 1,423.11 Crores. Hence the results for the three months and six months ended September 30, 2017 are not comparable with the results for three months and six months ended September 30, 2016.

7. During the quarter, Piramal Housing Finance Limited, a wholly owned step-down subsidiary of the Company, received the Certificate of Registration as a Housing Finance Company from the National Housing Bank.

For **PIRAMAL ENTERPRISES LIMITED**

Ajay G. Piramal
Chairman

November 6, 2017, Mumbai

DELOITTE HASKINS & SELLS LLP
CHARTERED ACCOUNTANTS

Deloitte
Haskins & Sells LLP

Chartered Accountants
Indiabulls Finance Centre
Tower 3, 27th-32nd Floor
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INDEPENDENT AUDITOR'S REVIEW REPORT ON REVIEW OF CONSOLIDATED INTERIM FINANCIAL RESULTS

TO THE BOARD OF DIRECTORS OF
PIRAMAL ENTERPRISES LIMITED

1. We have reviewed the accompanying Statement of Unaudited Consolidated Financial Results of **PIRAMAL ENTERPRISES LIMITED** ("the Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group"), and its share of the profit/(loss) of its joint ventures and associates for the three months and six months ended September 30, 2017 ("the Statement") being submitted by the Parent pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as modified by Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016.

   This Statement, which is the responsibility of the Parent's Management and approved by the Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to issue a report on the Statement based on our review.

2. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of Parent's personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

3. The Statement includes the results of the entities included in Annexure 'I' to this report.

4. Based on our review conducted as stated above and based on the consideration of the review reports of the other auditors referred to in paragraph 5 below, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the aforesaid Indian Accounting Standards and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as modified by Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016, including the manner in which it is to be disclosed, or that it contains any material misstatement.

5. We did not review the interim financial information of 25 subsidiaries included in the unaudited consolidated financial results, whose interim financial information reflect total assets of Rs.38,038.99 crores as at September 30, 2017, total revenues of Rs.1,686.09 crores and Rs.3,232.91 crores for the three months and six months ended September 30, 2017, respectively, and total profit after tax of Rs.128.53 crores and Rs.473.59 crores and total comprehensive income of Rs.251.21 crores and Rs.499.98 crores for the three months

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(LLP Identification No. AAB-8737)

and six months ended September 30, 2017, respectively, as considered in the unaudited consolidated financial results. The unaudited consolidated financial results also includes the Group's share of profit after tax of Rs.72.03 crores and Rs.117.73 crores for the three months and six months ended September 30, 2017, respectively, as considered in the unaudited consolidated financial results, in respect of one joint venture and associate, whose interim financial information has not been reviewed by us. These interim financial information have been reviewed by other auditors whose reports have been furnished to us by the Management and our report on the Statement, 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 the reports of the other auditors.

Our report on the Statement is not modified in respect of these matters.

6. The unaudited consolidated financial results includes the interim financial information of 26 subsidiaries which have not been reviewed or audited by their auditors, whose interim financial information reflect total assets of Rs.2,586.29 crores as at September 30, 2017, total revenues of Rs.108.60 crores and Rs.244.48 crores for the three months and six months ended September 30, 2017, respectively, and total loss after tax of Rs.2.07 crores and Rs.16.15 crores and total comprehensive loss of Rs.48.24 crores and Rs.113.04 crores for the three months and six months ended September 30, 2017, respectively, as considered in the unaudited consolidated financial results. The unaudited consolidated financial results also includes the Group's share of profit after tax of Rs.10.08 crores and Rs.19.15 crores for the three months and six months ended September 30, 2017, respectively, as considered in the unaudited consolidated financial results, in respect of three associates and two joint ventures, based on their interim financial information which have not been reviewed or audited by their auditors. According to the information and explanations given to us by the Management, these interim financial information are not material to the Group.

   Our report on the Statement is not modified in respect of our reliance on the interim financial information certified by the Management.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm Registration No. 117366W/W-100018)

Rupen K. Bhatt
Partner
(Membership No. 46930)

MUMBAI, November 6, 2017

Deloitte
Haskins & Sells LLP

ANNEXURE I TO THE INDEPENDENT AUDITOR'S REVIEW REPORT ON REVIEW OF INTERIM FINANCIAL RESULTS

(Referred to in paragraph 3 under Independent Auditor's Report of even date)

Sr. No.	List of Subsidiaries
1	PHL Fininvest Private Limited
2	Searchlight Health Private Limited
3	Piramal International
4	Piramal Holdings (Suisse) SA
5	Piramal Imaging SA
6	Piramal Imaging GmbH
7	Piramal Imaging Limited
8	Piramal Critical Care Italia, SPA
9	Piramal Critical Care Deutschland GmbH
10	Piramal Critical Care Limited
11	Piramal Healthcare (Canada) Limited
12	Piramal Healthcare UK Limited
13	Piramal Healthcare Pension Trustees Limited
14	Piramal Critical Care South Africa (PTY) Ltd, South Africa
15	Piramal Dutch Holdings N.V.
16	Piramal Healthcare Inc.
17	Piramal Critical Care Inc.
18	Piramal Pharma Inc.
19	Piramal Pharma Solutions Inc., USA
20	PEL Pharma Inc
21	Ash Stevens LLC, USA
22	DRG Holdco Inc
23	Piramal IPP Holdings LLC
24	Decision Resources Inc.
25	Decision Resources International Inc.
26	DR/ Decision Resources LLC
27	Millennium Research Group Inc.
28	Decision Resources Group Asia Limited
29	DRG UK Holdco Limited
30	Decision Resources Group UK Limited
31	Sigmatic Limited
32	Activate Networks Inc.
33	DRG Analytics & Insights Private Limited
34	DRG Singapore Pte. Ltd
35	Piramal Dutch IM Holdco B.V.
36	PEL-DRG Dutch Holdco B.V.
37	Piramal Fund Management Private Limited
38	Piramal Finance Limited

39	Piramal Housing Finance Private Limited
40	Piramal Investment Advisory Services Private Limited
41	Piramal Investment Opportunities Fund
42	Indiareit Investment Management Company
43	Piramal Asset Management Private Limited
44	Piramal Systems & Technologies Private Limited
45	Piramal Technologies SA
46	PEL Finhold Private Limited
47	PEL Asset Resurgence Advisory Private Limited
48	Piramal Consumer Products Private Limited
49	Piramal Capital Ltd
50	Context Matters Inc.
51	Sharp Insights Ltd. t/a Walnut Medical

Sr. No.	List of Associates
1	Bluebird Aero Systems Limited
2	Piramal Phytocare Limited
3	Allergan India Private Limited
4	Shriram Capital Limited

Sr. No.	List of Joint Ventures
1	Shrilekha Business Consultancy Private Limited
2	Convergence Chemicals Private Limited
3	India Resurgence ARC Private Limited

PIRAMAL ENTERPRISES LIMITED
Piramal Tower, Peninsula Corporate Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai 400013

STATEMENT OF UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE THREE AND SIX MONTHS ENDED SEPTEMBER 30, 2017

(Rs. in Crores)

Particulars	Three Months ended 30/09/2017	Three months ended 30/06/2017	Corresponding Three months ended 30/09/2016	Year to date figures for current period ended 30/09/2017	Year to date figures for previous period ended 30/09/2016	Previous year ended 31/03/2017
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Revenue from operations	2,535.86	2,254.07	1,966.15	4,789.93	3,742.37	8,546.75
Other Income	75.39	83.84	42.34	159.23	95.35	233.75
Total Income	**2,611.25**	**2,337.91**	**2,008.49**	**4,949.16**	**3,837.72**	**8,780.50**
Expenses						
Cost of Materials Consumed	285.83	249.41	318.25	535.24	616.21	1,122.02
Purchase of Stock-in-Trade	106.86	74.01	42.45	180.87	74.16	268.64
Changes in inventories of finished goods, work-in-progress and stock-in-trade	(13.87)	(30.28)	(56.87)	(44.15)	(87.79)	10.44
Excise Duty	-	8.32	11.22	8.32	20.81	43.10
Employee benefits expense	458.14	429.07	419.57	887.21	852.49	1,793.87
Finance Costs	724.71	673.23	455.23	1,397.94	850.63	2,030.98
Depreciation and amortisation expense	129.33	122.91	73.28	252.24	150.05	381.70
Other Expenses, Net	429.01	461.73	487.88	890.74	884.69	1,809.54
Total Expenses	**2,120.01**	**1,988.40**	**1,751.01**	**4,108.41**	**3,361.25**	**7,460.29**
Profit Before Exceptional Items and Tax	**491.24**	**349.51**	**257.48**	**840.75**	**476.47**	**1,320.21**
Exceptional Items	-	-	-	-	-	(9.95)
Profit before Tax	**491.24**	**349.51**	**257.48**	**840.75**	**476.47**	**1,310.26**
Tax Expense						
(1) Current Tax (including tax expense of prior years)	199.03	175.36	4.04	374.39	49.98	485.46
(2) Deferred Tax, net	(9.28)	(73.31)	(0.92)	(82.59)	(0.80)	(257.34)
Net Profit after tax	**301.49**	**247.46**	**254.36**	**548.95**	**427.29**	**1,082.14**
Share of profit / (loss) of associates and joint ventures	82.11	54.77	52.00	136.88	110.00	169.90
Net Profit after tax and share of profit / (loss) of associates and joint ventures	**383.60**	**302.23**	**306.36**	**685.83**	**537.29**	**1,252.04**
Other Comprehensive Income and (Expense) (OCI)						
A. Items that will not be subsequently reclassified to profit or loss						
(a) Changes in fair values of equity instruments through OCI	(89.33)	(160.81)	218.86	(250.14)	902.61	846.35
(b) Remeasurement of Post Employment Benefit Plans	1.19	(5.00)	(0.59)	(3.81)	(3.82)	(3.03)
Less: Income Tax Impact on above	(0.42)	1.73	0.57	1.31	1.69	1.41
B. Items that will be subsequently reclassified to profit or loss						
(a) Hedging Reserve	5.68	0.86	-	6.54	-	4.70
(b) Exchange differences on translation of foreign operations	81.44	18.21	(42.33)	99.65	(42.33)	(217.48)
Less: Income Tax Impact on above	(28.71)	(28.55)	-	(57.26)	-	49.94
Other Comprehensive Income / (Expense) (OCI) for the period, net of tax expense	**(30.15)**	**(173.56)**	**176.51**	**(203.71)**	**858.15**	**681.89**
Total Comprehensive Income / (Expense) for the period	**353.45**	**128.67**	**482.87**	**482.12**	**1,395.44**	**1,933.93**
Net Profit attributable to:						
Owners of Piramal Enterprises Limited	384.00	302.62	306.36	686.62	537.29	1,252.33
Non-Controlling interests	(0.40)	(0.39)	-	(0.79)	-	(0.29)
Other comprehensive income is attributable to:						
Owners of Piramal Enterprises Limited	(30.15)	(173.56)	176.51	(203.71)	858.15	681.89
Non-Controlling interests	-	-	-	-	-	-
Total comprehensive income is attributable to:						
Owners of Piramal Enterprises Limited	353.85	129.06	482.87	482.91	1,395.44	1,934.22
Non-Controlling interests	(0.40)	(0.39)	-	(0.79)	-	(0.29)
Paid-up Equity Share Capital (Face Value Rs.2/- each)	34.51	34.51	34.51	34.51	34.51	34.51
Paid up Debt Capital				11,125.00	8,070.00	6,272.69
Net Worth				14,930.41	14,383.23	14,882.57
Debenture Redemption Reserve				655.79	524.00	655.79
Other Equity (excluding Revaluation Reserve)						14,848.06
Earnings Per Equity Share (EPS) (of Rs.2/- each) (not annualised)						
a) Basic and diluted EPS before extraordinary items for the period (Rs.)	22.25	17.54	17.75	39.79	31.14	72.57
b) Basic and diluted EPS after extraordinary items for the period (Rs.)	22.25	17.54	17.75	39.79	31.14	72.57
Debt Equity Ratio (Refer Footnote 1)				2.60	2.09	2.05
Debt Service Coverage Ratio (Refer Footnote 2)				0.33	0.62	0.20
Interest Service Coverage Ratio (Refer Footnote 3)				1.60	1.56	1.70

Footnotes:

1. Debt equity Ratio:
   Debt = Long term Borrowings + Short term Borrowings + Current maturities of Long term Borrowings
   Equity = Paid up Share Capital plus Other Equity
2. Debt Service Coverage Ratio = (Earnings before Interest, Tax and Exceptional items)/ (Interest Expense + Principal Repayment of Debt)
   Debt = Long Term Debt
   Interest Expense = Interest on Long Term Debt
3. Interest Service Coverage Ratio = (Earnings before Interest, Tax and Exceptional items) / Interest Expense

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PIRAMAL ENTERPRISES LIMITED MUMBAI

Piramal Enterprises Limited
(Formerly Known as Piramal Healthcare Limited)
CIN : L24110MH1947PLC005719
Registered Office : Piramal Tower, Ganpatrao Kadam Marg, Lower Parel, Mumbai - 400 013, India
Agastya Corporate Park, Opposite Fire Brigade, Kamani Junction, LBS Marg, Kurla (West), Mumbai - 400070, India
T +91 22 3802 3000
piramal.com

Piramal

Segment Wise Revenue, Results, Assets, Liabilities and Capital Employed

(Rs. in Crores)

Particulars	Three Months ended 30/09/2017	Three months ended 30/06/2017	Corresponding Three months ended 30/09/2016	Year to date figures for current period ended 30/09/2017	Year to date figures for previous period ended 30/09/2016	Previous year ended 31/03/2017
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1. Segment Revenue						
Total Income from Operations, Net						
a. Pharmaceuticals	1,094.22	917.85	888.54	2,012.07	1,760.72	3,972.87
b. Financial services	1,185.93	1,084.24	815.25	2,270.17	1,450.01	3,351.50
c. Healthcare Insights & Analytics	255.71	251.98	262.36	507.69	531.64	1,222.38
Total	**2,535.86**	**2,254.07**	**1,966.15**	**4,789.93**	**3,742.37**	**8,546.75**
Less: Inter Segment revenue	-	-	-	-	-	-
Total Income from Operations	**2,535.86**	**2,254.07**	**1,966.15**	**4,789.93**	**3,742.37**	**8,546.75**
2. Segment Results						
a. Pharmaceuticals	259.57	137.99	100.99	397.56	219.00	592.82
b. Financial services	472.76	445.75	291.72	918.51	544.41	1,283.67
c. Healthcare Insights & Analytics	20.11	24.77	5.34	44.88	34.02	214.26
Total	**752.44**	**608.51**	**398.05**	**1,360.95**	**797.43**	**2,090.75**
Less: Depreciation	129.33	122.91	73.28	252.24	150.05	381.70
Less: Finance Cost (unallocated)	144.15	148.20	74.94	292.35	191.74	436.50
Add : Unallocated Income / (Net of unallocated cost)	12.28	12.11	7.65	24.39	20.83	37.71
Total Profit / (Loss) Before Tax	**491.24**	**349.51**	**257.48**	**840.75**	**476.47**	**1,310.26**
3. Capital Employed						
(Segment Assets - Segment Liabilities)						
a. Pharmaceuticals						
Segment Assets	7,978.80	7,682.39	5,333.90	7,978.80	5,333.90	7,086.32
Segment Liabilities	(2,170.53)	(2,127.43)	(674.84)	(2,170.53)	(674.84)	(1,565.22)
b. Financial services						
Segment Assets	40,827.72	37,328.80	33,511.95	40,827.72	33,511.95	33,003.70
Segment Liabilities	(30,421.70)	(26,633.59)	(23,879.04)	(30,421.70)	(23,879.04)	(22,478.04)
c. Healthcare Insights & Analytics						
Segment Assets	5,331.30	5,317.19	5,312.58	5,331.30	5,312.58	5,846.02
Segment Liabilities	(418.54)	(457.14)	(495.42)	(418.54)	(495.42)	(1,086.20)
d. Unallocated						
Segment Assets	2,484.70	2,434.71	1,823.19	2,484.70	1,823.19	2,303.31
Segment Liabilities	(8,681.34)	(8,533.30)	(6,549.09)	(8,681.34)	(6,549.09)	(8,227.32)
Total Capital Employed	**14,930.41**	**15,011.63**	**14,383.23**	**14,930.41**	**14,383.23**	**14,882.57**

Note:
Segment results of Pharmaceuticals and Healthcare Insights & Analytics segment represent Earnings before Interest, Tax, Depreciation and Amortisation and segment results of Financial services represent Earnings before Tax, Depreciation and Amortisation.

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PIRAMAL ENTERPRISES LIMITED MUMBAI

Notes:

1. The consolidated financial results for the three months and six months ended September 30, 2017, have been reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on November 06, 2017. The statutory auditors, Deloitte Haskins & Sells LLP have issued an unqualified review conclusion. Consolidated financial results for the three months ended June 30, 2017, three months and six months ended September 30, 2016 and year ended March 31, 2017 were reviewed/audited by previous auditors - Price Waterhouse.

2. **Statement of Consolidated Assets and Liabilities:**

(Rs. in Crores)

	Particulars	As at 30/09/2017 (Unaudited)	As at 31/03/2017 (Audited)
	ASSETS		
1.	**Non-Current Assets**		
(a)	Property, Plant & Equipment	2,006.26	1,465.05
(b)	Capital Work in Progress	410.96	732.37
(c)	Intangible Assets	2,990.11	3,080.46
(d)	Intangible Assets under development	187.48	147.26
(e)	Goodwill	5,534.79	5,427.19
(f)	Financial Assets:		
	(i) Investments		
	- Investments in Equity accounted associates	2,866.24	2,752.54
	- Other Investments	18,032.22	18,964.12
	(ii) Loans	12,873.66	5,835.15
	(iii) Others	47.19	51.90
(g)	Deferred Tax Assets (Net)	662.52	625.21
(h)	Other Non Current Assets	421.33	399.14
	Total Non-Current Assets	**46,032.76**	**39,480.39**
2.	**Current Assets**		
(a)	Inventories	812.04	723.07
(b)	Financial Assets:		
	(i) Investments	4,816.27	3,463.95
	(ii) Trade Receivables	1,133.99	1,107.74
	(iii) Cash & Cash equivalents	1,346.77	1,490.44
	(iv) Bank balances other than (iii) above	47.78	50.46
	(v) Loans	1,969.70	1,500.58
	(vi) Other Financial Assets	136.74	183.62
(c)	Other Current Assets	310.58	223.20
(d)	Asset held for sale	15.91	15.91
	Total Current Assets	**10,589.78**	**8,758.97**
	Total Assets	**56,622.54**	**48,239.36**
	EQUITY AND LIABILITIES		
1.	**Equity**		
(a)	Equity Share capital	34.51	34.51
(b)	Other Equity	14,895.90	14,848.06
(c)	Non-controlling interests	12.43	13.21
	Total Equity	**14,942.84**	**14,895.78**
2.	**Liabilities**		
	Non-Current Liabilities		
(a)	Financial Liabilities:		
	(i) Borrowings	21,886.36	14,495.69
	(ii) Other Non-Current Financial Liabilities	134.07	150.48
(b)	Deferred tax liabilities (Net)	36.68	30.75
(c)	Other Non-Current Liabilities	38.94	35.23
(d)	Provisions	78.82	73.59
	Non-Current Liabilities	**22,174.87**	**14,785.74**
	Current Liabilities		
(a)	Financial Liabilities:		
	(i) Borrowings	11,680.69	12,079.48
	(ii) Trade Payables	795.34	764.29
	(iii) Other Current Financial Liabilities	6,456.00	5,112.61
		18,932.03	**17,956.38**
(b)	Other Current Liabilities	398.97	450.51
(c)	Provisions	53.95	113.47
(d)	Current Tax Liabilities (Net)	119.88	37.48
	Current Liabilities	**19,504.83**	**18,557.84**
	Total Equity & Liabilities	**56,622.54**	**48,239.36**

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PIRAMAL ENTERPRISES LIMITED MUMBAI

3. Standalone Information

(Rs. in Crores)

Particulars	Three Months ended 30/09/2017	Three Months ended 30/06/2017	Corresponding Three months ended 30/09/2016	Year to date figures for current period ended 30/09/2017	Year to date figures for previous period ended 30/09/2016	Previous year ended 31/03/2017
	(Unaudited)	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**	**(Audited)**
1. Total Income	980.15	793.89	1,440.42	1774.04	2,609.34	4,166.46
2. Profit before tax	223.92	64.65	517.68	288.57	820.18	919.93
3. Profit after tax	150.66	41.65	447.58	192.31	705.23	776.78

4. The secured listed non-convertible debentures of the Group aggregating to Rs.9,120 Crores as on September 30, 2017 are secured by way of the hypothecation over the specified identified receivables and a first ranking pari passu mortgage over Specifically Mortgaged Property.
The Asset cover on the secured and unsecured listed non-convertible debentures of the Group exceeds hundred percent of the principal amount of the said debentures.

5. Board of Directors, at their meeting held on October 12, 2017, approved the following:
a. Qualified Institutional Placement ("QIP") of Compulsorily Convertible Debentures ("CCD") for an aggregate amount of Rs. 5,000 Crores. Subsequently, Rs. 4,996.19 Crores of CCDs have been allotted to the CCD holders upon receipt of the necessary funds on October 25, 2017.
b. Rights issue of equity shares for an amount upto Rs.2,000 Crores.
c. Scheme of amalgamation of Group's subsidiaries - Piramal Finance Limited and Piramal Capital Limited with Piramal Housing Finance Limited, subject to the requisite statutory / regulatory approvals, including directions and approval of the Hon'ble National Company Law Tribunal and such other authority, as may be applicable.

6. During the quarter, Piramal Housing Finance Limited, a wholly owned step-down subsidiary of the Group, received the Certificate of Registration as a Housing Finance Company from the National Housing Bank.

7. Results of certain associates included in these Consolidated financial results have not been adjusted to apply uniform accounting policies as it is impracticable.

For **PIRAMAL ENTERPRISES LIMITED**

Ajay G. Piramal
Chairman

November 06, 2017, Mumbai

DELOITTE HASKINS & SELLS LLP
CHARTERED ACCOUNTANTS

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion of our financial condition and results of operations together with our consolidated Audited Financial Statements for the Fiscal Year 2017, including the notes thereto and reports thereon, each included in this document, and our assessment of the factors that may affect our prospects and performance in future periods. Our consolidated Audited Financial Statements included in this Draft Letter of Offer comprise our consolidated audited financial statements for the Fiscal Year 2017 along with comparative period of Fiscal Year 2016 and transition date balance sheet of April 1, 2015, prepared in accordance Ind AS, the Companies Act, 2013, as amended and the SEBI Regulations, which differ in certain material respects from IFRS, U.S. GAAP and GAAP in other countries. Accordingly, the degree to which our consolidated Audited Financial Statements in this document will provide meaningful information to a prospective investor in countries other than India is entirely dependent on the reader's level of familiarity with Ind AS and Indian GAAP.

Since April 1, 2016, we have been required to prepare our financial statements in accordance with Ind AS. This discussion and analysis contains forward-looking statements that reflect our current views with respect to future events and our financial performance. Our actual results may differ materially from those anticipated in these forward-looking statements. As such, you should also read the sections in this document "Risk Factors" and "Forward-Looking Statements" on pages 11 and 10, respectively, which discuss a number of factors and contingencies that could affect our financial condition and results of operations.

Our fiscal year ends on March 31 of each year. Accordingly, all references to a particular fiscal year are to the 12 months ended March 31 of that year.

Overview

We are an Indian multi-national business conglomerate, with a presence in financial services, pharmaceuticals and healthcare insights & analytics.

We first entered the pharmaceuticals industry in 1988 following our acquisition of Nicholas Laboratories India Limited and have expanded through our organic and inorganic growth strategy. Over the years, we have continued to carry out a series of mergers and acquisitions, joint ventures, strategic alliances and various organic initiatives, including entering into the financial services and healthcare insights & analytics space. One of the milestones in our journey was the sale of our domestic formulations business to Abbott Healthcare Private Limited.

We organise our business activities into the following core business units: financial services, pharmaceuticals, and healthcare insights & analytics. Our business units of financial services and pharmaceuticals are also further organised into various sub-business units. Our financial services business currently comprises of (i) wholesale lending and (ii) alternative asset management. In August 2017, we received a licence to start operations as a housing finance company. In relation to our distressed asset fund/platform, Piramal Asset Resurgence Fund has received certificate of registration as an alternate investment fund from SEBI on June 28, 2017. In addition, we have strategic investments in the Shriram group which gives us access to a retail lending platform Our pharmaceuticals business unit is divided into (i) global pharmaceuticals business, comprising of fully integrated end-to-end pharmaceutical development and manufacturing services offerings to other pharmaceutical companies and a portfolio of products, which includes differentiated branded hospital generic products and (ii) Indian over-the-counter ("**OTC**") consumer products business. Our global pharmaceuticals business has a presence in over 110 countries with manufacturing bases in India, United States, UK and Canada while our Indian OTC consumer products business has a pan-India distribution network. Separately, our healthcare insights & analytics business operates in a niche area of pharmaceutical and healthcare market research backed by data and technology to provide clients across the healthcare value chain with insights into their existing and future business opportunities.

For the fiscal year ended March 31, 2017, our financial services, pharmaceuticals and healthcare insights & analytics businesses accounted for 39.2%, 46.5% and 14.3% of our total net revenues from operations, respectively. For the fiscal years ended March 31 2016 and 2017, we, in all our businesses, generated total net revenues from operations of ₹ 63,814.8 million and ₹ 85,467.5 million, respectively, and our net profit for the year was ₹ 9,047.4 million and ₹ 12,523.3 million, respectively, in each case on a consolidated basis. Our consolidated net revenues from our business operations grew 33.9% in fiscal year 2017 compared to fiscal year 2016.

<u>*Financial Services*</u>

We are a diversified financial services provider with a presence across the following verticals:

Wholesale Lending

As at March 31, 2016 and March 31, 2017, our Total Loan Book amounted to ₹ 133,386.6 million and ₹ 249,746.0 million, respectively.

We provide integrated lending to corporates across sectors including real estate, infrastructure, renewable energy, cement, entertainment and auto components. We commenced our real estate financing business in 2011 by providing financing to developers to support their funding needs for the initial land purchase stage up to the stage prior to the start of construction. In 2013, we commenced funding to the infrastructure sectors and other sectors. From 2015, we commenced providing finance for construction of projects and in 2016 we commenced offering lease rental discounting for commercial projects.

Alternative Asset Management

We provide asset management services and portfolio management services to various investors. As at March 31, 2016 and March 31, 2017, the total AUM of the funds managed by us amounted to ₹ 87,170.0 million and ₹ 71,572.8 million, respectively.

Access to Retail Platform through Strategic Investments in the Shriram group

Over the course of 2013 and 2014, we made strategic investments in certain Shriram group companies – Shriram Capital Limited ("**SCL**"), Shriram Transport Finance Company Limited ("**STF**") and Shriram City Union Finance Limited ("**SCUF**"). We have gained access to a platform of retail and small and medium enterprises customer segments and the insurance sector through these strategic investments. In July 2017, certain of the Shriram group companies had approved entering into a confidentiality, exclusivity and standstill agreement (the "**CES Agreement**") with the IDFC group to evaluate a potential combination of certain businesses and subsidiaries/affiliates/associate companies of the Shriram group engaged in the credit and non-credit financial services sector with the IDFC group (the "**Proposed Transaction**"). However, on October 30, 2017, parties have agreed to call off discussions on the Proposed Transaction and the exclusivity period pursuant to the CES Agreement stands terminated with immediate effect.

Separately, in August, 2017, we have received license to start operations as a housing finance company. In relation to our distressed asset fund/platform, Piramal Asset Resurgence Fund has received certificate of registration as an alternate investment fund from SEBI on June 28, 2017.

<u>Pharmaceuticals</u>

Our network of development and manufacturing facilities are located in India, the United States, UK and Canada. Our global pharmaceuticals business is positioned to address customers' needs across the drug lifecycle. We have service capabilities ranging from drug discovery, clinical development, commercial manufacturing of APIs as well as formulations.

In addition to our service capabilities, we have a strong portfolio of products, including a differentiated branded hospital generic portfolio comprising of inhalation anaesthesia, injectable anaesthesia as well as pain management and intrathecal spasticity products. We have established a presence in over 110 countries while serving over 5,500 hospitals directly.

Our consumer products business operates in the OTC market in India. Our Consumer Products portfolio currently comprises products spanning categories such as skin care, antacid, women intimate range, kids wellbeing and baby care, pain management, oral care, gut health, respiratory and lifestyle problems.

<u>Healthcare Insights & Analytics</u>

Our healthcare insights & analytics business is carried out primarily through Decision Resources Group ("**DRG**") which we acquired in 2012. DRG provides information management solutions such as value-added data and analytics, research reports and knowledge-based services to customers in sectors including the pharmaceutical, biotech, medical device, payer (insurance) and provider (hospitals and other healthcare providers). DRG's products and services portfolio comprise three business categories, namely, research and data, custom advanced analytics and global consulting services. DRG's products and services are built around proprietary and data assets and algorithms, complemented by an in-house team of subject matter experts, therapy area expert analysts, data scientists and strategy consultants with deep industry knowledge. DRG, through a combination of organic and inorganic growth and innovation, has evolved and transformed from a life sciences syndicated market research company to a high end data-driven, technology enabled, healthcare insights & analytics business.

Our healthcare insights & analytics business is headquartered in Burlington, Massachusetts and operates across North America, Europe and Asia with 17 offices across six countries.

Significant Factors Affecting Our Results of Operations

Macroeconomic Factors

Macroeconomic factors, both in India and in the international markets in which we operate, have a significant effect on our business and results of operations. These factors include levels of economic stability or instability, political uncertainty or other political developments, social upheavals, acts of God and different rates of economic growth in different jurisdictions in which we operate.

The growth prospects of our financial services business in particular, including the quality of our assets and our ability to grow our asset portfolio and implement our strategy, are influenced by the growth rate of the economy, inflationary expectations and other macro-economic factors. The level of credit disbursed and recovery of loans are all affected by these factors. Any slowdown in the growth of the economy, coupled with inflationary pressures and increase in unemployment rates could adversely impact our business.

Our financial services business is also affected by the state of the real estate and housing finance sectors in India. According to CRISIL Research, there has been an increase in housing demand over the past ten years primarily due to an increase in employment opportunities created by IT companies in urban areas, leading to a positive outlook for the housing sector, and helping induce investors to purchase apartments and utilise the availability of financing. (Source: *Housing Finance: Industry Information dated October 2016, published by CRISIL Research*) In addition, the housing finance sector in India is growing fast and is served by multiple institutions that cater to people in diverse geographies and across income spreads. Mortgage lending has significantly contributed to the growth in housing construction and housing consumption activities. Any slowdown in the growth of the housing and housing finance sectors could adversely impact our business.

Fluctuations in interest rates, exchange rates and inflation rates could have an effect on certain key aspects of our operations, including on the costs of our raw materials, the prices at which we can sell our pharmaceutical products, our finance costs required to fund our operations and our profit margins.

Interest Rate Volatility

Our results of operations are susceptible to interest rate movements. Interest rates are sensitive to many factors that are beyond our control, including the monetary policies of the RBI, domestic and international economic and political conditions, inflation and other factors.

The interest rate spread between our borrowing rate and lending rate, and specifically our ability to maintain an effective interest rate margin in times of interest rate volatility and intense market competition, contributes directly to our income from financing activities and revenue growth. An increase in our cost of funds, as well as competition from banks and other NBFCs, could reduce spreads earned on our loan products.

Declining interest rates may lead to increased prepayments and repricing of our loans as borrowers seek to take advantage of the more attractive interest rate environment to reduce their borrowing costs. Declining interest rates also may lead to a greater demand for new funds as business owners seek to take advantage of these attractive rates, resulting in a greater volume of financing business. Conversely, when interest rates rise, there are typically less prepayments and less pressure to reprice loans; there is also less demand for new funds, resulting in a lower volume of financing business. In a rising interest rate scenario, our profit margin is thus more dependent on our ability to attract new business, either through existing customers or new customers, than it is in a declining interest rate scenario. If we are not successful in increasing the volume of our business in such a scenario, our profit margin may deteriorate.

We diversify our borrowing mix across borrowing instruments, tenor and a mix of fixed and floating borrowings in an endeavour to achieve an optimum asset-liability management profile. In the event that we are unable to match our lending portfolio with our borrowings, we would be exposed to interest rate and liquidity risks as a result of lending to customers at interest rates and in amounts and for periods that may differ from our funding sources. Any increase in the interest rates applicable to our liabilities without a corresponding increase in the interest rates applicable to our assets will result in a decline in our margins and would have an adverse effect on our results of operations and cash flows.

Asset Quality

The credit quality of our loans is a key driver of our results of operations, as quality loans help reduce the risk of losses from loan impairment and write-offs. Credit risk is the risk of financial loss arising out of the inability or unwillingness of a customer to meet his obligations. The credit risk arises because of the quality of our overall loan portfolio. Any inability to control such risk may materially and adversely affect our financial results and operations.

We track our gross NPA level to monitor the health of our Total Loan Book. Our gross NPA level is a function of our credit quality, which is further dependent upon our risk management framework to ensure the asset quality in our financial services business, our constant asset monitoring process, our recovery mechanisms and credit appraisal processes. Our gross NPA, defined as the percentage of assets in our Total Loan Book which are more than 90 days overdue, was 0.9% and 0.4% for the fiscal years ended March 31, 2016 and March 31, 2017, respectively. On principal loan amount, expected credit loss provision as required under Ind AS is created, resulting in a provision of 2.2% of the outstanding loan as of March 31, 2017.

Our ability to continue to reduce or contain our gross NPA level depends on a number of factors beyond our control, such as economic conditions, particularly in the housing or real estate sectors, adverse fluctuations in interest and exchange rates or adverse changes in Indian policies, laws or regulations and also on our ability to manage our risk.

Sales Volumes of our Products, and Pricing of our Products

We market our products both in India and internationally, including in the United States, Europe, Japan and elsewhere. The key driver affecting increases or decreases in our results of operations of our pharmaceutical business has been the sales volume of our existing products. Sales volumes are affected primarily by consumer preferences in the case of OTC products, availability of alternative products and sources, channel margins, pricing of our products and of alternative products, and regulatory developments, such as drug approvals or regulators' actions against another pharmaceuticals manufacturer or us, as well as by our brand-building efforts, the quality of our products and the strength of our sales and distribution infrastructure. Our revenue from operations attributable to our pharmaceuticals business increased by 14.0% to ₹39,728.7 million for Fiscal Year 2017 from ₹34,859.2 million in Fiscal Year 2016.

In addition, launches of new products in the market also drive the results of our operations. During the development period of our new products, we incur costs for the development of the formulations. We also incur promotional and marketing costs for the launch of a new product in order to ensure that it is well-received in the market.

The prices of our products are generally determined by market forces and can vary from country to country.

Production Costs and Quality of our Manufacturing Facilities

Our ability to maintain our position as an efficient and cost-effective producer of generic drugs and to increase our cost competitiveness is dependent on the efficient management of our production costs. The availability of key raw materials at competitive prices is critical to our profitability, and price fluctuations may affect our margins and, as a result, our profits. Additionally, any significant changes in input taxes, such as the Goods and Services Tax in India and its equivalent in other jurisdictions such as the Value Added Tax, customs duties and other commercial taxes levied on raw materials, packaging materials and finished products that cannot be recovered from or passed on to customers would have an adverse effect on our production costs.

In addition, in order to maximize our profits, we must maintain a high level of capacity utilization at our manufacturing facilities and an appropriate standard of quality in our manufacturing facilities' equipment and processes. We currently have 13 manufacturing facilities based in India, the United States, Europe and Canada out of which 9 sites are USFDA approved, and attaining and maintaining our certifications and approvals requires considerable expense and planning. For more information on our manufacturing facilities and the certifications held by such facilities, see "*Business—Pharmaceuticals—Global Pharmaceuticals—Manufacturing Facilities*." We strive to maximize our operational leverage as our scale of operations increase. To the extent we are able to achieve, preserve and maintain high levels of quality in our manufacturing processes and facilities in the future, we would expect our results of operations to improve. Conversely, to the extent we are unable to do so, our costs may increase, without concomitant increases in revenues. Any adverse observations as a result of regulatory inspections may materially and adversely affect our operations.

Client Relationships and Distribution Network

Client relationships are at the core of our pharmaceuticals and healthcare insights & analytics business. We have a history of client retention built on our successful execution of prior engagements. In addition, we are dependent on certain key clients who may exert pricing pressure upon us.

As a client relationship matures and deepens, we seek to maximise our revenues and profitability by expanding the scope of services offered to that client with the objective of winning more business from our clients, particularly in relation to our more substantive and value-added service offerings. To do this, we take part in client analysis to identify opportunities with our portfolio of existing clients, and use our relevant industry and service line experience to market additional offerings to our clients. We view this approach as important in order to re-evaluate the relevance and criticality of our service offerings to our clients' businesses as they grow and evolve, as well as an opportunity to further strengthen and build long-term relationships with such clients. We believe that our ability to establish and strengthen client relationships and expand the scope of services we offer to clients will be an important factor in our future growth and our ability to continue increasing our profitability.

We believe that our distribution network and distribution capabilities are also important factors for our pharmaceuticals business. We have presence in key geographies of North America, Europe and Asia and our products are sold through our global distribution network, which includes a dedicated sales force and distributors in more than 110 countries. Our global pharmaceuticals business has manufacturing bases in India, United States, United Kingdom and Canada and our Indian OTC consumer products business has a pan-India distribution network.

Our Inorganic Growth

We have pursued acquisition opportunities to complement our existing business offerings in the past and intend to continue doing so in the future. Set forth below are details about some of our key business, brands and product acquisitions that we have undertaken in the past:

Pharmaceuticals

- 2015: Acquisition of (i) Coldstream Laboratories Inc. ("**Coldstream**"), a speciality pharmaceutical CDMO focused on the development and manufacturing of sterile injectable products, (ii) "Little's", a baby-care brand and (iii) five brands from Organon India Private Limited and MSD BV;

- 2016: Acquisition of (i) Ash Stevens Inc. ("**Ash Stevens**"), a CDMO engaged in pharmaceutical contract manufacturing and serves biotech and pharmaceutical customers, (ii) four OTC brands from Pfizer India and (iii) injectable anaesthesia and pain management products from Janssen Pharmaceutica NV; and

- 2017: Acquisition of portfolio of intrathecal spasticity and pain management drugs from Mallinckrodt LLC.

Healthcare insights & Analytics

- 2015: Acquisition of (i) Activate Networks, a provider of network analytics that maps, analyses and activates networks for healthcare and life sciences companies and (ii) Healthcare Business Insights, a provider of best-practice research, trainings and services, which marked our entry into the provider space; and

- 2016: Acquisition of Adaptive Software, a developer of pharmacy benefit and formulary management software platforms, which marked our entry into the payer space; and

- 2017: Acquisition of Walnut Medical, a UK-based data company that offers hospital procedure volume data.

These key acquisitions have been significant factors towards the growth of our portfolio of products, our distribution networks, the markets where we distribute our products and our results of operations. For further details on our past acquisitions, see "*Business*" beginning on page 78.

Strategic Investments

As part of our growth strategy, we invest, build, scale up and grow businesses and we evaluate strategic investment opportunities from time to time with a view to benefit from the potential upside at the time of the sale of the investment. For example, we acquired a stake in Vodafone India Limited in 2011 and 2012 for a total of approximately ₹58,643.7 million and then sold that investment in 2015 for ₹89,004.5 million. We also made strategic investments in the Shriram group to give us a platform to the retail financing business and insurance business.

Currency Exchange Fluctuations

We typically price our products and services in the local currency of the market in which they are sold. We earn revenues and incur costs, which include costs for labour, raw materials, packing materials, transportation and capital expenditures, primarily in U.S. dollars, British Pounds, Euro, Swiss Francs and Indian Rupee. Further, we have non-Indian Rupee indebtedness in the form of local borrowings in jurisdictions outside India, foreign currency non-repatriable loans which we hedge with cross-currency interest swaps and working capital facilities in the form of PCFC in U.S. dollars, which creates foreign currency exposure in respect of our cash flows. As a result of these factors, fluctuations in various currencies against the Indian Rupee can have a significant upward or downward effect on our revenues, as well as on our operating and finance costs.

The following table analyses our sensitivity to a 5% increase and a 5% decrease in the exchange rates of certain currencies against the Indian Rupee for the time periods indicated:

	Impact on Profit or Loss/Other Equity		
	For the years ending March 31,		
	Increase/(Decrease)	**2016**	**2017**
		(₹ in millions)	
U.S. Dollars	5%	1,070.80	1,078.6
	(5)%	(1,070.80)	(1,078.6)
British Pounds	5%	-	65.2
	(5)%	-	(65.2)
Euros	5%	(47.5)	103.5
	(5)%	47.5	(103.5)
Swiss Francs	5%	13.5	6.2
	(5)%	(13.5)	(6.2)

Results of Operations

The following table shows a breakdown of our results of operations for the periods indicated:

In accordance with Ind AS

	For the years ending March 31,	
	2016	**2017**
	(₹ in millions)	
Revenue from Operations	63,814.8	85,467.5
Other Income (Net)	2,516.6	2,337.5
Total Income	**66,331.4**	**87,805.0**
Expenses		
Cost of materials consumed	12,614.8	11,220.2
Purchases of Stock-in-trade	1,091.3	2,686.4
Changes in inventories of finished goods, work-in-progress and stock-in-trade	(646.7)	104.4
Excise Duty	399.7	431.0
Employee benefits expense	16,830.5	17,938.7
Finance Costs	9,590.7	20,309.8
Depreciation and amortization	2,554.5	3,817.0
Other expenses	16,752.8	18,095.4
Total Expenses	**59,187.6**	**74,602.9**
Profit before Exceptional Items, Share of Net Profits of Investments Accounted for using the Equity Method and Tax	**7,143.8**	**13,202.1**
Share of net profit of associates and joint ventures accounted for using the equity method	1,942.1	1,699.0
Profit before Exceptional Items and Tax	**9,085.9**	**14,901.1**
Exceptional Items	456.6	(99.5)
Profit before Tax	**9,542.5**	**14,801.6**
Less: Income Tax Expense		
Current Tax	2,984.2	4,854.6
Deferred Tax	(2,489.1)	(2,573.4)
	495.1	2,281.2
Profit for the Year	**9,047.4**	**12,520.4**
Other Comprehensive Income / (Expense) (OCI), net of tax expense:		
A. Items that will not be reclassified to profit or loss	**(7,007.9)**	**8,447.3**
B. Items that will be reclassified to profit or loss	**977.8**	**(1,628.4)**
Total Comprehensive Income / (Expense) for the year	**3,017.3**	**19,339.3**
Profit is attributable to:		
Owners of Piramal Enterprises Limited	9,047.4	12,523.3
Non-Controlling interests	-	(2.9)
Other comprehensive income is attributable to:		
Owners of Piramal Enterprises Limited	(6,030.1)	6,818.9
Non-Controlling interests	-	-
Total comprehensive income is attributable to:		
Owners of Piramal Enterprises Limited	3,017.3	19,342.2
Non-Controlling interests	-	(2.9)

The following shows the reconciliation of total comprehensive income for the year ended March 31, 2016:

Particulars	**For the year ended March 31, 2016 (latest period presented under Indian GAAP)**
	(₹ in millions)
Profit as per Indian GAAP	**9,506.0**

Particulars	For the year ended March 31, 2016 (latest period presented under Indian GAAP)
	(₹ in millions)
Adjustments:	
Measurement of financial assets at amortised cost	(1,109.4)
Measurement of financial assets at FVTPL	(57.60)
Measurement of loss allowance on certain financial assets using the expected credit loss model	16.9
Reversal of amortisation of goodwill under Ind AS	760.7
Remeasurement of net pension assets	(171.4)
Amortisation of distribution fees	(99.0)
Measurement of forward exchange contracts at fair value	11.3
Measurement of financial liabilities at amortised cost	(173.1)
Unwinding of discounting of provisions	(45.5)
Recognition of lease rent expense on straight-line method	(79.4)
Impact of equity method of accounting being followed for associates / joint ventures	37.2
Application of acquisition method of accounting for business combinations under Ind AS 103	59.8
Remeasurement of defined benefit obligation transferred to other comprehensive income and (expense)	20.2
Others	21.0
Net Deferred Tax impact on all the Ind AS adjustments	349.7
Total effect of transition to Ind AS	**(458.6)**
Profit for the year as per Ind AS	**9,047.4**
Other comprehensive income for the year (net of tax)	(6,030.1)
Total comprehensive income under Ind AS	**3,017.3**

Segmental Reporting

We organise our principal business activities into the following core business units: financial services, pharmaceuticals and healthcare insights & analytics. For more information on our business units, see "*Business*."

The tables below set forth a breakdown of our revenue from operations for our financial services, pharmaceuticals and healthcare insights & analytics businesses for the time periods indicated:

In accordance with Ind AS

	For the years ending March 31,			
	2016		**2017**	
	₹ millions	*%*	*₹ millions*	*%*
Financial Services	17,397.2	27.3%	33,515.0	39.2%
Pharmaceuticals(1)	34,859.2	54.6%	39,728.7	46.5%
Healthcare Insights & Analytics(2)	11,559.2	18.1%	12,223.8	14.3%
Eliminations	(0.8)	-	–	-
Revenue from Operations	**63,814.8**	**100.0%**	**85,467.5**	**100.0%**

Note:

(1) *Our pharmaceuticals business is referred to as "Pharmaceuticals Manufacturing and Services" in our consolidated Audited Financial Statements.*

(2) *Our healthcare insights & analytics business is referred to as "Information Management" in our consolidated Audited Financial Statements.*

Components of Income and Expenses under Ind AS

The components of our income and expenses are as set forth below:

Total Income

Our total income includes revenue from operations and other income.

Revenue from Operations

Our revenues from operations includes revenue from (i) sales of products (including excise duty), (ii) sales of services, (iii) income from financing activities, which includes interest income, dividend income and others, and (iv) other operating revenues, which includes processing charges received and miscellaneous income.

Sales of Products

Sales of products include the sales of finished goods and sales of traded goods in India and international markets. Sales of finished goods are sales of pharmaceutical products and bulk drugs that we manufacture at our manufacturing facilities. We also engage other companies to manufacture certain drugs and products for which we do not have the requisite facilities.

Sales of Services

Sales of services include (i) income from Research and Development ("**R&D**") services with respect to the development of products for third parties, which range from product development to the preparation of documentation for product approval and (ii) income from our healthcare insights & analytics segment which is comprised of analytics and syndicated research sold individually or by subscription or membership, provision of access to syndicated databases as well as consulting services.

Income from Financing Activities

Income from financing activities includes interest income from our financing business, fund management fees and dividend income from Investments in Shriram group, specifically from our investments in STF and SCUF.

Other Operating Revenue

Other operating revenue includes processing charges received, export incentives and revenue received from the sale of scrap that is produced during the manufacture of pharmaceutical products.

Other Income

Other income consists of interest income on financial assets (including loans and bank deposits), dividend income from our investments in mutual funds, gains on the sale of investments, net foreign exchange gain, rent received and other miscellaneous income. Interest income is derived from term deposits with banks, while dividend income includes dividends received from our other investments.

Expenses

Our expenses consist of the cost of materials consumed, purchases of stock-in trade, changes in inventories of finished goods, work-in-progress and stock-in-goods, excise duty, employee benefits expenses, finance costs, depreciation and amortization expenses and other expenses.

Cost of Goods Sold

We define Cost of Goods Sold as (i) cost of materials consumed, (ii) purchases of stock-in-trade and (iii) changes in inventories of finished goods, work-in-progress and stock-in-trade. Cost of materials consumed includes the cost of raw materials for manufacturing our products and packing materials. Purchases of stock-in-trade includes the costs incurred in procuring the traded goods such as cost of freight, insurance and input taxes payable on procurement. Changes in inventories of finished goods, work-in-progress and stock-in-trade consist of the net increases or decreases in inventory levels of finished goods, work-in-progress and stock-in-trade.

The below sets forth our Cost of Goods Sold for the time periods indicated.

In accordance with Ind AS

	For the years ended March 31,	
	2016	**2017**
	(₹ in millions)	
Cost of Materials Consumed	12,614.8	11,220.2
Purchases of stock-in-trade	1,091.3	2,686.4
Changes in inventories of finished goods, work-in-progress and stock-in-trade	(646.7)	104.4
Cost of Goods Sold	13,059.4	14,011.0

Excise Duty

Excise duty is the duty that we have paid, which corresponds to an amount that was collected from our customers upon the clearance of goods from plants.

Employee Benefits Expense

Employee benefits expenses consist of salaries and wages, contributions to employee benefit plans such as our provident fund, gratuity expenses and staff welfare expenses.

Finance Costs

Finance costs consist of finance charges on financial liabilities and other borrowing costs.

Depreciation and Amortization Expense

Depreciation and amortization expense includes the depreciation and amortization of plant and equipment, office equipment, furniture and fixtures, motor vehicles, buildings, intellectual property, computer software, brands and trademarks.

Other Expenses

Other expenses primarily include advertisement and business promotion expenses, professional charges, market research, provision for expected credit loss on financial assets, repairs and maintenance expenses, travelling expenses, rates and taxes, R&D expenses (net), power, fuel and water charges and expenses for commission on fund raising.

Exceptional Items

Exceptional items primarily include income or expenses related to significant one-time events and items such as gains on the sale of properties and investments, costs or income associated with our R&D scale down, loss on impairment of assets and employee severance costs.

Tax Expenses

Tax expenses include current tax, MAT credits, taxes from earlier years and deferred taxes. Current income tax is measured in amounts expected to be paid to the tax authorities in accordance with the applicable tax law in the relevant jurisdiction. Deferred income tax is recognised on temporary differences between the carrying amount of assets and liabilities in the separate financial statements and the corresponding tax bases used in the computation of taxable profit.

Fiscal Year 2017 Compared to Fiscal Year 2016 (in accordance with Ind AS)

Revenue from Operations

Our revenue from operations increased by 33.9% to ₹85,467.5 million for Fiscal Year 2017 from ₹63,814.8 million for Fiscal Year 2016. The following key factors influenced the overall increase in revenue from operations:

- a 92.6% increase in revenue from our financial services business to ₹33,515.0 million for Fiscal Year 2017 from ₹17,397.2 million for Fiscal Year 2016 primary as result of a 87.2% increase in our Total Loan Book to ₹ 249,746.0 million for Fiscal Year 2017 from ₹133,386.6 million for Fiscal Year 2016. The increase in our Total Loan Book is attributable to an increase in construction financing loans we made and new product offerings, such as corporate loans and lease rent discounting;

- a 14.0% increase in revenue from our pharmaceuticals business to ₹39,728.7 million for Fiscal Year 2017 from ₹34,859.2 million for Fiscal Year 2016, primarily as a result of growth on account of the acquisitions we made in Fiscal Year 2017, namely Ash Stevens, our injectable anaesthesia and pain management products from Janssen Pharmaceutica NV, four OTC brands from Pfizer India, intrathecal spasticity and pain management drugs from Mallinckrodt LLC; and

- a 5.7% increase in revenue from our healthcare insights & analytics business from ₹12,223.8 million for Fiscal Year 2017 from ₹11,559.2 million for Fiscal Year 2016, primarily due to sales from Healthcare Business Insights and Adaptive Software during the Fiscal Year 2016.

Other (Net) Income

Our other income decreased by 7.1% to ₹2,337.5 million for Fiscal Year 2017 from ₹2,516.6 million for Fiscal Year 2016, primarily due to a decrease in income from exchange rate fluctuation from ₹1,023.9 million in Fiscal Year 2016 to ₹454.6

million in Fiscal Year 2017 due to the strengthening of the Indian Rupee, offset by increased income from mutual fund investments from ₹19.4 million in Fiscal Year 2016 to ₹242.3 million in Fiscal Year 2017.

Total Income

As a result of the foregoing, our total income increased by 32.4% to ₹87,805.0 million for Fiscal Year 2017 from ₹66,331.4 million for Fiscal Year 2016.

Expenses

Our total expenses increased by 26.0% to ₹74,602.9 million for Fiscal Year 2017 from ₹59,187.6 million for Fiscal Year 2016, primarily as a result of an increase in our Cost of Goods Sold and finance costs.

Cost of Goods Sold

Our Cost of Goods Sold, which pertains only to our pharmaceuticals business, increased by 7.3% to ₹14,011.0 million for Fiscal Year 2017 from ₹13,059.4 million for Fiscal Year 2016. Our Cost of Goods Sold increased by 7.3% as compared to our revenues from operations for our pharmaceuticals business, which increased by 14.0%, as a result of an increase in the products that we sold that year which had higher margins

Excise Duty

Our excise duty increased by 7.8% to ₹431.0 million for Fiscal Year 2017 from ₹399.7 million for Fiscal Year 2016, primarily a result of the increase in revenue from sales of pharmaceuticals goods in India from ₹17,467.2 million for Fiscal Year 2016 to ₹18,757.8 million for Fiscal Year 2017.

Employee Benefits Expenses

Our employee benefits expenses increased by 6.6% to ₹17,938.7 million for Fiscal Year 2017 from ₹16,830.5 million for Fiscal Year 2016, primarily due to an increase in salaries as a result of our acquisition of Ash Stevens in the Fiscal Year 2017 and an increase in our workforce to 6,445 employees in Fiscal Year 2017 from 6,153 employees in Fiscal Year 2016.

Finance Costs

Our finance costs increased by 111.8% to ₹20,309.8 million for Fiscal Year 2017 from ₹9,590.7 million for Fiscal Year 2016, primarily due to an increase in borrowings to ₹304,509.8 million for Fiscal Year 2017 from ₹162,787.9 million for Fiscal Year 2016 mainly due to growth in the lending business and because of funding acquisitions.

Depreciation and Amortization Expenses

Depreciation and amortization expenses increased by 49.4% to ₹3,817.0 million for Fiscal Year 2017 from ₹2,554.5 million for Fiscal Year 2016, primarily due to increased capitalization of the amounts invested for acquisitions of pharmaceuticals and healthcare insights & analytics businesses.

Other Expenses

Our other expenses increased by 8.0% to ₹18,095.4 million for Fiscal Year 2017 from ₹16,752.8 million for Fiscal Year 2016, primarily due to an increase in advertising and business promotion, processing charges, clearing and forwarding expenses, IT costs and a decrease in R&D expenses.

Profit Before Exceptional Items, Share of Net Profits of Investments Accounted For Using Equity Method and Tax

As a result of the foregoing factors, our profit before exceptional items, share of net profits of investments accounted for using equity method and tax increased by 84.8% to ₹13,202.1 million for Fiscal Year 2017 from ₹7,143.8 million for Fiscal Year 2016.

Share of Net Profit of Associates and Joint Ventures Accounted for Using the Equity Method and Tax

Our share of profit attributable to associates and joint ventures decreased 12.5% to ₹1,699.0 million in Fiscal Year 2017 from ₹1,942.1 million in Fiscal Year 2016, primarily due to a decrease in profits of Bluebird Aero Systems and Allergan India Private Limited.

Exceptional Items

Our exceptional items for Fiscal Year 2017 created an expense of ₹99.5 million compared to an income of ₹456.6 million for Fiscal Year 2016, primarily due to a one-time gain on sale charge attributable to the sale of a plot of land in Mulund, Mumbai in Fiscal Year 2016.

Profit Before Tax

As a result of the above, our profit before tax increased by 55.1% to ₹14,801.6 million for Fiscal Year 2017 from ₹9,542.5 million for Fiscal Year 2016.

Tax Expense

Our total tax expense increased by 360.8% to ₹2,281.2 million for Fiscal Year 2017 from ₹495.1 million for Fiscal Year 2016, primarily on account of an increase in profits from our financial services business. In addition, our tax expense in previous years, including Fiscal Year 2016, was low on account of tax credits available to us for those periods.

Profit for the Year

As a result of the foregoing, our profit for the year increased by 38.4% to ₹12,520.4 million for Fiscal Year 2017 from ₹9,047.40 million for Fiscal Year 2016.

Liquidity and Capital Resources

Liquidity

We have historically met our working capital and other capital expenditure requirements primarily from cash generated by operating activities and short-term and long-term bank borrowings. Our net cash generated from operating activities, together with cash and cash equivalents will provide sufficient funds to satisfy our working capital requirements and anticipated capital expenditures for the next 12 months following the date of this Draft Letter of Offer. We may, however, incur additional indebtedness to finance all or a portion of our capital expenditures and for funding growth in financial services business or for any other purposes depending on our capital requirements, market conditions and other factors.

Cash flows

The table below summarizes our cash flows for the periods indicated:

In accordance with Ind AS

	For the years ended March 31,	
	2016	**2017**
	(₹ in millions)	
Net cash (used) in operating activities	(69,561.9)	(100,392.9)
Net cash (used) in investing activities	(6,040.4)	(24,202.0)
Net cash generated from financing activities	75,439.0	135,704.6
Net increase / (decrease) in cash and cash equivalents	(163.3)	11,109.7
Opening cash and cash equivalents	2,333.5	2,265.7
Add/(Less) Foreign Exchange difference on cash and cash equivalents	80.2	(121.1)
Cash Balance Acquired	15.3	387.8
Closing cash and cash equivalents	2,265.7	13,642.1

Cash Flow from Operating Activities

Fiscal Year 2017

Net cash used in operating activities was ₹100,392.9 million for the Fiscal Year 2017. Our profit before exceptional items, share of net profits of investments accounted for using equity method and tax was ₹13,202.1 million for Fiscal Year 2017, which was adjusted for non-cash items and non-operating cash flows of ₹8,225.5 million. As a result, our operating profit before working capital changes was ₹21,427.6 million for the Fiscal Year 2017.

The following key adjustments were made to operating profit before working capital changes to arrive at cash flow from operating activities:

- an increase in amounts invested in debentures and others of ₹77,581.1 million, primarily on account of our financial services business; and

- an increase in other financial assets, non-current loans of ₹38,269.9 million, primarily on account of our financial services business.

Cash used in our operations was ₹95,732.9 million in the Fiscal Year 2017, which was adjusted for taxes paid net of refunds of ₹4,560.5 million and exceptional items of ₹99.5 million. As a result, net cash used in our operating activities was ₹100,392.9 million for the Fiscal Year 2017.

Fiscal Year 2016

Net cash used in operating activities was ₹69,561.9 million for the Fiscal Year 2016. Our profit before exceptional items, share of net profits of investments accounted for using equity method and tax was ₹7,143.8 million for Fiscal Year 2016, which was adjusted for non-cash items and non-operating cash flows of ₹6,795.5 million.

The following key adjustments were made to operating profit before working capital changes to arrive at cash flow from operating activities:

- an increase in amounts invested in debentures and others of ₹71,922.5 million, primarily on account of our financial services business; and
- an increase in other financial assets non - current loans of ₹10,664.8 million, primarily on account of our financial services business.

Cash used in our operations was ₹65,838.8 million in the Fiscal Year 2016, which was adjusted for taxes paid net of refunds of ₹3,296.3 million and exceptional items of ₹426.8 million. As a result, net cash used in our operating activities was ₹69,561.9 million for the Fiscal Year 2016.

Cash Flow from Investing Activities

Fiscal Year 2017 Net cash used in investing activities was ₹24,202.0 million for the Fiscal Year 2017, which was primarily attributable to payments for purchase of property, plant and equipment and intangible assets relating to the acquisition of Pfizer and Janssen brands and payments for our proposed new office in Mumbai of ₹21,864.1 million, amount paid for our business acquisitions of Mallinckrodt and Ash Stevens ₹4,500.7 million primarily relating to which were partially offset by amounts received for the sale of property, plant and equipment and intangible assets in Fiscal Year 2016 for which cash was only received this year of ₹739.0 million.

Fiscal Year 2016

Net cash used in investing activities was ₹6,040.4 million for the Fiscal Year 2016, which was primarily attributable to the purchase of current investments in mutual funds of ₹112,601.9 million and amounts paid for the acquisitions of Healthcare Business Insights and Adaptive Software of ₹2,419.0 million, partially offset by proceeds from sale of current investments in mutual funds of ₹113,813.9 million and interest income of ₹980.2 million.

Cash Flow from Financing Activities

Fiscal Year 2017

Net cash generated from financing activities was ₹135,704.6 million for the Fiscal Year 2017, mainly consisting of proceeds from long-term borrowings of ₹193,026.2 million and proceeds from short-term borrowings of ₹469,441.5 million, partially offset by repayment of long-term borrowings of ₹95,600.3 million and short-term borrowings of ₹426,959.0 million.

Fiscal Year 2016 (in accordance with Ind AS)

Net cash generated from financing activities was ₹75,439.0 million for the Fiscal Year 2016, mainly consisting of proceeds from long-term borrowings from various facilities of ₹58,199.8 million and proceeds from short-term borrowings of ₹247,382.7 million, partially offset by repayment of long-term borrowings of ₹11,344.7 million and short-term borrowings of ₹207,476.8 million.

Borrowings

To fund part of our working capital and capital expenditure requirements, we enter into long-term and short-term credit facilities and issue debt securities. Our borrowings are a mix of Indian Rupee and foreign currency borrowings. The following table shows certain information about our borrowings as of March 31, 2017:

	(₹ in millions)
Non-Current borrowings:	
Secured	117,141.6
Unsecured	27,815.3
Total (A)	**144,956.9**
Current borrowings:	
Secured	2,313.4
Unsecured	118,481.4
Total (B)	**120,794.8**
Current maturities of long-term borrowings **(C)**:	38,758.1
Total (A+B+C)	**304,509.8**

Of our total outstanding borrowings of ₹304,509.8 million as of March 31, 2017, ₹268,084.2 million was denominated in INR and an equivalent of ₹36,425.7 million was denominated in foreign currencies. The principal amounts outstanding under the borrowings bear interest either at a fixed rate or at a floating rate. Our floating rate borrowings are generally linked to the LIBOR and base rates of banks.

Contractual Obligations

The following table details the remaining contractual maturity for our non-derivative financial liabilities with agreed repayment periods. The table is drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which we can be required to pay. The table include both interest and principal cash flows. To the extent that interest flows are floating rate, the rate applicable as of reporting period ends respectively has been considered. The contractual maturity is based on the earliest date on which we may be required to pay.

	As of March 31, 2017			
	Up to 1 year	**1 to 3 years**	**3 to 5 years**	**5 years and above**
	(₹ in millions)			
Borrowings	162,095.1	159,158.3	24,195.6	10,562.9
Trade Payables	7642.9	–	–	–
Derivative Financial Liabilities	307.3	–	–	–
Other Financial Liabilities	12,060.7	1,497.4	7.4	–
	182,106.0	**160,655.7**	**24,203.0**	**10,562.9**

Contingent Liabilities and Commitments

Set forth below is a breakdown of our contractual obligations and commitments as of March 31, 2017.

	(₹ in millions)
Contingent liabilities	
Letter of credit opened by the banks	80.7
Guarantee issued (Other than a financial guarantee)	76.9
Letter of comfort issued by a Subsidiary	140.0
Central/State excise demand disputed in appeal	220.8
Sales tax demand disputed in appeal	176.6
Other demand disputed in appeal (includes labour matters, stamp duty, and legal cases)	127.1
Income Tax demand disputed in appeal – Company and Department	8,260.9
Pending export obligation under advance license/EPCG scheme	93.8
Claims against our Company not acknowledged as debt	6.1
Dividend payable on Compulsory Convertible Preference Shares along with tax thereon	97.6
Estimated amount of contracts remaining to be executed on capital accounts	2,101.0
Loan commitment / Commitment to invest in Non-convertible debenture / Inter corporate deposit/ Optionally Convertible debenture / Alternative Investment fund	4,118.5
Total	**15,500.0**

As of March 31, 2017, we had income tax demand disputes on appeal amounting to ₹8,260.9 million. Our convertible debenture and alternative investment fund amounting to ₹4,118.5 million relates to commitments given to our borrowers for future lending. We estimate the amount of contracts remaining to be executed on capital accounts to be ₹2,101.0 million. These contracts primarily relate to the acquisition of our new office in Mumbai.

Interest Coverage Ratio

Our interest coverage ratio (equal to earnings before finance costs, income tax expense, share of net profits of associates and joint ventures accounted for using the equity method and exceptional items over interest expense) as of March 31, 2016 and 2017 was 1.7 and 1.7, respectively.

Off-Balance Sheet Commitments and Arrangements

Except as set forth above, we do not have any other off-balance sheet arrangements, derivative instruments or other relationships with unconsolidated entities that have been established for the purpose of facilitating off- balance sheet arrangements.

Capital Expenditures

Historical Capital Expenditures

Historically, we have incurred capital expenditure in the normal course of our business in relation to the expansion of our existing manufacturing facilities, setting up of new manufacturing facilities, research and development facilities, acquisition of brands and licensing rights and acquisition of businesses and we expect to continue to incur such capital expenditure in the future.

Capital expenditure represents additions to fixed assets (tangible and intangible) or property, plant and equipment and intangible assets plus changes in capital work in progress (i.e., expenses incurred in relation to capital assets but not capitalized).

The following table sets forth our capital expenditures, by category of expenditure, for each of the periods indicated below.

In accordance with Ind AS

	For the years ended March 31,	
	2016	**2017**
	(₹in millions)	
Property, Plant and Equipment		
Freehold land	-	81.9
Buildings	271.9	556.4
Roads	-	2.3
Plant and equipment	3,263.1	3,035.5
Furniture and fixtures	89.7	122.0
Office equipment	61.4	117.4
Ships	-	-
Helicopter	-	-
Motor Vehicles	27.6	7.7
Total	**3,713.7**	**3,923.2**
Intangible Assets		
Customer relations	918.4	454.6
Favourable lease	13.0	-
Technology	27.6	-
Brands and Trademarks	2,001.6	23,878.9
Copy rights, Knowhow and Intellectual Property Rights	5.3	867.4
Computer Software	746.3	1,311.9
Intangible Assets (Internally Generated)		
Product Know-how	-	-
Total	**3,712.2**	**26,512.8**
Total (A)	**7,425.9**	**30,436.0**
Changes in Capital Work In Progress (“CWIP”)		
Property, Plant and Equipment	**510.1**	**4,455.2**
Intangible Assets	**310.5**	**790.9**
Total CWIP (B)	**820.6**	**5,246.1**
Total (A + B)	**8,246.5**	**35,682.1**

We have sizeable capital expenditures for plant and equipment and brand and trademarks, which involve acquisitions.

Our capital expenditures relating to plant and equipment for the years ended March 31, 2016 and 2017 was ₹3,263.1 million and ₹3,035.5 million, respectively. These expenditures were related to additions to our various sites in the ordinary course of business for the years ended March 31, 2016 and March 31, 2017.

Our capital expenditures relating to brand and trademarks for the years ended March 31, 2016 and 2017 was ₹2,001.6 million and ₹23,878.9 million, respectively. These expenditures were related to brand and trademark acquisitions for the years ended March 31, 2016 and March 31, 2017.

Planned Capital Expenditures

Our planned future capital expenditure relates primarily to the routine maintenance and renovation of our existing facilities and additions to increase the capacity of our existing facilities. We expect to spend approximately ₹ 6,000 million and ₹ 3,500 million for planned capital expenditures in Fiscal Year 2018 and Fiscal Year 2019, respectively. We do not consider our current capital expenditure plans to be material in amount, given the size, scope and nature of our business. However, our actual capital expenditure may be higher or lower than our current expectations, and could be material in amount. Moreover, we may use incur capital expenditure for purposes other than the above, depending on, among other factors, the business environment prevailing at the time and any change in our business plans.

Known Trends or Uncertainties

Other than as described in this Draft Letter of Offer, particularly in the chapters "*Risk Factors*" and "*Business*" and in this section, to our knowledge, there are no known trends or uncertainties or significant economic changes that are expected to have a material adverse impact on our revenues or income from continuing operations.

Quantitative and Qualitative Disclosures about Market Risk

General

We are exposed to market risk as a result of our various business activities including wholesale lending, alternative asset management, manufacturing and borrowing from changes in both foreign currency exchange rates and interest rates. We are exposed to liquidity risk as a result of our borrowings and other liabilities. We face foreign exchange risk to the extent our income, expenditure, assets or liabilities are denominated in currencies other than INR. Our interest rate risk results from changes in interest rates that may affect the cost of our financing. We use financial instruments, such as interest rate swaps and forward rate agreements to manage our foreign currency risk. We do not hold or issue derivative or other financial instruments for trading purposes.

Risk Management

We identify and manage our business risks by way of an independent and dedicated Enterprise Risk Management ("**ERM**") system. We have an Asset Liability Management Policy and an Asset Liability Management Committee ("**ALMC**"), which includes our senior management and an external industry expert, to define the strategy for managing liquidity and interest rate risks in the business.

Risk	Exposure arising from	Management
Liquidity risk	Borrowings and other liabilities	Our ALMC deliberates on the static liquidity gap statement, future asset growth plans, tenor of assets, market liquidity and pricing of various sources of funds. It decides on the optimal funding mix, taking into account the asset strategy and a focus on diversifying our sources of funds.
Market risk - Interest rate	Long-term borrowings at variable rates	Our ALMC reviews the interest rate gap statement and the mix of floating and fixed rate assets and liabilities. Our Risk Management Group also initiated a scenario analysis to assess the short-term impact of interest rates on net interest income.
Market risk - Securities price risks	Sensitivity analysis	We evaluate the various risks applicable to our underlying assets before and after making any such strategic investments.
Market risk - Foreign exchange	Sensitivity analysis	We aggregate our foreign exchange exposure and take measures to hedge such exposure based on prevalent macroeconomic conditions.
Credit risk	Cash and cash equivalents, trade receivables, derivative financial instruments, financial assets measured at amortised cost.	We diversify our bank deposits, credit limits and letters of credit. Our investment team and an independent risk assessment team assess each investment in financial services and present these analyses to our Investment Committee for investment decision. Credit risk is partially mitigated by setting up a concentration risk framework thereby incentivizing business units to diversify their respective portfolios across counterparties, sectors and geographies.

Liquidity Risk

Liquidity Risk refers to the insufficiency of funds to meet financial obligations. Liquidity risk management implies maintenance of sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit lines to meet obligations when due.

Interest Rate Risk

We are exposed to market risk with respect to changes in interest rates related to our borrowings. We are exposed to market risk with respect to changes in interest rates related to our borrowings. Interest rate risk exists with respect to our indebtedness that bears interest at floating rates tied to certain benchmark rates as well as borrowings where the interest rate is reset based on changes in interest rates set by RBI. While we hedge the interest rates on certain of our non-Indian Rupee indebtedness, if the interest rates for our existing or future borrowings increase significantly, our cost of servicing such debt will increase. Moreover, our interest rate risk is affected primarily by the short-term interest rates set by Indian banks.

The exposure of our borrowings to interest rate changes at the end of the reporting period are as follows:

Particulars	**March 31, 2016**	**March 31, 2017**
	(₹in million)	
Variable rate borrowings	55,365.5	115,419.1
Fixed rate borrowings	106,687.6	187,128.0
Total	**162,053.1**	**302,547.1**

If interest rates related to our borrowings were 100 basis points higher/lower and all other variables were held constant for us and our subsidiaries in India, our profit before tax and other equity (pre tax) as on March 31, 2017 would decrease/increase by ₹786.8 million (for the previous year ₹289.5 million). This is mainly attributable to our exposure to borrowings at floating interest rates.

If interest rates related to our borrowings had been 25 basis points higher/lower and all other variables were held constant for our subsidiaries located outside India, our profit before tax and other equity (pre tax) as on March 31, 2017 would decrease/increase by ₹91.9 million (for the previous year ₹66.0 million). This is mainly attributable to our exposure to borrowings at floating interest rates.

Foreign Currency Exchange Rate Risk

We are exposed to foreign currency exchange risk arising from our trade exposures, capital receipts and payments denominated in currencies other than our functional currency.

Although our reporting currency is in INR, we transact a significant portion of our business in several other currencies. Approximately 50.5% and 61.2% of our revenue from operations in the Fiscal Year 2017 and the Fiscal Year 2016, respectively, were derived from sales outside India. Substantially all of our non-Indian sales income is denominated in foreign currencies, primarily in U.S. Dollars, Euros, Pounds Sterling and Japanese Yen. Further, we continue to incur non-Indian Rupee indebtedness in the form of external commercial borrowings and other foreign currency denominated borrowings and packing credit, which creates foreign currency exposure in respect of our cash flows and ability to service such debt.

We also import a part of our raw materials, packing materials, stock-in-trade goods and equipment used in our manufacturing facilities. The prices we pay for these imports are denominated in foreign currencies, predominantly in U.S. Dollars. In addition, a portion of our other operating expenses are denominated in U.S. Dollars or other foreign currencies.

Therefore, our exchange rate risk primarily arises from our foreign currency revenues, costs and other foreign currency assets and liabilities to the extent that there is no natural hedge. We may be affected by significant fluctuations in the exchange rates between INR and other currencies.

Equity price risk

We are exposed to equity price risks arising from our equity investments, which we classify in our balance sheet at fair value through other comprehensive income.

The table below summarises the impact of increases/decreases on our other comprehensive income for the period. The analysis is based on the assumption that the equity index will have increased/decreased by 5% with all the other variables held constant and these investments moved in the line with the index.

	March 31, 2017	**March 31, 2016**
	(₹in million)	
NSE Nifty 100, Increase by 5%	1,994.6	1,571.3

	March 31, 2017	March 31, 2016
	(₹ in million)	
NSE Nifty 100, Decrease by 5%	(1,994.6)	(1,571.3)

Credit Risk

We are exposed to credit risk on monies owed to us by our customers in the pharmaceuticals and healthcare and insight and analytics businesses and our customers who borrow from us in the financial services business. If our customers do not pay us promptly or at all, we may have to make provisions for or write-off such amounts. In the Fiscal Year 2017, and the Fiscal Year 2016, our trade receivables were ₹11,077.4 million and ₹9,708.1 million, respectively, and our Total Loan Book was ₹249,746.0 million and ₹133,386.6 million, respectively.

Critical Accounting Policies

We have prepared consolidated Audited Financial Statements contained elsewhere in this Draft Letter of Offer in accordance with Ind AS. Our significant accounting policies are more fully described in note 2a to our consolidated Audited Financial Statements in accordance with Ind AS. The preparation of our consolidated Audited Financial Statements requires our management to make judgments, estimates and assumptions as disclosed in note 2b to our consolidated Audited Financial Statements in accordance with Ind AS that affect the application of accounting policies and the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent assets and liabilities in our consolidated Audited Financial Statements. Actual results could differ from those estimates. We review estimates and underlying assumptions on the date of the financial statements on an ongoing basis. We then recognize any revision to accounting estimates prospectively in current and future periods.

Certain of our critical accounting policies and judgments, estimates and assumptions are set forth below.

Impairment of Goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

Expected Credit Loss

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, we consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on our historical experience and credit assessment and including forward-looking information.

Functional Currency

Functional currency is the currency of the primary economic environment in which we operate. We assess the factors as per Ind AS 21 to determine our functional currency. We will reassess our functional currency if there is any change in underlying transactions, events and conditions.

Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair value of the assets transferred;
- liabilities incurred to the former owners of the acquired business;
- equity interests issued by the group; and
- fair value of any asset or liability resulting from a contingent consideration arrangement.

Intangible Assets (including Goodwill)

Intangible assets are stated at acquisition cost, net of accumulated amortisation and accumulated impairment losses, if any. Gains or losses arising from the retirement of disposal of an intangible asset are determined as the difference between the disposal proceeds and the carrying amount of an asset and are recognized as income or expense in the Consolidated Statement of Profit and Loss.

Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Goodwill is carried at cost less accumulated impairment losses.

Financial Instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. For example, interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the amortised cost and at the effective interest rate applicable. Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the group and the amount of income can be measured reliably).

Foreign Currency Transactions

In preparing the financial statements of each individual entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

For the purpose of presenting consolidated financial statements, the assets and liabilities of our foreign operations that have a functional currency other than presentation currency are translated into INR using exchange rates prevailing at the reporting date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognized in other comprehensive income and held in foreign currency translation reserve (FCTR), a component of equity, except to the extent that the translation difference is allocated to non-controlling interest. When a foreign operation is disposed off, the relevant amount recognized in FCTR is transferred to the statement of income as part of the profit or loss on disposal. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the exchange rate prevailing at the reporting date.

Foreign currency differences arising from translation of intercompany receivables or payables relating to foreign operations, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of net investment in foreign operation and are recognized in FCTR.

Significant Developments after March 31, 2017

For details of significant developments after March 31, 2017, see "*Material Developments*" on page 337.

WORKING RESULTS

In accordance with circular no.F.2/5/SE/76 dated February 5, 1977 issued by the Ministry of Finance, Government of India, as amended by Ministry of Finance, Government of India through its circular dated March 8, 1977, our working results on a standalone basis for the period from Apri11, 2017 to September 30, 2017 are set out in the table below:

Particulars	(₹in million)
Sales/ Turnover	14,228.8
Other Income	3,511.6
Total Income	17,740.4
Estimated Gross Profit/ Loss (excluding depreciation, interest and taxes)	8,022.8
Provision for depreciation	506.9
Provision for taxes (net)	962.6
Estimated Net Profit/ (Loss)	1,923.1

Material changes and commitments, if any, affecting our financial position

For further details in relation to material changes affecting the financial position of our Company, see "*Material Developments*" on page 337.

MATERIAL DEVELOPMENTS

Except as stated in this Draft Letter of Offer and as disclosed below, to our knowledge, no circumstances have arisen since March 31, 2017 which materially and adversely affect or are likely to affect our operations, performance, prospects or profitability, or the value of our assets or our ability to pay material liabilities.

1. In October 2017, our Company has made a qualified institutions placement of 464,330 7.80 % compulsorily convertible debentures of face value of ₹ 107,600 each ("**CCDs**") for cash at a price of ₹ 107,600 per CCD convertible into 40 Equity Shares for an amount aggregating up to ₹ 49,961.9 million.

2. Our Board of Directors pursuant to the meeting dated October 12, 2017 have taken on a record a scheme of amalgamation involving our Subsidiaries, Piramal Finance Limited and Piramal Capital Limited with Piramal Housing Finance Private Limited which is also our Subsidiary, subject to approval from the National Company Law Tribunal in relation to our application dated October 24, 2017 and any other statutory or regulatory approvals, as may be required.

3. Mr. Rajesh Laddha ceased to be our Chief Financial Officer with effect from June 30, 2017 and was appointed as the managing director and chief executive officer of Shriram Capital Limited.

4. On June 28, 2017, Piramal Asset Resurgence Fund has received certificate of registration as an alternate investment fund from SEBI in relation to our distressed asset fund/platform. For further details, see "*Business - Distressed Assets Fund/Platform*" on page 86.

5. Our Board of Directors, pursuant to the meeting held on November 6, 2017, approved the shifting of the registered office of our Company within the local limits of Mumbai from Piramal Tower, Ganpatrao Kadam Marg, Lower Parel, Mumbai 400013 to Piramal Ananta, Agasthya Corporate Park, Opposite Fire Brigade, Kamani Junction, LBS Marg, Kurla (West), Mumbai – 400 070.

ACCOUNTING RATIOS AND CAPITALISATION STATEMENT

The following tables present certain accounting and other ratios computed on the basis of the Financial Statements included in "*Financial Statements*" beginning on page 102:

Accounting Ratios

Particulars	Consolidated			Standalone		
	As at and for the six month period ended September 30, 2017(1)	As at and for the Fiscal March 31, 2017(2)	As at and for the Fiscal March 31, 2016(2)	As at and for the six month period ended September 30, 2017(1)	As at and for the Fiscal March 31, 2017(2)	As at and for the Fiscal March 31, 2016(2)
Basic EPS (₹)	39.79	72.57	52.43	11.14	45.01	57.7
Diluted EPS (₹)	39.79	72.57	52.43	11.14	45.01	57.7
Return on Net-Worth (%)	4.60%	9.00%	6.86%	1.36%	5.71%	7.64%
Net Asset Value per Equity Share (₹)	865.21	862.44	750.35	807.03	835.79	741.79

(1) Not annualized.
(2) Based on Audited Consolidated and Standalone Financial Statements.

The ratios have been computed as below:

Ratios	Computation
Return on Net Worth (%)	Net Profit / (Loss) after tax and share of profits of associates and joint ventures / Average Networth for the year/period (excluding non controlling interests)
Net Asset Value per Share	Networth or Total Equity at the end of year/period (excluding non controlling interests) / Total number of fully paid-up Equity Shares at the end of the year/period
Basic and diluted earnings per share	Net profit / (loss) after tax attributable to equity shareholders / Total number of weighted average equity shares outstanding at the end of the year/period

Standalone Capitalization Statement

The following table sets forth our Company's capitalization on a standalone basis as at September 30, 2017 and as adjusted for the Issue. This table should be read in conjunction with "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on page 318 and other financial information contained in "*Financial Statements*" beginning on page 102.

(in ₹ million)

	As at September 30, 2017	As adjusted for the Issue(1)
Short term borrowings:	79,635.0	[●]
Long term borrowings, including current maturities:	62,171.9	[●]
Total Borrowings (A):	**1,41,806.9**	[●]
Shareholders' funds:		
Share capital	345.1	[●]
Securities premium	36.9	[●]
Reserves and surplus (excluding Securities Premium account)	1,38,881.3	[●]
Total Shareholders' funds	**1,39,263.3**	[●]
Issue of Compulsarily Covertible Debentures(2)(3) (C)	-	[●]

	As at September 30, 2017	As adjusted for the Issue(1)
Total capitalization	**2,81,070.2**	[●]
Long-term borrowing/equity ratio	0.4	[●]

(1) The Standalone amounts are as per the Limited Review Financial Information.

(2) Our Company has issued Compulsorily Convertible Debentures through the Qualified Institutions Placement aggregating to ₹ 49,961.9 million and completed the allotment on October 25, 2017.

(3) As per Ind AS 32 - 'Financial Instruments - Presentation' (Ind AS 32), Compulsorily Convertible Debentures are considered as Compound Financial Instruments which contain both equity and financial liability components. The Capitalization Statement does not include the impact of accounting as per Ind AS 32 between equity and financial liability.

Consolidated Capitalization Statement

The following table sets forth our Company's capitalization on a consolidated basis as at September 30, 2017 and as adjusted for the Issue. This table should be read in conjunction with "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" beginning on page 318 and other financial information contained in "*Financial Statements*" beginning on page 102.

(in ₹ million)

	As at September 30, 2017	As adjusted for the Issue(1)
Short term borrowings:	1,16,806.9	[●]
Long term borrowings, including current maturities:	2,71,521.4	[●]
Total Borrowings (A):	**3,88,328.3**	[●]
Shareholders' funds:		
Share capital	345.1	[●]
Securities premium	-	[●]
Reserves and surplus (excluding Securities Premium account)	1,48,959.0	[●]
Total Shareholders' funds	**1,49,304.1**	[●]
Issue of Compulsarily Covertible Debentures(2) (3) (C)	-	[●]
Total capitalization	**5,37,632.4**	[●]
Long-term borrowing/equity ratio	1.8	[●]

(1) The Consolidated amounts are as per the Limited Review Financial Information.

(2) Our Company has issued Compulsorily Convertible Debentures through the Qualified Institutions Placement aggregating to ₹ 49,961.9 million and completed the allotment on October 25, 2017.

(3) As per Ind AS 32 - 'Financial Instruments - Presentation' (Ind AS 32), Compulsorily Convertible Debentures are considered as Compound Financial Instruments which contain both equity and financial liability components. The Capitalization Statement does not include the impact of accounting as per Ind AS 32 between equity and financial liability.

STOCK MARKET DATA FOR EQUITY SHARES OF OUR COMPANY

The Equity Shares are listed on BSE and NSE. The Equity Shares being issued pursuant to this Issue, have not been listed earlier and will be listed on the Stock Exchange pursuant to this Issue. For further details, see "*Terms of the Issue*" on page 380. We have received in-principle approvals for listing of the Equity Shares to be issued pursuant to this Issue from BSE and NSE by letters dated [●], 2017 and [●], 2017, respectively.

For the purpose of this section:

- Year is a calendar year;
- Average price is the average of the daily closing prices of the Equity Shares for the year, or the month, as the case may be;
- High price is the maximum of the closing prices and low price is the minimum of the closing prices of the Equity Shares for the year, or the month, as the case may be; and
- In case of two days with the same high/low/closing price, the date with higher volume has been considered.

The high, low and average market prices of the Equity Shares recorded on BSE and NSE during the preceding three years and the number of the Equity Shares traded on the days of the high and low prices were recorded are as stated below:

BSE

Fiscal	High (₹)	Date of High	Volume on date of High (No. of Equity Shares)	Low (₹)	Date of low	Volume on date of Low (No. of Equity Shares)	Average price for the year (₹)
2015	910.70	February 26, 2015	9,680	527.00	April 7, 2014	4,219	741.13
2016	1,036.05	March 31, 2016	10,166	816.35	September 18, 2015	7,632	941.21
2017	2,066.40	August 22, 2016	35,661	1,045.95	April 1, 2016	8,981	1,623.54

(Source: www.bseindia.com)

NSE

Fiscal	High (₹)	Date of High	Volume on date of High (No. of Equity Shares)	Low (₹)	Date of low	Volume on date of Low (No. of Equity Shares)	Average price for the year (₹)
2015	910.95	March 5, 2015	39,660	527.75	April 7, 2014	106,974	741.73
2016	1,036.45	March 31, 2016	129,305	814.6	September 18, 2015	157,187	941.18
2017	2,065.25	August 22, 2016	301,183	1,048.25	April 1, 2016	93,953	1,622.37

(Source: www.nseindia.com)

Monthly high and low prices and trading volumes on the Stock Exchanges for the six months preceding the date of filing of this Draft Letter of Offer are as stated below:

BSE

Month Year	High (₹)	Date of High	Volume on date of High (No. of Equity Shares)	Low (₹)	Date of low	Volume on date of Low (No. of Equity Shares)	Average price for the month (₹)
May, 2017	2,866.10	May 15, 2017	167,053	2,490.15	May 9, 2017	8,421	2,666.45
June, 2017	3,048.25	June 12, 2017	90,049	2,777.00	June 29, 2017	11,918	2,875.55
July, 2017	2,954.70	July 19, 2017	10,646	2,819.10	July 5, 2017	14,220	2,906.78

Month Year	High (₹)	Date of High	Volume on date of High (No. of Equity Shares)	Low (₹)	Date of low	Volume on date of Low (No. of Equity Shares)	Average price for the month (₹)
August, 2017	2,964.80	August 7, 2017	5,355	2,578.65	August 22, 2017	17,010	2,764.66
September 2017	2,909.95	September 14, 2017	157,458	2573.25	September 28, 2017	10,008	2,735.84
October 2017	2,773.60	October 19, 2017	5,241	2,625.55	October 25, 2017	18,188	2,728.10

Source: www.bseindia.com

NSE

Month Year	High (₹)	Date of High	Volume on date of High (No. of Equity Shares)	Low (₹)	Date of low	Volume on date of Low (No. of Equity Shares)	Average price for the month (₹)
May, 2017	2,866.25	May 15, 2017	1,434,636	2,490.90	May 9, 2017	131,323	2,666.02
June, 2017	3,054.10	June 12, 2017	569,235	2,771.50	June 29, 2017	159,023	2,874.86
July, 2017	2,956.20	July 19, 2017	101,538	2,818.25	July 4, 2017	229,216	2,906.32
August, 2017	2,963.50	August 7, 2017	103,363	2,579.35	August 22, 2017	239,387	2,765.37
September 2017	2,907.10	September 14, 2017	532,374	2,567.55	September 28, 2017	199,021	2,735.08
October 2017	2,774.20	October 10, 2017	168,747	2,625.95	October 25, 2017	263,504	2,774.20

Source: www.nseindia.com

Week end prices of Equity Shares along with the highest and lowest closing prices on the Stock Exchanges for the last four weeks preceding the date of filing of this Draft Letter of Offer is as stated below:

BSE			
For the week ended on	**Closing Price (₹)**	**High (₹)**	**Low (₹)**
November 3, 2017	2,691.70	2,717.85	2,678.30
October 27, 2017	2,703.80	2,736.35	2,625.55
October 20, 2017*	2,773.60	2,773.60	2,746.25
October 13, 2017	2,743.75	2,770.50	2,740.80

Source: www.bseindia.com

NSE			
For the week ended on	**Closing Price (₹)**	**High (₹)**	**Low (₹)**
November 3, 2017	2,684.40	2,727.00	2,672.55
October 27, 2017	2,706.50	2,738.40	2,625.95
October 20, 2017*	2,768.95	2,768.95	2,747.95
October 13, 2017	2,742.35	2,774.20	2,742.35

Source: www.nseindia.com

* *October 20, 2017 being a trading holiday, prices have been considered for October 19, 2017*

The closing market price of the Equity Shares of our Company as on one day prior to the date of this Draft Letter of Offer was 2,762.40 on BSE and 2,757.35 on NSE. The Issue Price is ₹ 2,380 and has been arrived at prior to determination of the Record Date.

SECTION VI: INDUSTRY OVERVIEW

The information in this section has been extracted from publicly available information, various government publications, industry sources, data and statistics including from the World Bank, the GoI, the RBI, the CIA World Factbook, CRISIL Research, IMS Health, VisionGain, MarketLine. While we have exercised reasonable care in compiling and reproducing such official, industry, market and other data in this document, neither we, the Book Running Lead Manager nor any other person connected with the Issue have independently verified this information and, accordingly, this information should not be relied on as if it had been so verified. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but that their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured and, accordingly, investment decisions should not be based on such information. Unless otherwise stated, all years refer to calendar years.

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Global Economy

The World Bank expects global real GDP growth to rise to 2.7% in 2017 from forecasted global real GDP growth of 2.3% in 2016. For 2017, the World Bank forecasts real GDP growth in advanced economies and real GDP growth in emerging market and developing economies to be 1.8% and 4.2%, respectively. The expected growth would reflect receding obstacles to activity for commodity exporters and continued solid domestic demand in commodity importers. Weak investment and productivity growth are, however, weighing on medium-term prospects across many emerging market and developing economies. According to the World Bank, global real GDP growth is projected to pick up and reach 2.9% by 2018, while global real GDP growth in emerging market and developing economies will rise to 4.6% and global real GDP growth in advanced economies will remain at 1.8%. (Source: *World Bank Group. 2017. Global Economic Prospects, January 2017 Weak Investment in Uncertain Times. Washington, DC: World Bank. doi:10.1596/978-1-4648-1016-9. License: Creative Commons Attribution CC BY 3.0 IGO* ("**World Bank Report**"))

Since January 2016, commodity prices have largely stabilized and the World Bank projects commodity prices to increase moderately during 2017 to 2019, which will provide support for commodity-exporting emerging markets and developing economies. With the anticipated increases in commodity prices, particularly for oil, the divergence in growth outlooks between commodity exporters and importers is set to narrow. The long-term outlook from these developments is however clouded by uncertainty over global trade prospects and advanced-economy policies, a weakening in potential output resulting from subdued investment, sluggish productivity growth and demographic factors. Weakness in the global economy has persisted and risks have become more pronounced. Stalling global trade, weak investment, the rise of isolationist policies in some countries and heightened policy uncertainty have depressed world economic activity. Advanced economies continue to struggle with subdued growth and low inflation in a context of increased uncertainty about policy direction, tepid investment and sluggish productivity growth. (Source: *World Bank Report*)

The Indian Economy

The Indian economy is one of the largest economies in the world with GDP at market prices of an estimated ₹152.5 trillion for fiscal year 2017. (*Source: Central Statistical Office of India's Ministry of Statistics and Programme Implementation, available at http://mospi.nic.in/sites/default/files/press_release/nad_pr_28feb17r.pdf as of April 30, 2017*) India is also one of the fastest growing major economies with private final consumption contributing over half of overall GDP growth of 7.9% in 2015-16. (*Source: RBI Annual Report 2015-16*) In recent years, India has become a popular destination for foreign direct investment ("**FDI**") owing to its well-developed private corporate sector, large consumer market potential, large well-educated and English speaking workforce and well-established legal systems. Overall, India attracted FDI of approximately US$55.4 billion in fiscal year 2016 and US$45.1 billion in fiscal year 2015 as compared to an average of US$23.1 billion from fiscal year 2001 to fiscal year 2013. (*Source: Department of Industrial Policy and Promotion, Ministry of Commerce & Industry, Government of India – Fact Sheet on FDI from April 2000 to December 2016*)

Fiscal year 2016 was characterised by a moderate recovery for the Indian economy amidst global trade uncertainties. Maintaining macroeconomic stability and external viability remain key priorities for the Indian economy while stimulating private investment and reinvigorating the banking sector. Domestic GDP growth showed a marginal improvement from 7.2% in fiscal year 2015 to 7.9% in fiscal year 2016, primarily attributable to an increase in private final consumption expenditure from 6.2% in fiscal year 2015 to 7.4% in fiscal year 2016. (*Source: RBI Annual Report 2015-16*) However real GDP growth slowed to 7.1% in fiscal year 2017. The Central Statistical Office data depicts that this growth was led by increases in private consumption demand, even as capital formation remained weak. Gross value added ("**GVA**") increased from 6.9% for fiscal year 2015 to 7.8% in fiscal year 2016 but decreased in fiscal year 2017 to 6.7%. (*Source: Central Statistical Office of India's Ministry of Statistics and Programme Implementation, available at http://mospi.nic.in/sites/default/files/press_release/nad_pr_28feb17r.pdf as of April 30, 2017*) Private investment remained weak in fiscal year 2017 however, and demonetisation further added, albeit marginally, to a slowdown in growth.

India has progressed over the past few years in terms of external sector adjustments with current account deficits decreasing and balance of payments increasing. Despite moderation in India's exports, India's current account deficit has increased from US$7.1 billion (1.4% of GDP) in the third quarter of fiscal year 2016 to US$7.9 billion (1.4% of GDP) in the third quarter of fiscal year 2017. (*Source: The RBI's Developments in India's Balance of Payments during the Third Quarter (October - December) of 2016-17)*. The balance of payment surplus has been healthy owing to better foreign portfolio inflows and steady FDI flows. Foreign exchange reserves have risen to US$367 billion as of end-March 2017 from US$356 billion as of end-March 2016 and US$341.4 billion as of end-March 2015. (*Source: The RBI's Weekly Statistical Supplement)*

A narrowing of fiscal and current account deficits and reducing inflation has helped to stabilise INR. The INR was largely resilient against USD in fiscal year 2015 but depreciated marginally by an average of 1.1% over fiscal year 2015. The INR declined overall in fiscal year 2016 due to emerging market sell-offs, expectations of an interest rate increase by the United States Federal Reserve, global uncertainty due to the devaluation of the Chinese Yuan and changes in China's exchange rate policy. In fiscal year 2017, the INR experienced two-way volatility due to India's improving macroeconomic fundamentals, the outcome of the United States presidential election, foreign institutional investment flows into India and the passage of India's GST bill. While the INR ended fiscal year 2017 at ₹64.84 to the USD, rallying approximately 4.7% from end-December 2016, it depreciated on average 2.4% against the USD between fiscal year 2016 and fiscal year 2017. *(Source: RBI's Database on Indian Economy;* https://dbie.rbi.org.in/DBIE/dbie.rbi?site=home*)*

The median age of the Indian population is 27.6 years old and 45.7% of the population is under 24 years old. In 2015, the urban population comprised 32.7% of the total population and the rate of urbanization was 2.38% annual rate of change. (*Source: CIA World Factbook available at* https://www.cia.gov/library/publications/the-world-factbook/geos/in.html)

The political dynamics in India have shifted to primarily focus on building the economy. For example, the Government introduced economic reforms such as the Skill India initiative in 2015 to focus on youth skill development, the Make in India initiative in 2014 to transform India into a global design and manufacturing hub, which led to the opening up of key sectors in the Indian economy and increased foreign direct investment and the Smart Cities Mission in 2015, where the Government allocated an estimated US$7.5 billion as part of its urban development agenda to improve the quality of life in 109 of India's urban centers. (*Source: Ministry of Skill Development and Entrepreneurship available at http://msde.gov.in/background.html*; *Make in India available at http://www.makeinindia.com/about*; *India Smart Cities Mission available at http://smartcities.gov.in/content/innerpage/what-is-smart-city.php*)

The Indian Banking and NBFCs Sector Overview

Indian Banking Industry

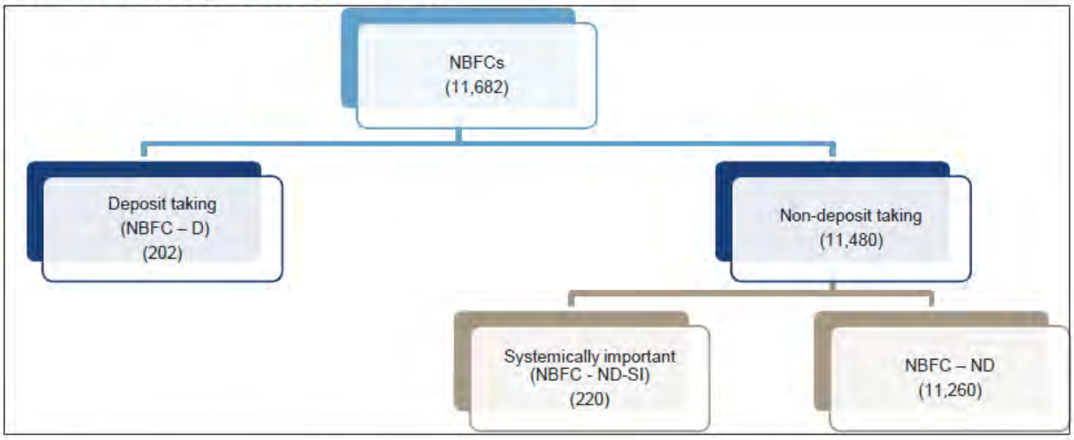
Constituents

Non banking financial companies ("**NBFCs**") are classified on the basis of liabilities into two broad categories: a) deposit-taking and b) non-deposit-taking. Deposit-taking NBFCs (NBFC – D) are subject to requirements of capital adequacy, liquid assets maintenance, exposure norms among other items.

Further, in 2015, non-deposit-taking NBFCs with an asset size of ₹ 5 billion and above were labeled as 'systemically important non-deposit taking NBFCs' (NBFC – ND – SI) and separate prudential regulations were made applicable to them.

A breakdown of the classification of NBFCs based on liabilities is below.

Classification of NBFCs based on liabilities



Note: Figures in brackets represent number of entities registered with RBI as of March 2016.
Source: RBI, CRISIL Research

(Source: *NBFC Report dated October 2016, published by CRISIL Research*)

The RBI

The RBI is the central regulatory and supervisory authority for the Indian banking sector. Besides regulating and supervising the banking system, the RBI performs the following important functions:

- acts as the central bank and the monetary authority;
- issues currency;
- manages debt for the central and certain state governments that have entered into agreements with it;
- regulates and supervises financial institutions including banking institutions and NBFCs;
- manages the country's foreign exchange reserves;
- manages the capital account of the balance of payments;
- regulates and supervises payment settlement systems;
- operates a grievance redress scheme for bank customers through the banking ombudsmen and formulates policies for fair treatment of banking customers; and
- develops initiatives such as financial inclusion and strengthening of the credit delivery mechanisms to priority sectors and weaker sections, including agricultural entities, small and micro-enterprises and for affordable housing and education.

The RBI issues guidelines on various issues relating to the financial reporting of entities under its supervision. These guidelines regulate exposure standards, income recognition practices, asset classification, provisioning for non-performing and restructured assets, investment valuation and capital adequacy. All the institutions under the purview of the RBI are required to furnish information relating to their businesses on a regular basis.

Public sector banks

Public sector banks are scheduled commercial banks with a significant Government shareholding and constitute the largest category in the Indian banking system. These include the State Bank of India ("**SBI**"), 19 nationalised banks and 56 regional rural banks with 45 sustainable regional rural banks. The regional rural banks were established by the GoI, the state governments and sponsoring commercial banks in an effort to develop the rural economy. Regional rural banks are regulated and supervised by the National Bank for Agriculture and Rural Development ("**NABARD**"). In June 2016, the Government approved the merger of the SBI with its five associate banks. On April 1, 2017, the merger was completed and the SBI now functions as a unified entity.

Public sector banks accounted for 66.2% of gross bank credit and 70.6% of the aggregate deposits of the scheduled commercial banks as of December 2016. (*Source: Quarterly Statistics on Deposits and Credit of Scheduled Commercial Banks (SCBs) as on December 31, 2016*)

Private sector banks

After bank nationalisation was completed in 1980, the majority of Indian banks were public sector banks. Some of the existing private sector banks which showed signs of an eventual default were merged with state-owned banks. In July 1993, as part of the banking reform process and as a measure to induce competition in the banking sector, the RBI permitted entry by the private sector into the banking system which resulted in the emergence of private sector banks, collectively known as the "New Private Sector Banks". As of December 2016, there are a total of 21 private banks. (*Source: RBI Report on Trend and Progress of Banking in India 2015-16.*) Private sector banks grew their aggregate deposits by 23.6% and grew their bank credit by 17.7%. These figures do not include regional rural banks. (*Source: Statistical Tables Relating to Banks in India, 2015-16*)

Foreign banks

In 2009, as part of the liberalisation process that accompanied the second phase of the reform process that began in 2005, the RBI began permitting foreign banks to operate more freely, subject to requirements largely similar to those imposed on domestic banks. The primary activity of most foreign banks in India has been in the corporate segment. However, some of the larger foreign banks have made retail banking a significant part of their portfolios in recent years. Most foreign banks operate in India through branches of the parent bank. Certain foreign banks also have wholly owned non-banking financial company subsidiaries or joint ventures for both corporate and retail lending.

As of December 2015, there were 46 foreign banks operating in India with a combined total of 325 branches. (*Source: Statistical Tables Relating to Banks in India*)

Cooperative banks

Cooperative banks cater to the financing needs of agriculture, small industry and self-employed businessmen in urban, semi-urban and rural areas of India. The state land development banks and the primary land development banks provide long-term credit for agriculture. The Banking Regulation (Amendment) and Miscellaneous Provisions Act, 2004, which came into effect on September 24, 2004, specifies that all multi-state cooperative banks are under the supervision and regulation of the RBI. Accordingly, the RBI is currently responsible for the supervision and regulation of urban cooperative societies, NABARD, state cooperative banks and district central cooperative banks. The wide network of cooperative banks, both rural and urban, supplements the commercial banking network for deepening financial intermediation by bringing a large number of depositors/borrowers under the formal banking network.

Recent Developments

Interest rates

The RBI has constantly relied on adjustments of the repo rate to meet its policy agenda. Due to a steady fall in CPI inflation, the RBI has cut policy rates by an aggregate of 175 bps over the period January 2015 to April 2016. The repo rate was first reduced by 25 bps in January 2015 to address the weak investment climate and the need to mitigate supply constraints. In September 2015, benign cereal prices and moderation in crude oil prices motivated the RBI to cut the policy repo rate by 50 bps to boost domestic demand and stimulate investment. In order to bring the CPI inflation rate down to 5% the RBI further reduced the repo rate by 25 bps to 6.5% in April 2016, which was the lowest the repo rate has been since March 2011. The policy rate corridor was narrowed by reducing the marginal standing facility ("**MSF**") rate by 75 bps to 7% and increasing the reverse repo rate by 25 bps to 6% for a finer alignment of the weighted average call rate with the policy repo rate. (*Source: RBI Annual Report 2015-16 available at http://www.rbi.org.in.*)

In the first bi-monthly monetary policy statement for fiscal year 2017 announced on April 5, 2016, the RBI reduced the repo rate from 6.75% to 6.5%. It maintained the repo rate at 6.5% until the fourth bi-monthly monetary policy statement announced on October 4, 2016, when the RBI further reduced the repo rate by 25 bps to 6.25%. The repo rate has been maintained at 6.25% ever since the last adjustment on October 4, 2016. (*Source: Monetary Policy, Reserve Bank of India available at http://www.rbi.org.in.*)

Asset quality The gross non-performing asset ("**NPA**") ratio for scheduled commercial banks increased from 7.8% in March 2016 to 9.1% in September 2016, pushing the overall stressed advances ratio to 12.3% from 11.5%. This deterioration in NPAs occurred for both public sector banks and foreign banks. In September 2016, the gross and net NPA ratio for public sector banks stood at 11.8% and 7.4%, respectively. Private sector banks recorded stable gross and net NPA ratios at 3.2% and 1.6% in September 2016, respectively. (*Source: RBI Financial Stability Report dated December 2016*)

Across the industry, the banks have been making efforts to reduce the amount of NPA via various legal dispute resolution channels such as Lok Adalats, Debt Recovery Tribunals and the invocation of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 ("**SARFAESI**"). In 2015-16, the recovery rate of all banks decreased. The scheduled commercial banks recovered ₹227.68 billion as against ₹307.92 billion during the previous year and the public sector banks could only recover ₹197.57 billion as against ₹278.49 billion during the previous year. The reduced recovery rate was largely due to a 52% reduced recovery rate for SARFAESI. Recovery rates for Lok Adalats and Dispute Recovery Tribunals increased by 127.6% and 51.2%, respectively. Four sub-sectors (basic metal, construction, textiles and food processing) had above 20% of the stressed advances for their respective sectors with these four sub-sectors having 30.5% of total stressed advances of all scheduled commercial banks as of September 2016. (*Source: RBI Financial Stability Report dated December 2016*)

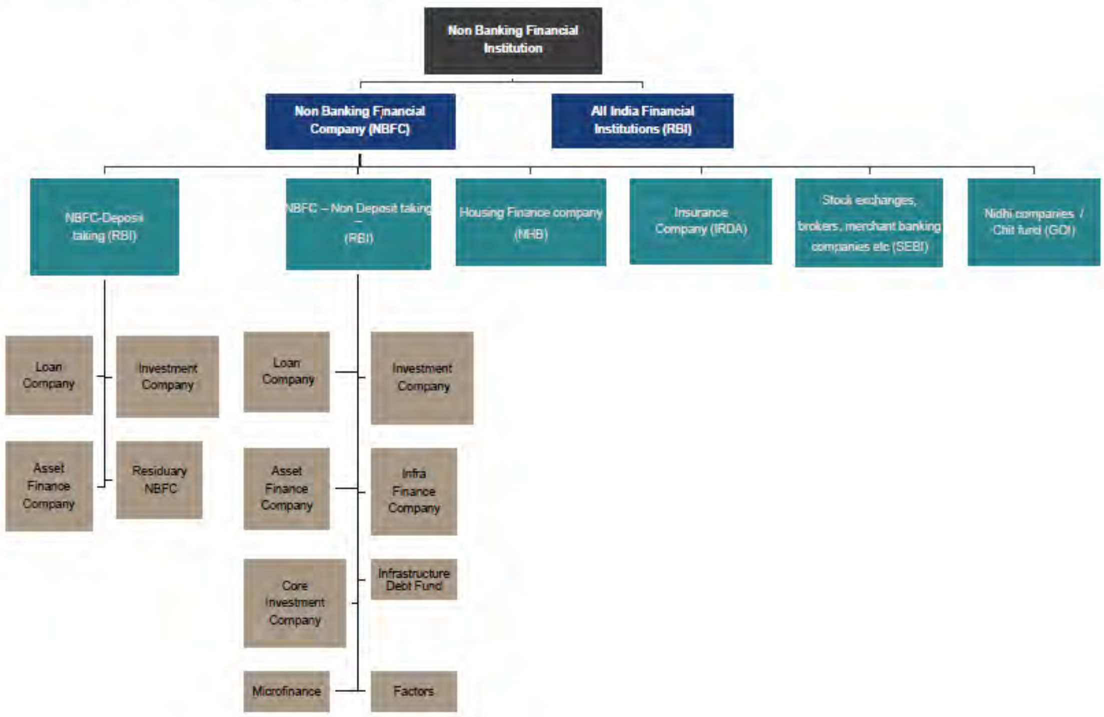
The Indian Non-Banking Financial Companies Sector

Overview

The Indian Financial Services industry comprises banks and non-bank financial institutions. Although the banking system dominates financial services, non-banking financial institutions, comprised of (i) NBFCs and (ii) all-India financial institutions such as the NABARD, Small Industries Development Bank of India and Export-Import Bank of India, have grown in importance by carving a niche for themselves in under-penetrated regions and un-banked segments. (Source: *NBFC Report dated October 2016, published by CRISIL Research*)

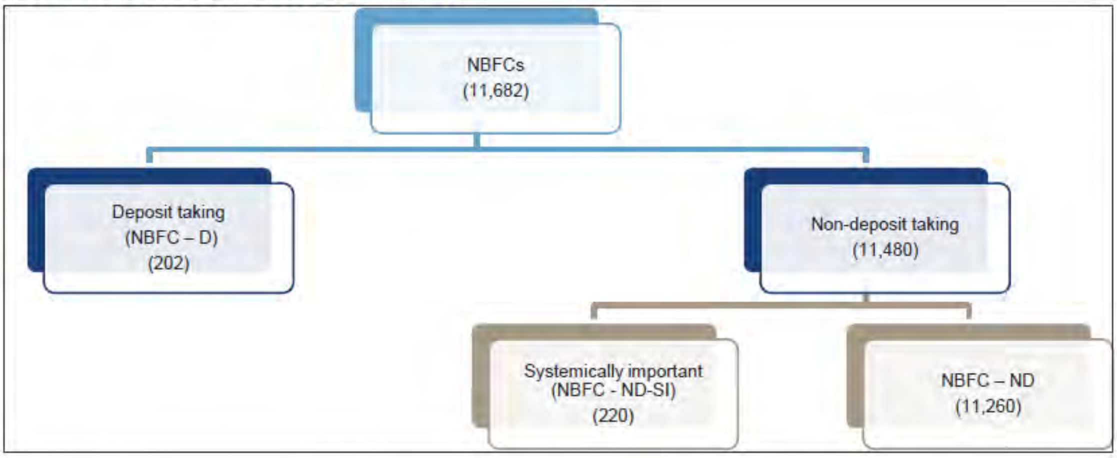
NBFCs are typically structured and classified on the following lines:

Structure of non-banking financial institutions in India



Note: The regulatory authority for the respective institution is indicated within the brackets.
All-India financial institutions include NABARD, SIDBI, and EXIM Bank.
Source: RBI, CRISIL Research

Classification of NBFCs based on liabilities



Note: Figures in brackets represent number of entities registered with RBI as of March 2016.
Source: RBI, CRISIL Research

(Source: *NBFC Report dated October 2016, published by CRISIL Research*)

According to CRISIL, NBFCs help to fill gaps in the availability and provision of financial services with respect to products as well as customer and geographic segments catering to rural and semi-urban communities without access to banks and by lending to the informal sector and individuals without credit histories thereby assisting the Government and regulators with financial inclusion. (Source: *NBFC Report dated October 2016, published by CRISIL Research*)

An NBFC is a company that is engaged in the business of loans and advances, acquisition of securities, leasing, hire-purchase, insurance, and chit funds. An NBFC does not denote any institution whose principal business is agricultural or industrial activity or sale/purchase/construction of immovable property. (Source: *NBFC Report dated October 2016, published by CRISIL Research*)

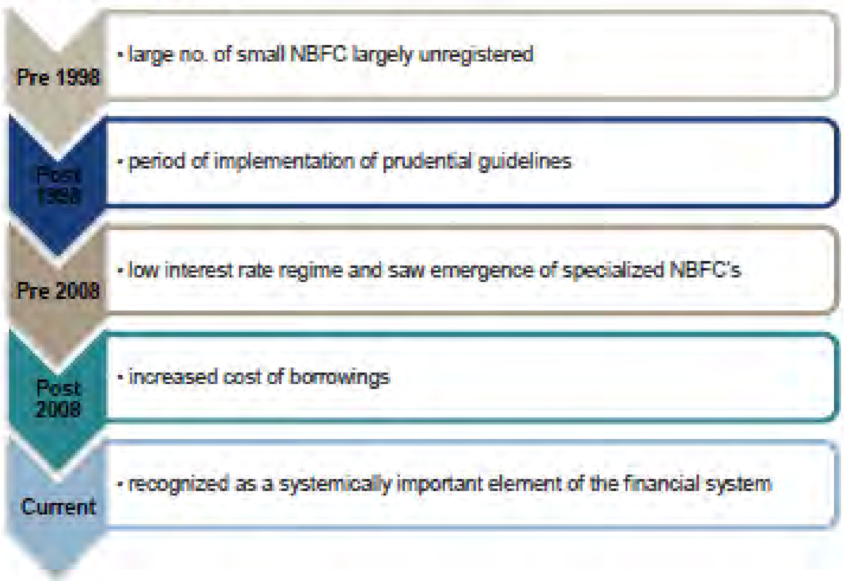
NBFCs lend and make investments similar to banks with a few differences: NBFCs cannot accept demand deposits or issue cheques drawn on themselves; they do not form part of a payment and settlement system; and unlike banks, deposit insurance from the Deposit Insurance and Credit Guarantee Corporation is not available to depositors of NBFCs. (Source: *NBFC Report dated October 2016, published by CRISIL Research*)

NBFCs also often possess quicker turnaround time together with the ability to offer more customized solutions for a client's funding needs. (Source: *NBFC Report dated October 2016, published by CRISIL Research*)

The Evolution of NBFCs

NBFC history may be broadly split into the following periods:

Evolution of NBFCs



From the late 1980s up to the mid-1990s, the number of NBFCs increased substantially. In 1981, there were 7,063 NBFCs and by 1996 the number had increased to 51,929. Growth in lending activity was also fuelled by rapid industrial growth due to regulatory liberalisation in 1991. (Source: *NBFC Report dated October 2016, published by CRISIL Research*)

The public deposit base of NBFCs broadened at an average rate of 80% CAGR during Fiscal Year 1993 to Fiscal Year 1997. In the late 1990s several, loans granted by NBFCs encountered problems however with a number of NBFCs defaulting in repayments to their depositors. (Source: *NBFC Report dated October 2016, published by CRISIL Research*)

As a response to these defaults the RBI introduced stringent guidelines in Fiscal Year 1998 by amending the RBI Act to provide a comprehensive regulatory framework for NBFCs including compulsory registration (irrespective of whether the particular NBFC held public deposits) for commencing and carrying on the business of a non-business financial institution. To monitor the financial health and prudential functioning of NBFCs, the RBI also issued directions regarding acceptance of deposits, set prudential norms in respect of capital adequacy, income recognition, asset classification and provisioning for bad and doubtful assets, exposure norms and other measures. A minimum entry point, net worth of ₹2.5 million (which was subsequently revised upwards to ₹ 20 million) was also introduced. This period also saw the rise of NBFCs with specific target clientele and specialised areas of interest (such as gold loans). (Source: *NBFC Report dated October 2016, published by CRISIL Research*)

More recently the NBFC sector has been subject to consolidation leading to the emergence of larger NBFCs with diversified activities and portfolios with a growing number of NBFCs with an asset base in excess of ₹5 billion. The regulatory response has followed this growth and consolidation with the introduction of exposure and capital adequacy norms for NBFCs with assets of ₹ 5 billion and above. (Source: *NBFC Report dated October 2016, published by CRISIL Research*)

Key regulatory distinction between NBFC and banks

While the regulations in this space are also continuing to move towards convergence with bank traditional regulations and norms, certain differences still exist, such as in respect of statutory liquidity ratio (SLR) requirements, the applicability of a cash reserve ratio (CRR) and priority sector norms. A summary of the key distinctions is repeated below.

Regulatory distinction between banks and NBFCs

		NBFC - ND - SI	NBFC - D	Banks* (Basel - III)
Minimum net owned funds		Rs 20 million	Rs 20 million	Rs 5 billion
Capital adequacy		15.0%	15.0%	9.0%
Tier - I capital	Mar-15	7.5%#	7.5%#	7.0%
	Mar-16	8.5%	8.5%	7.0%
	Mar-17	10%	10%	7.0%
GNPA recognition	Mar-15	180 days	180 days	90 days
	Mar-16	150 days	150 days	90 days
	Mar-17	120 days	120 days	90 days
	Mar-18	90 days	90 days	90 days
Cash Reserve Ratio (CRR)		n.a	n.a	4.0%
Statutory liquidity ratio (SLR)		n.a	15.0%	21.0%
Priority sector		n.a	n.a.	40% of advances
SARFAESI eligibility		Yes*	Yes*	Yes
Exposure norms		Single borrower: 15% (+10% for IFC) Group of borrowers: 25% (+15% for IFC)	Single borrower: 15% Group of borrowers: 25%	Single borrower: 15% (+5% for infrastructure projects) Group of borrowers: 40% (+10% for infrastructure projects)
Standard asset provisioning	Mar-15	0.25%	0.25%	0.40%
	Mar-16	0.30%	0.30%	0.40%
	Mar-17	0.35%	0.35%	0.40%
	Mar-18	0.40%	0.40%	0.40%

Note: n.a: not applicable
Min. net owned funds for NBFC-MFI and NBFC -Factors is Rs 50 million
#currently 10% for Infrastructure finance companies and proposed to be increased to10% for all NBFCs except - gold loan NBFCs who will have to maintain 12%
Under phase-wise implementation of Basel III by March 2018; numbers are excluding capital conservation buffer of 2.5%
*Union budget 2015-16 allowed NBFCs to use Sarfaesi act, NBFCs with asset base of ₹500 crore or above, in respect of loans ₹1 crore or above
Source: RBI, CRISIL Research

(Source: *NBFC Report dated October 2016, published by CRISIL Research*)

The Indian Wholesale Lending Industry

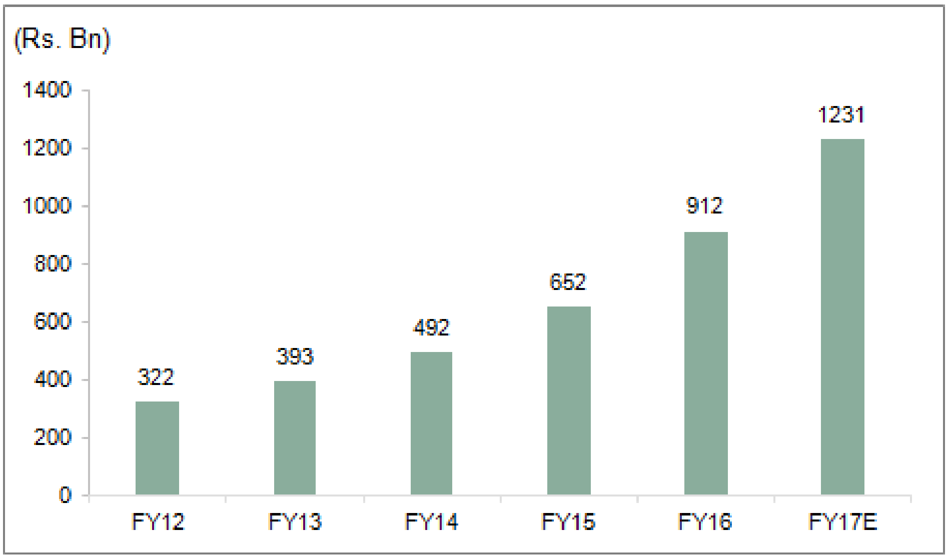
Overview

Wholesale lending includes the provision of credit to large corporates, mid-sized companies, international trade finance businesses, other banks and financial institutions and encompasses long and short term funding, with long term loans typically accounting for a majority of the loan book. While long term loans are driven by investment cycles, short term loans are influenced by business revenue and working capital requirement. (Source: *NBFC Report dated October 2016, published by CRISIL Research*)

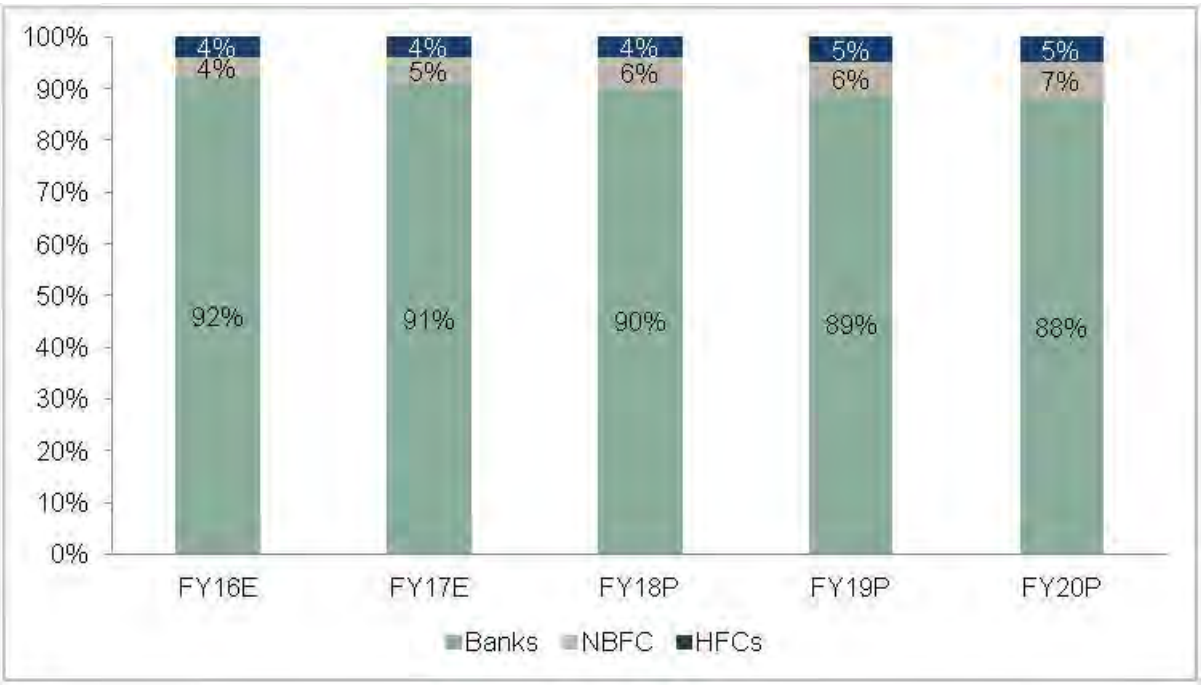
Wholesale lending can be provided by banks, NBFCs and HFCs. Banks have a higher market share in wholesale lending vis-à-vis NBFCs.

The graphs below highlight the market size for NBFCs in India and the share of NBFCs as against banks and HFCs in the market.

Market Size and Growth (Only for NBFCs)



(Source: *CRISIL Research Report Update dated May 2017, published by CRISIL Research*)

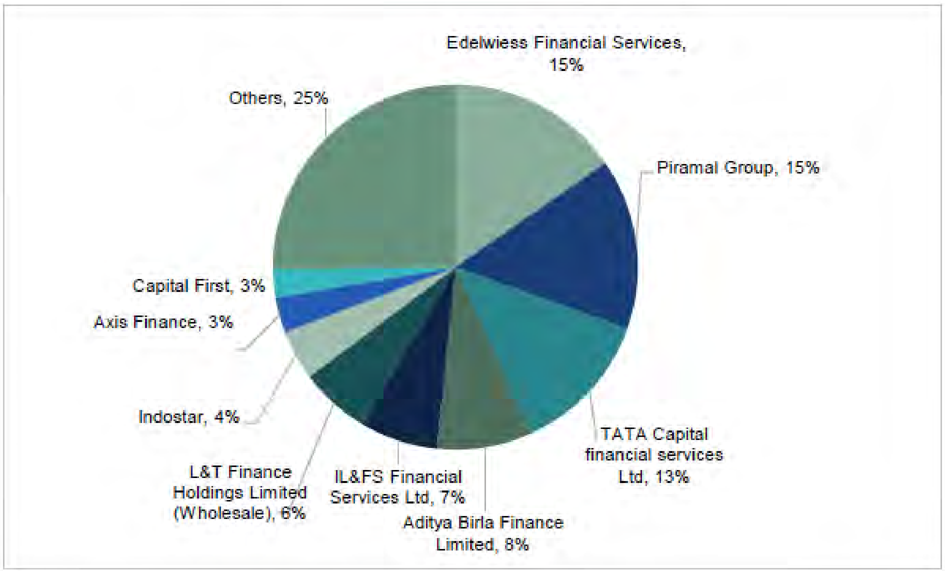


(Source: *CRISIL Research Report Update dated May 2017, published by CRISIL Research*)

Banks differ from NBFCs in terms of product offerings, customer profile, risk appetite and interest charged. Banks with a large asset base and market penetration offer a wide variety of products to large corporates as compared to NBFCs. Banks extend long and short term funding to diverse sectors whereas NBFCs have limited exposure to long term funding, except for certain public NBFCs that cater to the infrastructure sector. Banks also have a diverse customer profile which include large corporates, whereas NBFCs may cater to clients tending towards a riskier profile such as business start-ups. Large corporates with healthy credit profiles, and projects with stable and viable cash flows, typically prefer banks over NBFCs owing to the lower costs of funds and interest rates. Interest rates as offered by banks are typically lower than those offered by NBFCs on average by approximately 250-350 basis points. NBFCs have also been strengthening their presence in metro and non-metro areas by way of structured finance transactions as part of their wholesale finance offering. Products offered by NBFCs under the umbrella of wholesale financing are either short or long term, and include promoter funding, margin funding, special situation funding (including acquisition financing), structured and mezzanine financing and real estate funding, among others. Advances are also being made to some distressed industries owing to their revival. (Source: *NBFC Report dated October 2016, published by CRISIL Research*)

Innovation and customisation of product offerings has helped NBFCs to maintain a niche position in wholesale finance along with maintaining strong working relationships with various corporates. Despite higher interest rates NBFCs continue to be attractive compared to banks as NBFCs can generally offer more complex and structured deals. In addition, given the rise of NPAs, Indian banks have taken a cautious approach in lending thereby giving NBFCs, especially those supported by well-established parent companies, the ability to more effectively compete with banks for market share. (Source: *NBFC Report dated October 2016, published by CRISIL Research*)

The NBFCs market is reflected in the graph below.



Source: CRISIL Research, Industry

(Source: *NBFC Report dated October 2016, published by CRISIL Research*)

Most NBFCs catering to the wholesale finance segment focus on real estate funding, given their high cost of funds, as they can charge higher interest rates compared to other wholesale finance products. The other key segment for NBFCs in the wholesale finance space is corporate loans. (Source: *NBFC Report dated October 2016, published by CRISIL Research*)

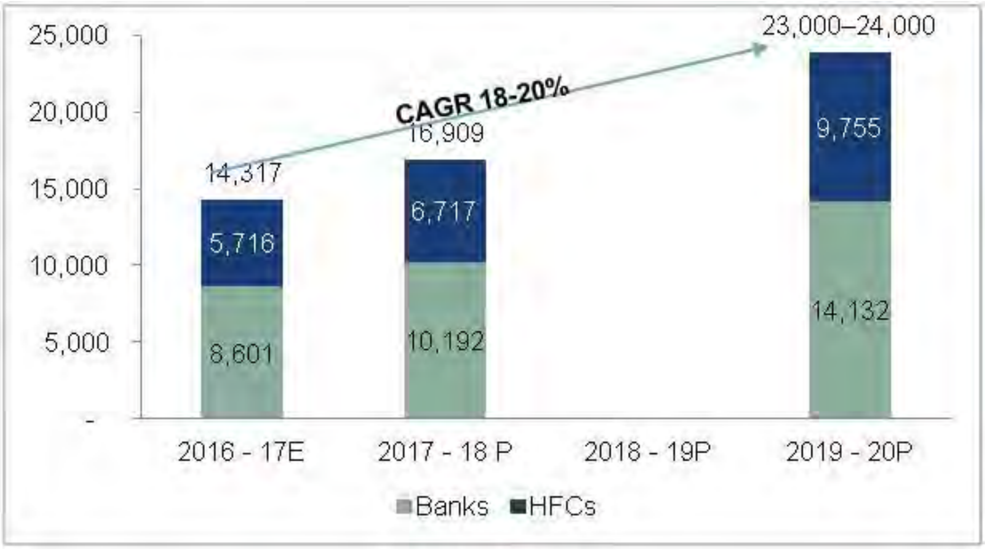
The Indian Housing Finance Market

Overview

The housing finance market in India is served by multiple institutions that cater to people in diverse geographies and across income spreads. Mortgage lending has significantly contributed to growth in housing construction and housing consumption. (Source: *NBFC Report dated October 2016, published by CRISIL Research*)

CRISIL Research estimates outstanding housing finance loans in India to be at ₹12,318 billion in Fiscal Year 2016 and projects this figure to increase to ₹17,666 billion by Fiscal Year 2018, supported by the NBFCs' niche presence in Tier II and III cities as well as increased finance penetration. (Source: *NBFC Report dated October 2016, published by CRISIL Research*)

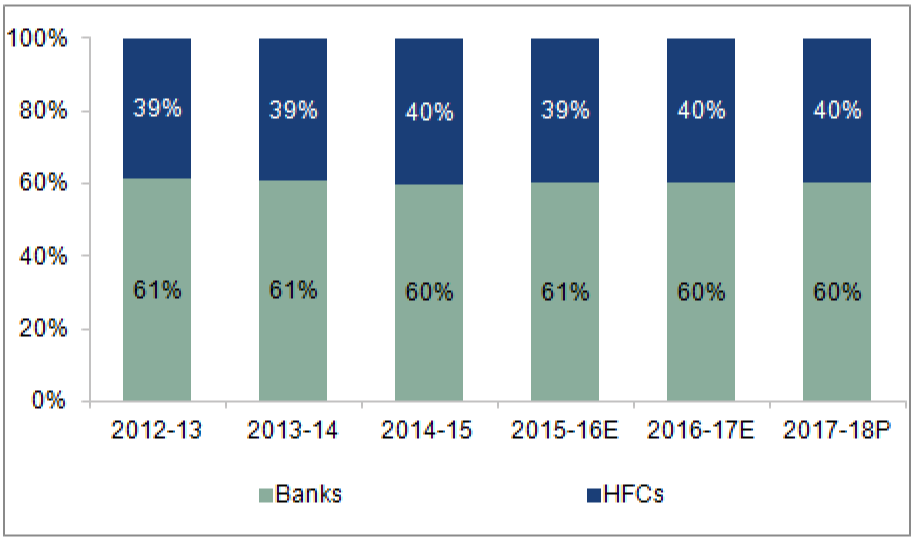
The graph below illustrates the outstanding housing finance loans market in India for the time periods indicated.



(Source: *CRISIL Research Report Update dated May 2017, published by CRISIL Research*)

In Fiscal Year 2016, CRISIL Research attributes 61% and 39% of the outstanding housing finance loans to banks and housing finance companies ("**HFCs**"), respectively. CRISIL Research expects HFC's share to remain stable, as banks too have become aggressive in the retail segment due to asset-quality issues in corporate loans. (Source: *NBFC Report dated October 2016, published by CRISIL Research*)

The graph below shows the percentage contribution of outstanding housing finance loans as attributable to banks and HSFCs for the time periods indicated.



Note: includes only housing loans of banks as well as NBFCs / HFCs;

Source: CRISIL Research

(Source: *CRISIL Research Report Update dated May 2017, published by CRISIL Research*)

Growth Drivers

CRISIL Research has identified several growth drivers of the housing finance industry in India as detailed below.

Rise in finance penetration. According to CRISIL Research, rising demand for housing from tier-II and tier-III cities, and a subsequent surge in construction activity, have increased the focus of financiers on these geographies. Consequently, CRISIL Research estimates finance penetration in urban areas to have increased to 42.7% in Fiscal Year 2016 from an estimated 39% in Fiscal Year 2012.

CRISIL Research estimates finance penetration in rural areas to have risen slightly to 8.95% in Fiscal Year 2016 from 8.20% in Fiscal Year 2012. CRISIL Research expects finance penetration to increase to 44.5% in urban areas and to 9.4% in rural areas by Fiscal Year 2018 as a result of the Government's incentives for affordable-housing and rising competition in higher ticket sized loans.

Pradhan Mantri Awas Yojana: Housing for all by 2022. The 'Housing for all by 2022' scheme was launched in June 2015 and aims to construct more than 20 million houses across India by 2022. The scheme's target beneficiaries are the poor and people belonging to the Economic Weaker Section (EWS) and Low Income Group (LIG) groups in urban areas.

Tax benefits. Tax sops have been instrumental in driving growth in the housing and housing finance sectors. The government has provided tax sops to both borrowers and lenders as follows:

- Tax sops for individuals: Tax deduction is available for home loans under two sections of the Income Tax Act, 1961 (excluding home loans from private sources, such as friends and family).
- Interest paid on home loans: As per Section 24 (B) of the Income Tax Act, 1961, annual interest payments of up to ₹200,000 (₹300,000 for senior citizens) on housing loans can be claimed as a deduction from taxable income.
- Principal repayment of home loan: As per Section 80(c) (read with section 80 CCE) of the Income Tax Act, 1961, principal repayments of up to ₹150,000 on a home loan are allowed as a deduction from gross total income.
- Tax sops given to lenders: Under Section 36 (1) (viii) of the Income Tax Act, 1961, with respect to any special reserve created and maintained by a financial corporation engaged in providing long-term finance for construction or purchase of houses for residential purposes, a maximum amount of 20% of the profits derived from such business (computed under the head 'profits and gains of business or profession') and carried to such special reserve, is tax deductible. This deduction is available only up to twice the total amount of the company's paid-up share capital and its general reserve.

(Source: *NBFC Report dated October 2016, published by CRISIL Research*)

The Global Pharmaceutical Industry

The pharmaceuticals industry is one of the largest industries in the world and comprises companies that are involved in the development, production and marketing of pharmaceutical products. Its continued growth has been driven by factors such as an increase in elderly populations and a growing middle class in emerging economies that have boosted the demand for pharmaceuticals. The increased focus by governments to improve healthcare infrastructure that provide people with greater access to treatment and medication has also contributed to the growth in the global pharmaceuticals industry.

According to IMS Health, global medicine use is expected to reach 4.5 trillion doses by 2020, increasing by 24% from 2015. Global spending on medicines is expected to reach US$ 1.4 trillion by 2020, reflecting an increase of 29 to 32% from 2015. Spending on specialty therapies will continue to be more significant in developed markets than in pharmerging markets, and different traditional medicines will continue to be used in developed markets compared to pharmerging markets. Spending growth will be driven by brands, as well as increased usage in pharmerging markets, and will be offset by patent expiries and net price reductions. (Source: *IMS HEALTH, Institute for Healthcare Informatics Global Medicines Use in 2020 dated Nov 2015. IMS Health. Copyright 2015. All rights reserved*)

Developed markets will contribute 63% of the spending, led by the U.S. Original brands will represent 52% of spending and 85% of global spending will be for medicines to treat non-communicable diseases. These distributions of costs belie the very different perspective on a volume basis where lower-cost/higher-volume medicines dominate the overall use of medicines. (Source: *IMS HEALTH, Institute for Healthcare Informatics Global Medicines Use in 2020 dated Nov 2015. IMS Health. Copyright 2015. All rights reserved*)

Specialty and traditional medicines

A rising proportion of medicines are specialty medicines. In 2020, 28% of global spending will be for specialty medicines, up from 26% in 2015. Spending will be more focused on specialty medicines in developed markets accounting for 36% of spending in 2020, compared to only 12% in pharmerging markets. (Source: *IMS HEALTH, Institute for Healthcare Informatics Global Medicines Use in 2020 dated Nov 2015. IMS Health. Copyright 2015. All rights reserved*)

The use of traditional medicines account for the majority of medicine spending globally, but there are very different patterns of usage and spending in developed markets compared to pharmerging markets. In developed markets, some of the major classes of medicines have experienced reduced spending due to patent expiries whereas differences in disease morbidity and the adoption of innovation drive the remainder of differences. (Source: *IMS HEALTH, Institute for Healthcare Informatics Global Medicines Use in 2020 dated Nov 2015. IMS Health. Copyright 2015. All rights reserved*)

The charts below show the proportion of spending for specialty medicines to global spending on medicines in 2020.

(Source: *IMS HEALTH, Institute for Healthcare Informatics Global Medicines Use in 2020 dated Nov 2015. IMS Health. Copyright 2015. All rights reserved*)

Growth Drivers

The key drivers of the US$349 billion in growth over the next five years will be due to access expansion in pharmerging countries, greater use of more expensive branded medicines in developed markets, and greater use of cheaper alternatives when loss of exclusivity occurs. (Source: *IMS HEALTH, Institute for Healthcare Informatics Global Medicines Use in 2020 dated Nov 2015. IMS Health. Copyright 2015. All rights reserved*)

Growth in spending on medicines in pharmerging markets of US$125 billion to 2020 is driven primarily by wider use of medicines. The per capita increases in volume and spending reflect the strong commitment to wider access to healthcare from government and expanded private insurance markets that many pharmerging countries are experiencing. (Source: *IMS HEALTH, Institute for Healthcare Informatics Global Medicines Use in 2020 dated Nov 2015. IMS Health. Copyright 2015. All rights reserved*)

The difference in per capita spending growth and overall spending growth over the next five years is indicative of population growth, while the overall high level of per capita spending growth reflects both access expansions and the rising mix of higher cost medicines being used in pharmerging markets. U.S. spending on medicines will reach US$560-590 billion in 2020, a 34% increase in spending over 2015 on an invoice price basis. This growth will be driven by innovation, invoice price increases (offset by off-invoice discounts and rebates) and the impact of loss of exclusivity. The top 5 European markets will spend US$180-190 billion on medicines in 2020, an increase of US$40 billion, which includes US$19.4 billion of exchange rate effects and is mostly driven by Germany and the wider adoption of specialty medicines. (Source: *IMS HEALTH, Institute for Healthcare Informatics Global Medicines Use in 2020 dated Nov 2015. IMS Health. Copyright 2015. All rights reserved*)

Greater usage of branded medicines will contribute about US$48 billion to spending growth, while invoice price increases, primarily in the U.S., will contribute US$115 billion. However, the price increases will be offset by off-invoice discounts and rebates. (Source: *IMS HEALTH, Institute for Healthcare Informatics Global Medicines Use in 2020 dated Nov 2015. IMS Health. Copyright 2015. All rights reserved*)

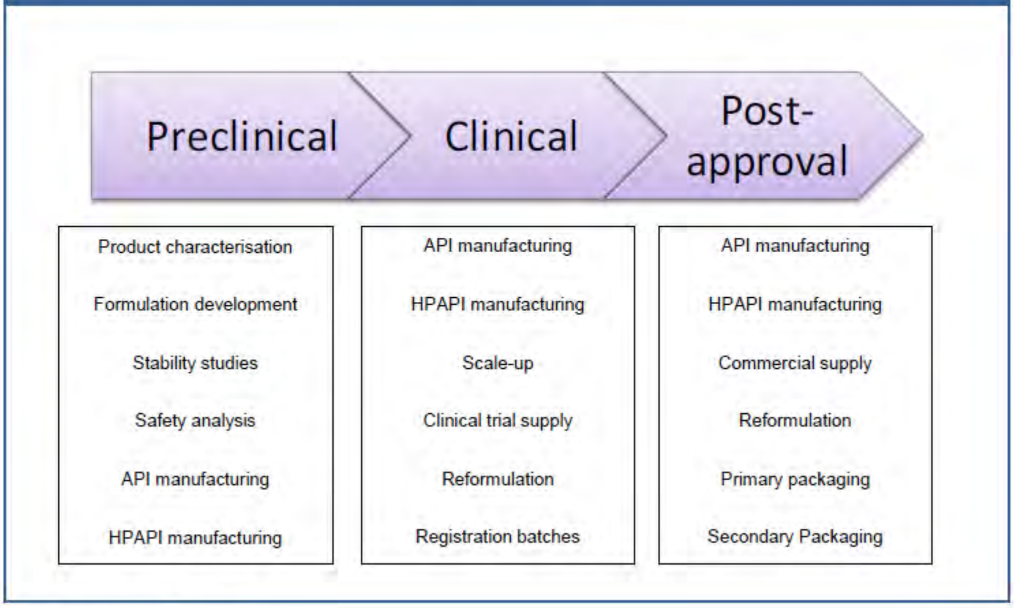
Small molecule patent expiries will have a larger impact 2016-2020 than in the prior five years and there will be an increased impact from biologics. The loss of exclusivity for branded products is expected to reduce brand spending by US$178 billion in the next five years, a larger amount than the last five years, despite the often reported cluster of patent expiries in 2011 and 2012. The exposure of brands to loss of exclusivity will be higher, at US$190 billion, over the next five years and the impact of those expiries on brand spending will be greater as biosimilars begin to have a larger impact. (Source: *IMS HEALTH, Institute for Healthcare Informatics Global Medicines Use in 2020 dated Nov 2015. IMS Health. Copyright 2015. All rights reserved*)

The Pharmaceutical Contract Manufacturing Industry

Pharmaceutical contract manufacturers, also known as contract manufacturing organizations ("**CMOs**") or contract development and manufacturing organizations ("**CDMOs**") provide manufacturing services to pharmaceutical companies on a contract basis for certain parts of their businesses, including for the manufacture of Active Pharmaceutical Ingredients ("**APIs**"), the manufacture of highly potent APIs, formulation development and analysis, and clinical and commercial supply manufacturing. (Source: *Pharmaceutical Contract Manufacturing Market 2016-2026 dated March 2016, published by VisionGain*)

CMO services can range from pre-clinical services, such as providing small amounts for pre-clinical R&D, to clinical services, such as the supply of clinical trials with drugs, to post-approval services, such as the supply of drugs for commercial purposes. (Source: *Pharmaceutical Contract Manufacturing Market 2016-2026 dated March 2016, published by VisionGain*)

Figure 2.1 Selected Services Offered by CMOs, 2016



Source: *visiongain 2016*

Originally, the pharmaceutical contract manufacturing industry was such that CMOs were short-term suppliers to pharmaceutical companies in the event that in-house resources were insufficient. In the last two decades, this sector has evolved so that CMOs are a mainstay of the industry and now provide a wide range of essential services to the pharmaceutical sector. Pharmaceutical companies are now outsourcing a wide range of manufacturing services to CMOs, such as the manufacture of small molecules and biologics for generics and branded drugs. This outsourcing of services is now a regular feature of the pharmaceutical industry along with the trend of pharmaceuticals companies acquiring smaller CMOs to make use of their services. (Source: *Pharmaceutical Contract Manufacturing Market 2016-2026 dated March 2016, published by VisionGain*)

The benefits of outsourcing in the pharmaceutical market are lower costs, access to specialized equipment and flexibility. In addition, pharmaceutical companies can also enter new sectors of the market with fewer risks and costs as CMOs can provide pharmaceutical companies with expertise on such new sectors and new regional areas of the market. (Source: *Pharmaceutical Contract Manufacturing Market 2016-2026 dated March 2016, published by VisionGain*)

Sectors

Visiongain classifies the pharma contract manufacturing industry into three sectors:

- API and intermediate manufacturing;
- Finished dose formulation ("**FDF**") manufacturing, which includes clinical and commercial manufacturing of the finished dosage form, as well as services such as lyophilisation, spray drying and aseptic filling; and
- other services, which includes pre-formulation and formulation development services, analytical testing services and regulatory consulting services.

(Source: *Pharmaceutical Contract Manufacturing Market 2016-2026 dated 8 March 2016, published by VisionGain*)

In 2014, API manufacturing accounted for the largest contribution to the pharma contract manufacturing market in terms of revenue, with total revenues of US$39.3 billion or 68.0% of the market. FDF manufacturing service revenues totalled US$16.0 billion for the same period, accounting for 27.7% of the market. (Source: *Pharmaceutical Contract Manufacturing Market 2016-2026 dated March 2016, published by VisionGain*)

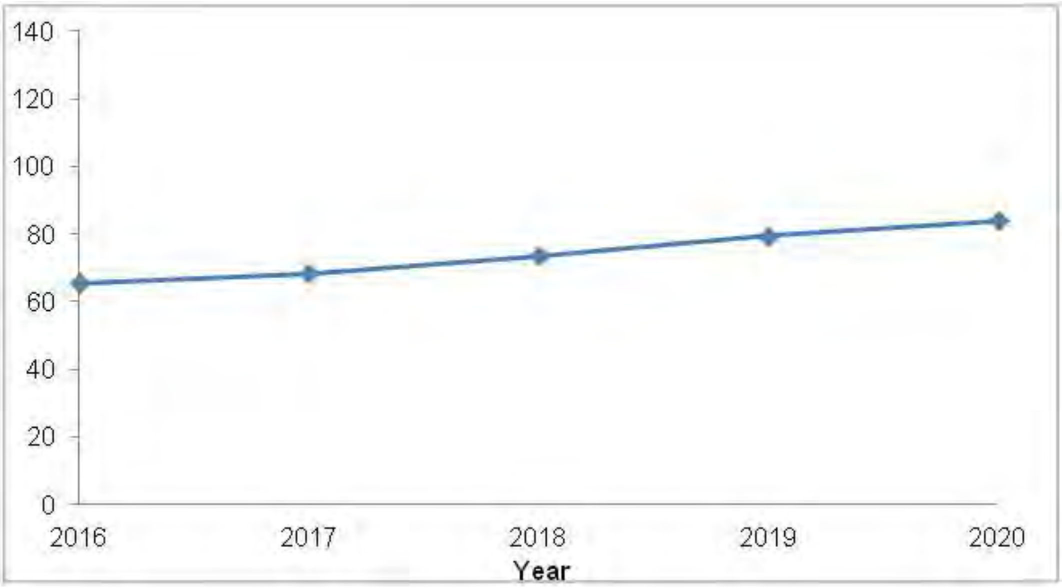
Visiongain forecasts that the API manufacturing sector will gradually lose its market share to the FDF manufacturing sector.

Market

According to Visiongain, the global pharmaceutical contract manufacturing market (in terms of revenue) amounted to US$65.3 billion in 2016 and is forecasted to increase to US$83.9 billion by 2020. (Source: *Pharmaceutical Contract Manufacturing Market 2016-2026 dated March 2016, published by VisionGain*)

The graph below shows the size of the pharmaceutical contract manufacturing market according to Visiongain for the time periods indicated.

Pharmaceutical Contract Manufacturing Market Size (US$ billion)



In 2016, demand for pharmaceuticals contract manufacturing in the developed market accounted for the greatest proportion of CMO revenues, with the United States, the European Union and Japan accounting for 73.7% of the global market. These countries are headquarters for most of the world's leading pharmaceutical companies, as well as the majority of leading CMOs, particularly in the FDF manufacturing sector. The United States accounted for the greatest share of contract manufacturing demand, with a market size of US$26.8 billion in 2016. Although it is one of the largest pharmaceuticals markets in the world, Japan has a comparatively small contract manufacturing market with a market size of US$5.0 billion in 2016. (Source: *Pharmaceutical Contract Manufacturing Market 2016-2026 dated March 2016, published by VisionGain*)

The table below shows the pharmaceutical contract manufacturing market by countries for the time periods indicated.

	2016	**2017**	**2018**	**2019**	**2020**
US (%)	40.9	40.3	39.2	38.7	38.0
EU (%)	25.1	24.9	24.8	24.7	24.5
Japan (%)	7.7	7.5	7.3	7.2	7.2
BRIC Nations (%)	16.8	17.0	17.0	17.2	17.5
Other (%)	9.5	10.3	11.6	12.2	12.9
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Growth Drivers

Visiongain has identified the following as growth drivers of the pharmaceutical contract manufacturing industry:

- rising development of biologics and biosimilars;
- increased use of generics worldwide;
- greater demand for self-administration;
- growth in clinical development pipelines;
- greater drug potency and complexity;

- growth in emerging pharmaceutical markets;
- companies focusing on core competencies; and
- increased funding for small pharmaceutical companies.

(Source: *Pharmaceutical Contract Manufacturing Market 2016-2026 dated 8 March 2016, published by VisionGain*)

Trends

Consolidation of CMOs

The pharmaceuticals contract manufacturing industry has seen a trend of CMO consolidation in previous years and Visiongain expects consolidation to continue as CMOs strive to provide a one-stop shop, offering services from API manufacturing to finished doses. (Source: *Pharmaceutical Contract Manufacturing Market 2016-2026 dated March 2016, published by VisionGain*)

According to Visiongain, the key factors leading to CMO consolidation are:

- smaller players struggling in recent years as a result of the decline in demand for outsourcing in developed markets, primarily due to the lingering impact of the global economic crisis;
- leading players are on the look out to acquire niche market players providing advanced manufacturing capabilities; and
- smaller players are consolidating amongst themselves to combine capacity and breadth of services in order to remain competitive with larger counterparts.

(Source: *Pharmaceutical Contract Manufacturing Market 2016-2026 dated March 2016, published by VisionGain*

Heightened Regulatory and Compliance

Visiongain expects global regulatory developments to continue in response to drug development and manufacturing trends. CMOs will need to keep up to date with these developments as regulatory compliance is a key deciding factor in CMO selection. While GMP compliance is high in developed markets, rates vary among emerging market CMOs. Affordability is no longer the main parameter in selecting CMOs for partnership. (Source: *Pharmaceutical Contract Manufacturing Market 2016-2026 dated March 2016, published by VisionGain*)

Therapy Segments

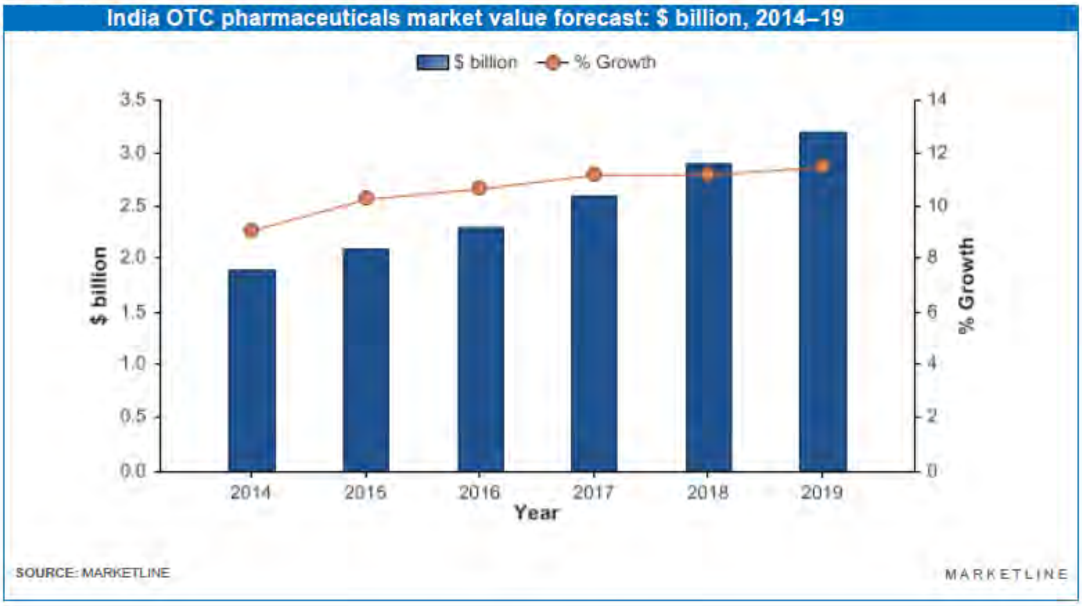
The pharmaceutical market can be divided into different therapeutic segments on the basis of application. Certain of these segments are set forth below.

Inhalation anaesthesia. The size of the global inhalation anaesthesia market, as defined by the EpMHRA ATC Guidelines 2017, is approximately US$1.1 billion in 2016. As of 2016, Sevoflurane commands a majority share in the global inhalation anaesthesia market, as defined by the EpMHRA ATC Guidelines 2017, and covers approximately 72% of the market. In 2016, the global inhalation anaesthesia market, as defined by the EpMHRA ATC Guidelines 2017, is more or less equally split between the United States, Europe and the rest of the world. The developed markets tend to dominate the market but recent trends suggest that emerging countries are increasingly using more of such products, from 30.8% in 2014 to 33.8% in 2016. (Source: *IMS HEALTH, MIDAS Database, MAT Dec 2016, IMS Health. Copyright 2016. All rights reserved*)

Sterile injectibles. The global sterile injectable market was approximately US$367 billion in 2016. The United States is the largest market for sterile injectables in 2016, contributing 40.6% of the global demand while Europe's share contributed to 23.8% for the same period. (Source: *IMS HEALTH, MIDAS Database, MAT Dec 2016, IMS Health. Copyright 2016. All rights reserved*)

The Indian OTC Pharmaceuticals Market

MarketLine forecasts the Indian OTC pharmaceuticals market to have a value of US$3.2 billion by 2019 from US$1.9 billion in 2014, an increase of 68.4% since 2014 and at CAGR of 11% during the forecasted period. MarketLine attributes India's strong growth in OTC pharmaceuticals to an expanding rural presence. Traditionally, there has been limited infrastructure outside of the big cities. As a result, expansion into the rural areas (where, according to World Bank estimates, approximately 68% of the Indian population live) permits companies to access a materially large reserve market. (Source: *OTC Pharmaceuticals in India dated September 2015, published by MarketLine*)



In comparison, MarketLine expects the Chinese and Japanese OTC pharmaceuticals markets to grow at CAGRs of 6.3% and 0.9% over the 2014 to 2019 period respectively, to reach US$24.7 billion and US$12.0 billion in 2019 from US$181 billion and US$114 billion, respectively. (Source: *OTC Pharmaceuticals in India dated September 2015, published by MarketLine*)

Category Segmentation

The over-the-counter ("**OTC**") pharmaceuticals market consists of the retail sale of:

- traditional medicines;
- cough and cold preparations, including tablets, mixtures, lozenges, topical remedies and inhalers;
- vitamins and minerals, including multi-vitamins, single minerals, single vitamins, tonics and cod liver oil;
- indigestion preparations, including tablets, powders and mixtures,
- analgesics, such as Paracetamol, Ibuprofen and Aspirin;
- medicated skin products such as anti-bacterials, acne treatments, anti-fungal treatments and disinfectants;
- topical OTC medicines, such as anaesthetic products, anti-itch products and antibiotic creams/gels;
- plasters and bandages, including adhesive bandages/plasters, first aid tape, gauze pads/rolled gauze, liquid bandages and other tape or bandage;
- first aid kits; and
- others, such as anti-smoking aids, rectal medications, eye/ear drops, sleeping aids, and motion sickness medications / remedies.

(Source: *OTC Pharmaceuticals in India dated September 2015, published by MarketLine*)

According to MarketLine, vitamins and minerals is the largest segment of the OTC pharmaceuticals market in India in 2014 and accounted for 26.7% of the market's total value, followed by traditional medicine (19.0%), cough and cold preparations (18.6%) and analgesics (14.9%). (Source: *OTC Pharmaceuticals in India dated September 2015, published by MarketLine*)

Table 2. India OTC pharmaceuticals market category segmentation: $ billion, 2014

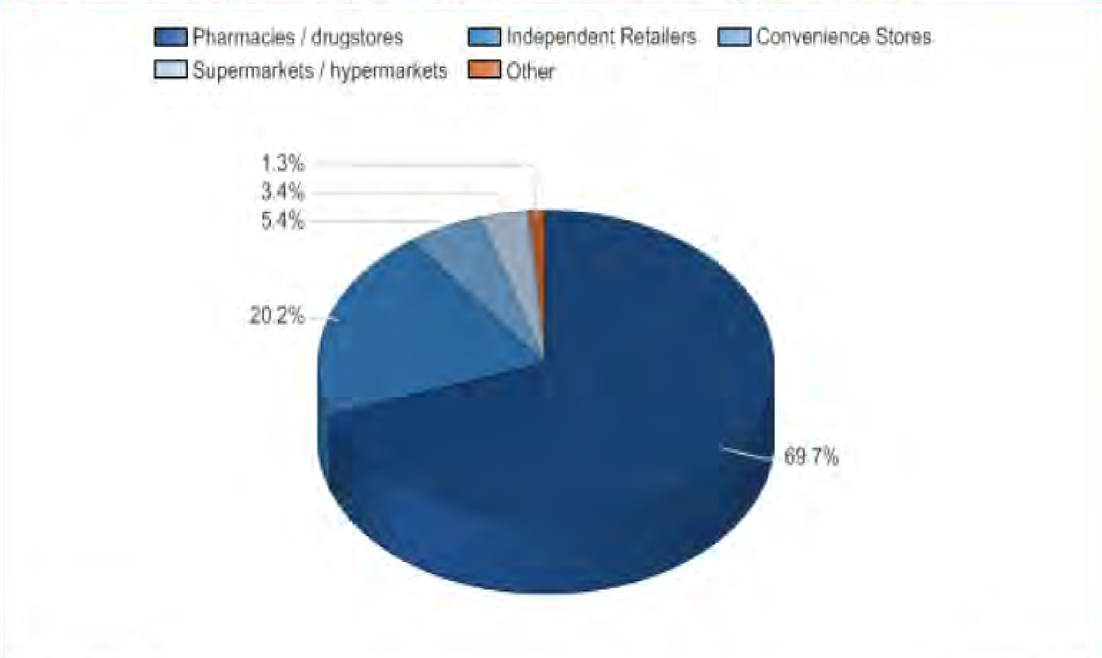
Category	2014	%
Vitamins and minerals	0.5	26.7%
Traditional medicines	0.4	19.0%
Cough and cold preparations	0.4	18.6%
Analgesics	0.3	14.9%
Indigestion preparations	0.2	9.7%
Medicated skin products	0.2	8.0%
Other	0.1	3.2%
Total	2.1	100.1%

SOURCE: MARKETLINE MARKETLINE

Distribution Channels

MarketLine identifies (i) pharmacies and drugstores, (ii) independent retailers, (iii) convenience stores, (iv) supermarkets and hypermarkets and (v) others as distribution channels in the OTC pharmaceuticals market in India. Pharmacies and drug stores are the leading distribution channels in the OTC pharmaceuticals market in India in 2014 and accounted for 69.7% of the total market's value, followed by independent retailers (20.2%) and convenience stores (5.4%). (Source: *OTC Pharmaceuticals in India dated September 2015, published by MarketLine*)

Figure 2. India OTC pharmaceuticals market distribution: % share, by value, 2014



SOURCE: MARKETLINE MARKETLINE

In this market, manufacturers can differentiate by demonstrating a drug that has a greater clinical benefit than another and also through a strong brand image. For example, GSK owns the Panadol brand (marketed as Crocin in India), which is a paracetamol-based product. Although there are other cheaper paracetamol products for sale, a strong brand has helped support Crocin sales. Sales growth has been sustained by innovation and extensions to the product. (Source: *OTC Pharmaceuticals in India dated September 2015, published by MarketLine*)

SECTION VII: LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND DEFAULTS

Our Company and our Subsidiaries are subject to various legal proceedings from time to time, mostly arising in the ordinary course of its business. Except as disclosed below, there is no outstanding litigation against our Company and its Subsidiaries including, suits, criminal or civil prosecutions and taxation related proceedings that would have a material adverse effect on our operations or financial position. Further, except as disclosed below, there is no outstanding litigation against our Company and our Subsidiaries involving issues of moral turpitude, criminal liability, material violations of statutory regulations or economic offences and no such litigation had arisen against our Company and our Subsidiaries in the preceding ten years. The aforementioned confirmations, with respect to our Subsidiaries, requiring disclosures for the preceding 10 year period, are provided with effect from the date of acquisition of such Subsidiaries. Our Company has no outstanding defaults in relation to statutory dues payable, dues payable to holders of any debentures and interest thereon, and in respect of deposits and interest thereon, defaults in repayment of loans from any bank or financial institution and interest thereon. Further, there are no outstanding litigations that may not have an impact on the future revenues of our Company, involving financial liability, to the extent quantifiable, of one percent or more of the consolidated net worth of our Company in the Fiscal 2017.

A summary of litigation and disputes that may have an impact on the future revenues involving potential financial liability, to the extent quantifiable, of one per cent or more of the consolidated revenue of our Company in the Fiscal 2017 for outstanding litigation and certain other litigation which we consider material is as follows:

Litigation involving our Company

(A) ***Matters which are pending or which have arisen in the immediately preceding ten years involving issues of moral turpitude or criminal liability on the part of our Company***

Criminal Cases

1. Loknath Ratnakar ("**Complainant**"), a former C&F agent, filed a complaint before the JMFC, Patna, against our Company, our Promoter director Ajay Piramal, our Director Vijay Shah and certain officers of our Company, for offences under the IPC including, criminal breach of trust and alleged misappropriation of funds, on the grounds that notice of termination was issued to the Complainant. Thereafter, our Company and certain Directors approached the Patna High Court to quash the proceedings before the JMFC, Patna. The matters are currently pending.

2. Loknath Ratnakar ("**Complainant**"), a former C&F agent, filed a complaint before the court of the CJM, Patna, against our Company, our Promoter director Ajay Piramal, our Director Vijay Shah and certain officers of our Company, for offences under the IPC, on the grounds that our Company took a road permit through the Complainant, however supplied products to another distributor instead of the Complainant. The matter is currently pending.

3. Drugs Inspector, Drugs Control Department, New Delhi, filed a complaint ("**Complaint**"), before the Metropolitan Magistrate, Tis Hazari Court, Delhi against our Company, our Director Vijay Shah and officers, under the Drugs and Cosmetics Act, 1940 on the ground that *Tixylix*, a children's cough '*linctus'* was not of standard quality and tested negative for *Pholcodine*. Our Company filed a petition ("**Petition**") before the Delhi High Court for quashing the Complaint. However, the Delhi High Court dismissed the Petition and remanded the matter to the trial court. Subsequently, a discharge application was filed by our Company before the Metropolitan Magistrate, Tis Hazari Court, Delhi which was dismissed. Our Company filed a revision petition ("**Revision Petition**") before the Court of District and Sessions Judge (Rohini), Delhi, and the same was transferred to the court of the Additional Sessions Judge. The matter is currently pending.

4. The State of Jharkhand (through the Medicine Inspector, Ranchi), filed two complaints, before the Sub-Divisional Judicial Magistrate ("**Magistrate**") against our Company and a C&F Agent, for offences pertaining to supply of medicines to different agents, instead of the institutions to which they were billed. Our Company filed a petition before the Ranchi High Court to quash the proceedings before the Magistrate. The Ranchi High Court passed an interim order to stay the proceedings till final orders are issued. The matters are currently pending.

5. A show cause notice was issued by the Drugs Control Department, to our Company, certain directors and officials of our Company, for violating, the provisions of the Drugs and Cosmetics Act, 1940 by manufacturing a medicine under the brand *Grogro* containing fixed dose combination of *Cyproheptadine* with Lysine or *Pepton*, a combination banned by the GoI. The State (through the Drug Inspector, Belgaum) filed a complaint before the JMFC, Belgaum against our Company, and certain officials for offences under the Drugs and Cosmetics Act, 1940. During the pendency of the case, our Company filed a petition ("**Petition**") before the Karnataka High Court to quash the proceedings before the JMFC Belgaum, and the

Karnataka High Court granted interim stay on the proceedings. Subsequently, the Karnataka High Court dismissed the Petition and the matter was remanded back to the JMFC, Belgaum. Our Company filed a special leave petition before the Supreme Court against the order of dismissal of the Petition passed by the Karnataka High Court. The Supreme Court observed that it was mandatory for the JMFC, Belgaum to comply with Section 202 of CrPC and to conduct a preliminary enquiry and accordingly remanded the matter to the trial court. The matter is currently pending before the trial court.

6. G. Srinivas Reddy ("**Complainant**"), filed a private complaint ("**Complaint**") before the Special Mobile Court cum Additional Metropolitan Magistrate, Cyberabad, against our Company for offences under the Drugs and Cosmetics Act, 1940 on the grounds that our Company's products, sold to him, have been prohibited under the notification issued by the Central Government. The JMFC, Special Mobile Court cum Metropolitan Magistrate, referred the Complaint to the Drug Inspector for investigation. The investigation report, submitted by the Drug Inspector ("**Report**") observed that the action against our Company should be dropped. The Complainant has filed a protest petition against the Report before the JMFC, Special Mobile Court cum Metropolitan Magistrate. The JMFC, Special Mobile Court cum Metropolitan Magistrate took cognizance of the case and held that the Complainant made out a *prima-facie* case and issued summons against our Company. Our Company filed a petition ("**Petition**") before the Andhra Pradesh High Court to quash the proceedings before the JMFC, Special Mobile Court cum Metropolitan Magistrate and the High Court stayed the proceedings, until the disposal of the Petition. The matters are currently pending.

7. The State of Jharkhand (through the Inspector of Drugs, Palamau) filed a case before the CJM, Palamau, against our Company, our Promoter director Ajay Piramal, our Directors, Dr. Swati Piramal, Nandini Piramal and Vijay Shah and certain officers of our Company ("**Parties Involved**"), for misbranding under the Drugs and Cosmetics Act, 1940. CJM, Palamau also passed an order to attach the property of our Company. Subsequently, the Parties Involved filed petitions before the Jharkhand High Court to quash the proceedings before the CJM, Palamau. The Jharkhand High Court passed an order with a direction that no coercive step should be taken against our Company, our Board of Directors and officers in the case pending before the CJM, Palamau. The matters are currently pending.

8. A show cause notice was issued by the Drug Inspector, (Palakkad) Kerala against our Company, certain directors and certain officers of our Company regarding the quality of one of our drugs 'STEMETIL'. The State (through the Drug Inspector (Palakkad) Kerala) filed a complaint ("**Complaint**") against our Company, certain directors and our officers before the CJM, Palakkad. Subsequently, our Company filed a petition before the Kerala High Court for quashing the Complaint and the Kerala High Court stayed all further proceedings before the CJM, Palakkad. The matters are currently pending.

9. A show cause notice was addressed by the Drug Inspector, Baramulla to the Managing Director alleging that a product '*Phenergan'* was not of standard quality. Subsequently, the Drug Inspector, Baramulla filed a case before the CJM, Sopore against the officers and the C&F Agents of our Company, for *inter alia* contravening the Drugs and Cosmetics Act, 1940. Subsequently, the matter was transferred by the CJM, Sopore to the court of the Additional Session Judge, Baramulla. The matter is currently pending.

10. A show cause notice was issued by the Drug Inspector, Vadapalani Range, Chennai ("**Inspector**") to our Company, for storing and supplying products without a valid license and contravening the Drugs and Cosmetics Act, 1940. Thereafter, the Inspector filed a case, before Metropolitan Magistrate (Saidapet) Chennai, against our Company, our Director Dr. Swati Piramal, and our distributer. Our Company filed a petition before the Madras High Court against the case filed by the Inspector and the Madras High Court after hearing the matter stayed the proceedings before the Metropolitan Magistrate (Saidapet), Chennai. The matter is currently pending.

11. A worker sustained injuries due to a fire, at our Digwal Plant and succumbed to them during the course of treatment. A Notice of Accident was sent by our Company to the Inspector of Factories, Medak District, Telengana reporting incident. The Deputy Chief Inspector of Factories ("**Inspector**"), Hyderabad sent an inspection order and show cause notice to our Director Vijay Shah and our officer for violating the Factories Act, 1948 and Andhra Pradesh Factory Rules, 1950. A response was submitted to the Inspector by our Company. The Telangana State (represented by the Assistant Inspector of Factories), filed a complaint before the JMFC, Zaheerabad, Medak District, ("**Magistrate**") against our Director Vijay Shah (as an 'occupier' of the factory) and our officer ("**Accused**") under various provisions of the Factories Act and the Magistrate issued summons to the Accused. A petition to quash the proceedings before the Magistrate was filed before the Andhra Pradesh and Telangana High Court. The matters are currently pending.

12. Two workers sustained burn injuries due to a fire at our Ennore Plant and one of them succumbed to them during the course of treatment. Our Company and our factory manager issued letters to the Joint Director, Industrial Safety and Health, Tiruvallur ("**JD**") informing the JD about the incident. An incident investigation report and a death intimation letter was also submitted to the JD. Subsequently, a show cause notice was

issued to our Director Vijay Shah (as an ‘occupier’ of the factory) and our factory manager. Incident Intimation Letters sent by our Company were forwarded to the Dy. Commissioner Labor Office by the JD. A compensation for the deceased contract personnel of ₹0.65 million was deposited with the Dy. Commissioner of Labor by our Company. The Factory Inspector filed a complaint before the CJM, Tiruvallur against our Director Vijay Shah and our officer and summons were issued by the CJM against our Director Vijay Shah and our officer. Criminal petitions were filed before the Madras High Court to quash the proceedings against or Director, Vijay Shah and our officer and the High Court passed interim stays against the proceedings before the CJM. The matters are currently pending.

13. The Local Health Authority, Ahmadabad Municipal Corporation informed our Company that the Public Analyst via his report concluded that one of our products, ‘*Nicoveg Atta Premix’* contained 1.15/100 gram less Folic Acid than what was disclosed on the packaging. A complaint was filed by the Food Inspector, Ahmadabad Municipal Corporation before the Metropolitan Magistrate against *inter alia* our Company and our officer, for misbranding under the Prevention of Food Adulteration Act, 1954. The matter is currently pending.

14. Two show cause notices (the "**Notices**") were issued by the Joint Commissioner (KD) & Licensing Authority, Food and Drug Administration, Maharashtra to our Company alleging a violation of the Drugs and Cosmetics Act, 1940 as a batch of ‘*Supradyn’* Tablets was not of standard quality. Our Company has responded to the Notices. The matter is currently pending.

The matters at serial no.s (3) to (9) above are matters involving business of our Company which was sold to Abbott Healthcare Private Limited in 2010.

Criminal cases arisen in the preceeding 10 years

1. The Food Inspector, Nadiad had filed a complaint before JMFC, Nadiad against *inter alia* our Company our Promoter director Ajay Piramal, Vijay Shah and our then existing directors. ("**Parties Involved**"), under the Prevention of Food Adulteration Act, 1954 read with Prevention of Food Adulteration Rules, 1955 alleging that a dietary supplement capsule ‘*Rejoint’* was adulterated and misbranded. Our Company filed a criminal miscellaneous petition to quash the proceedings before the JMFC, Nadiad against the Parties Involved before the Gujarat High Court. The quashing petition was allowed and the proceedings against the Parties Involved were quashed. The matter is not pending.

2. The Inspector, Security Guards Board for Greater Bombay and Thane District ("**Complainant**") had filed a criminal complaint before the Additional Chief Metropolitan Majistrate, 38th Court, Ballard Estate, Mumbai against our Company, our Promoter director Ajay Piramal and other officers of our Company, for employing security guards at a branch office other than security guards allotted by the Security Guards Board in violation of the Private Security Guards (Regulation of Employment & Welfare) Scheme, 2002 ("**Complaint**"). The Complaint was dismissed for want of prosecution. The matter is not pending.

3. The Inspector of Factories, Thiruvotriyur filed a complaint ("**Complaint**") before the CJM, Thiruvallur against N. Santhanam as an ‘occupier’ of the factory) for installation of bromine storage tank and sodium thio Sulphate Solution tank without approval from chief inspector of factories and for failure to take approval for involvement in the production process of the bromine tank and production vessels, in violation of the Factories Act, 1948. During the pendency of the proceedings, the additional public prosecutor filed a petition under section 321 of the CrPC to withdraw the Complaint pursuant to which N. Santhanam was discharged. The matter is not pending.

4. The Inspector of Factories, Thiruvotriyur filed a complaint ("**Complaint**") before the CJM, Thiruvallur against N. Santhanam (as an ‘occupier’ of the factory), for violating various provisions of the Factories Act, 1948 *inter alia* for failure in appointment of a qualified full time medical office; failure in conducting medical examination for all workers who work on dangerous process and for failure to have an onsite emergency plan to control chemical sustances that may cause disaster in case of accident at factory. During the pendency of the proceedings, the additional public prosecutor filed a petition under section 321 of the CrPC to withdraw the Complaint pursuant to which N. Santhanam was discharged. The matter is not pending.

5. The Inspector of drugs, Birbhum filed a complaint before the CJM 3rd Court, Birbhum against *inter alia* our Company ("**Complaint**") on the ground that our Company had charged higher prices for certain drugs in violation of the Drugs and Consmetics Act, 1940 and the Drugs (Prices) Control Order, 1955 and the Essential Commodities Act, 1955. Due to lack of any cogent documentary evidence the CJM, Birbhum dismissed the Complaint. The matter is not pending.

6. A fire broke out in the cold storage room due to a short circuit in our Ennore Plant. Subsequently, the Joint Director of Industrial Safely and Health issued show cause notices and filed a case before the CJM,

Thiruvallur against *inter alia* Vijay Shah (as an 'occupier' of the factory) and one of our officer ("**Complaint**"). Our Company submitted its responses to the Director, Industrial Safely and Health. The Complaint was subsequently withdrawn through an order issued by the CJM, Thiruvallur. The matter is not pending.

(B) ***Tax Proceedings***

Direct Taxes

1. Our Company has received an order passed by the Dispute Resolution Panel ("**DRP**"), Mumbai on the objections filed before the DRP against the draft assessment order ("**Draft Assessment Order**") passed by the DCIT, Mumbai in relation to assessment year 2013-14. The DCIT, Mumbai had issued a scrutiny assessment notice to our Company under Section 143(2) of the Income Tax Act. The DCIT also made a reference as regards transfer pricing to the Transfer Pricing Officer (the "**TPO**"). The TPO passed an order ("**TPO Order**") wherein an adjustment of an amount of ₹132.5 million was made to the international transactions of our Company in respect of determination of arm's length price. Further, the DCIT in the Draft Assessment order, had disallowed *inter alia*, either whole or in part, (i) deduction of software expenses on the contention that they are capital in nature; (ii) contention of our Company of treating exchange gain on discounting of certain receivables on capital account as capital in nature; (iii) depreciation on computer software (iv) expenses under the head advertisement and business promotion; and (v) transfer pricing adjustment on account of guarantee commission. Although the DRP has disposed off the matter, primarily upholding the Draft Assessment Order it has reduced the amount of disallowance on net exchange gain on discounting of certain receivables. The DCIT, Mumbai will now pass a final assessment order based on the directions of the DRP. The amount involved in the matter is ₹341 million. The matter is currently pending.

2. Our Company has filed an appeal before the ITAT, Mumbai against the assessment order ("**Assessment Order**") passed by the DCIT, Mumbai in relation to assessment year 2011-12. DCIT, Mumbai had issued a scrutiny assessment notice to our Company under Section 143(2) of the Income Tax Act. Since the assessment of our Company also involved transfer pricing scrutiny, a reference as regards transfer pricing was also made by the DCIT to the Transfer Pricing Officer ("**TPO**"). The TPO passed an order ("**TPO Order**") wherein an adjustment of an amount of ₹142.2 million was made to the international transactions of our Company in respect of determination of arm's length price. Further the DCIT, Mumbai passed a Draft Assessment Order against which our Company preferred an appeal before the Dispute Resolution Panel, Mumbai ("**DRP**"), which was disposed off by the DRP, primarily upholding the Draft Assessment Order. The DCIT, Mumbai passed a Final Assessment Order based on the directions given by the DRP disallowing *inter alia*, either whole or in part, (i) deduction of software expenses on the contention that they are capital in nature; (ii) expenses under the head of advertisement and Business promotion (iii) weighted portion of 'research and development' expenditure claimed as a deduction under Section 35(2AB) of the Income Tax Act; (iv) depreciation on computer software; (v) deductions under Section 80IC of the Income Tax Act; (vi) transfer pricing adjustment on account of guarantee fees; and (vii) expenses incurred to earn exempt income under Section 14A of the Income tax Act. The DCIT, Mumbai issued a notice of demand ("**Notice of Demand**") to our Company under Section 156 of the Income Tax Act demanding an amount of ₹763.36 million. The Notice of Demand was rectified and a fresh tax demand was made and the amount involved in the matter is of ₹1,384.21 million was made. Accordingly, our Company has preferred the aforesaid appeal before the ITAT, Mumbai. The matter is currently pending.

3. Our Company has filed an appeal before the ITAT, Mumbai against the assessment order ("**Assessment Order**") passed by the ACIT, Mumbai in relation to assessment year 2010-11. ACIT, Mumbai had issued a scrutiny assessment notice to our Company under Section 143(2) of the Income Tax Act. Since the assessment of our Company also involved transfer pricing scrutiny, a reference as regards transfer pricing was also made by the ACIT to the Transfer Pricing Officer ("**TPO**"). The TPO passed an assessment order ("**TPO Order**") wherein an adjustment of an amount of ₹241.66 million was made to the international transactions of our Company in respect of determination of arm's length price. Further, the ACIT, Mumbai passed a Draft Assessment Order against which our Company preferred an appeal before the Dispute Resolution Panel, Mumbai ("**DRP**"), which was disposed off by the DRP, primarily upholding the Draft Assessment Order. The ACIT, Mumbai passed a Final Assessment Order based on the directions given by the DRP disallowing *inter alia*, either whole or in part, (i) deduction for software expenses on the contention that it is capital in nature; (ii) corporate service charges and royalty paid to Piramal Corporate Services Limited; (iii) weighted portion of 'research and development' expenditure claimed as a deduction under Section 35(2AB) of the Income Tax Act; (iv) depreciation on computer software and v) disallowance of deduction under Section 80IC of the Income Tax Act; (vi) expenses incurred to earn exempt income under Section 14A of the Income tax Act and (vii) transfer pricing adjustment on account of guarantee commission. The ACIT, Mumbai issued the notice of demand on our Company under Section 156 of the Income Tax Act and the amount involved in

the matter is ₹1,578.18 million. Accordingly, our Company has preferred the aforesaid appeal before the ITAT, Mumbai. The matter is currently pending.

4. Our Company has filed an appeal before the ITAT, Mumbai against the assessment order ("**Assessment Order**") passed by the DCIT, Mumbai in relation to assessment year 2009-10. The DCIT, Mumbai had issued a scrutiny assessment notice to our Company under Section 143(2) of the Income Tax Act. Since the assessment of our Company also involved transfer pricing scrutiny, a reference as regards transfer pricing was also made by the DCIT to the Transfer Pricing Officer ("**TPO**"). The TPO passed an order ("**TPO Order**") wherein an adjustment of an amount of ₹ 188.76 million was made to the international transactions of our Company in respect of determination of arm's length price. Further, the DCIT, Mumbai passed a Draft Assessment Order against which our Company preferred an appeal before the Dispute Resolution Panel, Mumbai ("**DRP**"), which was disposed off by the DRP, primarily upholding the Draft Assessment Order. The DCIT, Mumbai passed a Final Assessment Order based on the directions given by the DRP disallowing, *inter alia*, either whole or in part (i) deduction for software expenses on the contention that it is capital in nature; (ii) weighted portion of 'research and development' expenditure claimed as a deduction under Section 35(2AB) of the Income Tax Act; (iii) deduction under Section 80IC of the Income tax Act, Adjustment made by TPO; (iv) expenses on advertisement and business promotion expenses; (v) expenses incurred to earn exempt income under Section 14A of the Income tax Act and (vi) transfer pricing adjustment on account of guarantee commission. The DCIT, Mumbai issued the notice of demand to our Company under Section 156 of the Income Tax Act and the amount involved in the matter is ₹1,255.29 million. Accordingly, our Company has preferred the aforesaid appeal before the ITAT, Mumbai. The matter is currently pending.

5. Our Company has filed an appeal before the ITAT Mumbai, against the order passed by the CIT (Appeals), Mumbai in relation to assessment year 2008-2009. ACIT, Mumbai had issued a scrutiny assessment notice to our Company under Section 143(2) of the Income Tax Act. Since the assessment of our Company also involved transfer pricing scrutiny, a reference as regards transfer pricing was also made by the ACIT to the Transfer Pricing Officer (the "**TPO**"). The TPO passed an order ("**TPO Order**") wherein an adjustment of an amount of ₹96.9 million was made to the international transactions of our Company in respect of determination of arm's length price. Subsequent to completion of scrutiny assessment, the ACIT, Mumbai passed the Assessment Order disallowing *inter alia*, either whole or in part, (i) deduction for software expenses on the contention that it is capital in nature ; (ii) weighted portion of 'research and development' expenditure claimed as a deduction under Section 35(2AB) of the Income Tax Act; (iii) expenses under Section 40(a)(ia) for non-deduction of TDS as per TDS Order passed under Section 201(1)/201(1A) of the Income tax Act; (iv) deduction under Section 80IC of the Income tax Act; (v) expenses incurred to earn exempt income under Section 14A of the Income tax Act and (vi) transfer pricing adjustment on account of guarantee commission. The ACIT, Mumbai issued the notice of demand to our Company under Section 156 of the Income Tax Act and the amount involved in the matter is ₹2,100.1 million. On appeal, the CIT (Appeals) partly allowed the appeal ("**CIT (A) Order**"). Pursuant to giving effect to the CIT(A) Order, the DCIT, Mumbai issued a revised notice of demand of ₹1,192.9 million to our Company under Section 156 of the Income Tax Act ("**Revised Demand Notice**"). Accordingly, our Company has preferred the aforesaid appeal before the ITAT, Mumbai. Our Company has also filed a rectification application before the DCIT, Mumbai for rectification of the Revised Demand Notice. The matter is currently pending.

Indirect Taxes

Our Company received a show cause-cum-demand notice ("**Notice**") from the Principal Commissioner of Service Tax, Mumbai, ("**Commissioner**") demanding an amount of ₹ 6,268.40 million for non - payment of service tax in relation to the business transfer agreement for the sale of the domestic formulation business, signed between our Company and Abbott Healthcare Private Limited ("**AHPL**"). From the point of view of taxability of service tax, the Commissioner identified, *inter alia* the following issues (i) transfer of intellectual property rights by our Company to AHPL, (ii) non - solicitation and non – competition to be observed by our Company, (iii) transfer of exclusive purchase and distribution rights by our Company to AHPL. Our Company has filed its reply to the Notice. The matter is currently pending. Under the business transfer agreement dated May 21, 2010 entered into between AHPL and our Company, the liability arising in relation to indirect taxes is required to be borne by AHPL.

(C) *Matters which are pending or which have arisen in the immediately preceding ten years involving material violations of statutory regulations by our Company*

1. The CCI under sub-section (1) of Section 20 of the Competition Act, had initiated a suo motu inquiry against our Company for not notifying the CCI of a combination, arising as a result of the acquisition of: (a) 9.96% stake in Shriram Transport Finance Company from the stock exchange by way of a contract note; (b) 20% equity stake (directly and indirectly) in Shriram Capital Limited, pursuant to the execution of a collaboration agreement; and (c) 9.99% stake in Shriram City Union Finance Limited, pursuant to a preferential allotment

by our Company. Subsequently, on the direction of the CCI, our Company filed Form-II in terms of the provisions of the Competition Act. The CCI approved the combination and imposed a penalty of ₹50 million ("**CCI Order**") on failure of our Company to notify the CCI. Our Company filed an appeal against the CCI Order before the Competition Appellate Tribunal, which upheld the penalty of ₹50 million imposed by the CCI.

2. Jyoti Bhatia ("**Complainant**") filed a complaint with the SCORES (SEBI Complaint Redress System) on April 10, 2015 alleging non receipt of bonus shares on 400 equity shares purchased by the Complainant's father in 1992 ("**Complaint**"). SEBI issued a show cause notice ("**SCN**") to our Company under the Securities and Exchange Board of India (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officers) Rules, 1995 for alleged failure of our Company to address the pending investor grievance within the prescribed time. The Complaint was withdrawn on account of procedural infirmity and SEBI consequently withdrew the SCN. The Complainant had also approached the National Company Law Tribunal ("**NCLT**"), Mumbai Bench, against our Company under Section 111A of the Companies Act, 1956 claiming 200 bonus shares of our Company and consequential benefits attached therein. The matter before the NCLT is currently pending.

3. Our Company has filed an appeal before the Securities Appellate Tribunal, Mumbai against the order of SEBI ("**SEBI Order**") in relation to violation of Insider Trading Regulations. SEBI had issued a show cause notice against our Company, Promoter director Ajay Piramal, our Directors Dr. Swati Piramal and Nandini Piramal and our officials ("**Parties Involved**") for *inter alia* the alleged violation of model code of conduct for the Insider Trading Regulations read with regulation 12(3) of the Insider Trading Regulations. It was alleged that the Parties Involved, *inter alia* mishandled unpublished price sensitive information pertaining to the sale of domestic healthcare formulation business by our Company to Abbott Healthcare Private Limited and failed to close the trading window in accordance with the Insider Trading Regulations. The Parties Involved filed their written submissions before the Adjudicating Officer and appeared for a personal hearing. SEBI passed an order dated October 3, 2016 imposing a 'joint and several penalty' of ₹ 0.6 million on our Company, our Promoter and certain directors. Accordingly, separate appeals are filed before the Securities Appellate Tribunal, Mumbai. N. Santhanam, the former compliance officer of our Company, has filed a settlement application, for a full and final settlement of aforementioned proceedings pending against him before the DGM-Settlement Division, SEBI. The matter is currently pending.

(D) ***Cases filed by our Company***

Criminal Cases filed by our Company

1. Our Company filed a complaint before the Additional Commissioner of Police, Economic Offenses Wing, Mumbai under various sections of IPC for offences of *inter alia* cheating, forgery, falsification of accounts, criminal breach of trust and misappropriation against an ex-employee of Boots Piramal Healthcare Pvt. Ltd. ("**Accused**"). The Accused had filed an application for anticipatory bail before the Court of Sessions for Greater Bombay and was granted bail with a direction ("**Order**") that the Accused should make a formal application for bail before the appropriate Magistrate's Court. The Accused filed a writ petition before the Bombay High Court against the aforesaid Order, and the High Court extended the period of anticipatory bail for a week, after which the Accused could move the application for regular bail. Subsequently, the Accused was granted regular bail by the Court of Sessions for Greater Bombay. The matter is currently pending.

2. Our Company filed a complaint before the CJM, Patna against Varma Medical Agency ("**Accused**") for *inter alia* cheating, fraud and other offences under the IPC. The matter is pending.

3. Our Company filed a first information report with the Solan Police Station, against Varsha Inc. Pharma ("**Accused**") for manufacturing counterfeit tablets and passing them off as the brand of 'Saridon' and subsequently, on the basis of the complaint filed by our Company, the police seized the tablets and wrappers of the Accused. Subsequently, the Accused filed an application before the Judicial Magistrate, Solan for release of the seized tablets and wrappers, however, after hearing the parties the Judicial Magistrate, Solan refused to release the seized tablets and wrappers. Aggrieved by the order of the Judicial Magistrate, Solan the Accused filed an appeal/revision before the Sessions Judge, Solan. The said appeal/revision application was dismissed by the Sessions Judge, Solan. The matter is currently pending.

4. Our Company filed a complaint before the Deputy Commissioner of Police and a first information report before the Parksite Police Station against a former Chief Manager for Animal Nutrition Health and Human Nutrition Health divisions ("**Accused**") for misappropriating our Company's funds. On instructions of the Accused, forged invoices of our Company and Bio Pharma, a bogus company were made, and were not accounted for. The Accused filed an application for anticipatory bail before the Court of Sessions for Greater Mumbai, and the same was rejected by the Sessions Judge. Subsequently, the Accused filed an anticipatory bail application before the Bombay High Court, which passed an order ("**Order**") rejecting anticipatory bail.

The Accused filed a special leave petition before the Supreme Court against the Order which was dismissed. The matter is currently pending.

5. There are 84 criminal complaints filed by our Company before various forums in relation to dishonour of cheques under Section 138 of the Negotiable Instruments Act, 1881. The matters are currently pending.

(E) ***Action initiated by SEBI against the entities operating in the Securities Market with which Directors are associated***

1. One of our directors, Deepak Satwalekar is also a director in Franklin Templeton Mutual Fund. SEBI vide an adjudication order levied a total penalty of ₹1 million on Franklin Templeton Mutual Fund, Franklin Templeton Trustee Services Private Limited and Franklin Templeton Asset Management (I) Private Limited for the violation of SEBI Circular MFD/CIR/15/19133/2002 dated September 30, 2002 read with Regulation 10(a) of SEBI (Mutual Funds) Regulations 1996 and Regulation 25(18) of SEBI (Mutual Funds) Regulations, 1996. The penalty was paid by the AMC and the matter is not currently pending.

2. One of our directors Keki Dadiseth was a directors of Hindustan Unilever Limited ("**HUL**") between 1987 and 2000. SEBI vide an adjudication order in the year 1996 held HUL and five of its then directors including Keki Dadiseth, guilty of violation of insider trading regulations ("**SEBI Order**"). HUL filed an appeal before the appellate authority against the SEBI Order, and the appellate authority reversed the SEBI Order and exonerated HUL and its then directors ("**AA Order**"). SEBI has filed a writ challenging the AA Order before the Bombay High Court. The matter is currently pending

(F) ***Litigation involving our Subsidiaries***

a. Litigation involving PFL

Cases filed by PFL

Piramal Finance Limited ("**PFL**"), our subsidiary, filed an execution application ("**Execution Application**") against Saraswati Education Society ("**SES**") and its Trustees ("**Defendants**") before the Bombay High Court. The Execution Application is in relation to a suit against the Defendants for recovery of dues of ₹623 million along with interest ("**Injunction Suit**"). PFL and SES had come to the settlement and consent terms were filed before the Bombay High Court and an award was passed ("**Consent Award**"). As per Consent Award, the Trust was supposed to pay a sum of ₹768 million in multiple installments to PFL. The Consent Award stated that in the event there is a default in even in a single installment, the same will be termed as an event of default. The Defendant defaulted in its 3rd installment and accordingly PFL has filed the aforesaid Execution Application, requesting sale of all the properties mortgaged to it and recovery of money agreed upon. Pending disposal of the Execution Application, the Bombay High Court appointed a receiver to take over the possession of all immovable properties of the Defendants and passed an order *inter alia* restraining the Defendants from selling, transferring or disposing of property in any manner whatsoever. The amount involved in the matter is ₹ 623 million. The matter is currently pending.

b. Litigation involving Piramal Swasthya Management and Research Institute ("Piramal Swasthya")

Cases filed against Piramal Swasthya

Piramal Swasthya, has filed an appeal before the division bench of the Hyderabad High Court for the state of Telengana and Andhra Pradesh ("**Division Bench**") to set aside the order passed by the Single Judge of the Hyderabad High Court for the state of Telengana and Andhra Pradesh ("**Single Bench Order**"). The Single Bench Order had set aside a service level agreement, which was awarded to Piramal Swasthya by the State of Andhra Pradesh, on the grounds that the State of Andhra Pradesh did not have the necessary authority to award the tender works and that the bid documents submitted by Piramal Swasthya did not qualify for consideration by the tender committee. Piramal Swasthya alleged that *inter alia* there was no infirmity in the bids documents submitted by Piramal Swasthya and the process employed to award the bid to PSM was fair and transparent. The Single Bench Order was suspended vide an interim order by the Division Bench. The matter is currently pending.

GOVERNMENT AND OTHER APPROVALS

Our Company and the Material Subsidiaries are required to comply with the provisions of various laws and regulations and obtain registrations or approvals under them for conducting their operations. These include consents to establish and operate, contract labour license for employment of contract labour at various project sites, environmental clearances, factory licenses, boiler licenses and other applicable approvals. The requirement for such approvals for a particular project may vary based on factors such as activity being carried out at the project, legal requirement in the state in which the project is situated and stage of development of the project. Further, our obligation to obtain and renew such approvals arises periodically and applications for such approvals are made at the appropriate stage.

Our Company and the Material Subsidiaries have obtained necessary consents, licenses, permissions and approvals from the governmental and regulatory authorities that are required for carrying on our present business. In the event, some of the approvals and licenses that are required for our business operations expire in the ordinary course of business, we shall apply for their renewal.

Except as set out below, there are no pending applications made by our Company and the Material Subsidiaries for obtaining fresh approvals or renewal of approvals which have expired:

Company

Facility situated at Mumbai

1. Two applications made to Directorate of the Steam Boilers, Maharashtra for renewal of certificate dated October 25, 2016 granted to our Company for the use of the boiler having boiler rating 78 square meter.

Material Subsidiaries

1. Application dated July 9, 2017 to the concerned authority, for transfer of marketing authroization (for Sevoflurane 100% inhalation vapour, liquid) from Piramal Healthcare UK Limited to Piramal Critical Care Limited.

2. Application dated July 21, 2017 to the concerned authority, for transfer of Polish marketing authroization (for Iso-Vet 1000 mg/g) from Piramal Healthcare UK Limited to Piramal Critical Care Limited.

3. Application dated July 27, 2017 to the concerned authority, for transfer of Greece marketing authroization (for Iso-Vet 1000 mg/g inhalation vapour, liquid) from Piramal Healthcare UK Limited to Piramal Critical Care Limited.

4. Application dated June 28, 2017 to the concerned authority, for transfer of Spanish marketing authroization (for Iso-Vet 1000 mg/g inhalation vapour, liquid) from Piramal Healthcare UK Limited to Piramal Critical Care Limited.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Issue has been authorised by a resolution of the Board of Directors passed at its meeting held on October 12, 2017, pursuant to Section 62(1) (a) of the Companies Act, 2013. The Issue Price is ₹ 2,380 per Equity Share and has been arrived at prior to determination of the Record Date.

Our Company has received in-principle approvals from BSE and NSE for listing of the Equity Shares to be allotted in the Issue pursuant to letters dated [●], 2017 and [●], 2017, respectively.

RBI Letter with respect to renunciation

Our Company proposes to apply to the RBI for seeking approval for renunciation of the Rights Entitlement by (a) an Equity Shareholder resident in India, in favour of any person resident outside India (other than OCBs); (b) an Equity Shareholder resident outside India (other than OCBs), in favour of any person resident in India; and (c) an Equity Shareholder resident outside India (other than OCBs), in favour of any other person resident outside India (other than OCBs). In case our Company does not receive such approval, the renouncer / renouncee is required to obtain such approval and attach to the CAF. All such renunciations shall be subject to any conditions that may be specified in the RBI approval. Applications not complying with conditions of the approval/ not accompanied by such approvals are liable to be rejected. In the above cases, our Company shall ensure that the Equity Shares will not be allotted at a price that is lower than the price at which Equity Shares are allotted/ issued to resident Indians.

Any renunciation: (i) from resident Indian Equity Shareholder(s) to non-resident(s); (ii) from non-resident Shareholder(s) to resident Indian(s); or (iii) from a non-resident Shareholder(s) to other non-resident(s), and subscription of Equity Shares by such renouncee are subject to the renouncer(s)/ renouncee(s) obtaining the requisite regulatory approvals and such requisite approvals should be attached to the CAF or SAF. In case of applications which are not accompanied by the aforesaid approvals, the Board reserves the right to reject such application.

Prohibition by SEBI or Other Governmental Authorities

Our Company, the Promoter, the members of the Promoter Group, the Directors, the persons in control of our Company and persons in control of Promoter have not been prohibited from accessing or operating the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI or any other regulatory or governmental authority.

The companies with which the Promoter, the Directors or the persons in control of our Company are or were associated as promoters, directors or persons in control have not been debarred from accessing the capital market under any order or direction passed by SEBI or any other regulatory or governmental authority.

Actions initiated by SEBI against the entities operating in the securities market with which the Directors are associated

Keki Dadiseth and Deepak Satwalekar are associated with securities market. Other than those disclosed in "*Outstanding Litigation and Defaults - Action initiated by SEBI against the entities operating in the Securities Market with which Directors are associated*" on page 366, no action has been initiated by SEBI against the entities operating in the securities market with which the Directors are associated.

Prohibition by RBI

None of our Company, the Promoter, or the members of the Promoter Group and relatives (as per Companies Act, 2013) of Promoter or the Group Companies have been identified as Wilful Defaulters.

Eligibility for the Issue

Our Company is a listed company and has been incorporated under the Indian Companies Act, 1913. The Equity Shares of our Company are presently listed on the Stock Exchanges. This Issue is being undertaken in terms of Chapter IV of the SEBI Regulations.

Compliance with Regulation 4(2) of the SEBI Regulations

Our Company is in compliance with the conditions specified in Regulation 4(2) of the SEBI Regulations, to the extent applicable.

Compliance with Part E of Schedule VIII of the SEBI Regulations

Our Company is in compliance with the provisions specified in Clause (1) of Part E of Schedule VIII of the SEBI Regulations as explained below:

(a) Our Company has been filing periodic reports, statements and information in compliance with the listing agreement and the SEBI Listing Regulations, to the extent applicable, for the last three years immediately preceding the date of filing of this Draft Letter of Offer with the Designated Stock Exchange.

(b) The reports, statements and information referred to in sub-clause (a) above are available on the website of BSE and NSE or on a common e-filing platform specified by SEBI.

(c) Our Company has an investor grievance mechanism which includes meeting of the Stakeholders' Relationship Committee at frequent intervals, appropriate delegation of power by the Board of Directors as regards share transfer and clearly laid down systems and procedures for timely and satisfactory redressal of investor grievances.

As our Company satisfies the conditions specified in Clause (1) of Part E of Schedule VIII of SEBI Regulations, disclosures in this Draft Letter of Offer have been made in terms of Clause (5) of Part E of Schedule VIII of the SEBI Regulations.

DISCLAIMER CLAUSE OF SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE SUBMISSION OF THE DRAFT LETTER OF OFFER TO SEBI SHOULD NOT, IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE, OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT LETTER OF OFFER. THE LEAD MANAGER, KOTAK MAHINDRA CAPITAL COMPANY LIMITED, HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT LETTER OF OFFER ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT LETTER OF OFFER, THE LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MANAGER, KOTAK MAHINDRA CAPITAL COMPANY LIMITED, HAS FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED NOVEMBER 7, 2017, WHICH READS AS FOLLOWS:

(1) WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THE DRAFT LETTER OF OFFER PERTAINING TO THE ISSUE;

(2) ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH OUR COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY OUR COMPANY, WE CONFIRM THAT:

(a) THE DRAFT LETTER OF OFFER FILED WITH SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;

(b) ALL THE LEGAL REQUIREMENTS RELATING TO THE ISSUE AS ALSO THE REGULATIONS, GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ISSUED BY SEBI, THE GOVERNMENT OF INDIA AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND

(c) THE DISCLOSURES MADE IN THE DRAFT LETTER OF OFFER ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 2013, TO THE EXTENT APPLICABLE, SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF

CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.

(3) **WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT LETTER OF OFFER ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATION IS VALID.**

(4) **WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS – NOT APPLICABLE.**

(5) **WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTER HAS BEEN OBTAINED FOR INCLUSION OF ITS SPECIFIED SECURITIES AS PART OF PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED / SOLD / TRANSFERRED BY THE PROMOTER DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT LETTER OF OFFER WITH SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT LETTER OF OFFER – NOT APPLICABLE.**

(6) **WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE DRAFT LETTER OF OFFER – NOT APPLICABLE**

(7) **WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO SEBI. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO OUR COMPANY ALONG WITH THE PROCEEDS OF THE ISSUE – NOT APPLICABLE**

(8) **WE CERTIFY THAT THE PROPOSED ACTIVITIES OF OUR COMPANY FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF OUR COMPANY AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.**

(9) **WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 40 OF THE COMPANIES ACT, 2013 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE DRAFT LETTER OF OFFER. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND OUR COMPANY SPECIFICALLY CONTAINS THIS CONDITION - NOT APPLICABLE FOR A RIGHTS ISSUE. TRANSFER OF MONIES RECEIVED PURSUANT TO THE ISSUE SHALL BE RELEASED TO OUR COMPANY AFTER FINALISATION OF THE BASIS OF ALLOTMENT IN COMPLIANCE WITH REGULATION 56 OF THE SEBI REGULATIONS.**

(10) **WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT LETTER OF OFFER THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE EQUITY SHARES, IN DEMAT OR PHYSICAL MODE.**

(11) **WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.**

(12) **WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT LETTER OF OFFER:**

(a) **AN UNDERTAKING FROM OUR COMPANY THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF OUR COMPANY AND**

(b) **AN UNDERTAKING FROM OUR COMPANY THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY SEBI FROM TIME TO TIME.**

(13) **WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE – NOTED FOR COMPLIANCE.**

(14) **WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OR THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS EXPERIENCE, ETC**.

(15) **WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT LETTER OF OFFER WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.**

(16) **WE ENCLOSE STATEMENT ON 'PRICE INFORMATION OF PAST ISSUES HANDLED BY LEAD MANAGER (WHO IS RESPONSIBLE FOR PRICING THIS ISSUE)', AS PER FORMAT SPECIFIED BY SEBI THROUGH CIRCULAR DATED SEPTEMBER 27, 2011. NOT APPLICABLE**

(17) **WE CERTIFY THAT PROFITS FROM RELATED PARTY TRANSACTIONS HAVE ARISEN FROM LEGITIMATE BUSINESS TRANSACTIONS. – COMPLIED WITH TO THE EXTENT OF THE RELATED PARTY TRANSACTIONS REPORTED, IN ACCORDANCE WITH IND AS 24, IN THE FINANCIAL STATEMENTS OF OUR COMPANY INCLUDED IN THIS DRAFT LETTER OF OFFER.**

(18) **WE CERTIFY THAT THE ENTITY IS ELIGIBLE UNDER 106Y (1) (A) OR (B) (AS THE CASE MAY BE) TO LIST ON THE INSTITUTIONAL TRADING PLATFORM, UNDER CHAPTER XC OF THESE REGULATIONS. – NOT APPLICABLE**

THE FILING OF THIS DRAFT LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE OUR COMPANY FROM ANY LIABILITIES UNDER SECTION 34 OR SECTION 36 OF THE COMPANIES ACT, 2013 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE LEAD MANAGER ANY IRREGULARITIES OR LAPSES IN THIS DRAFT LETTER OF OFFER.

Disclaimer clauses from our Company and the Lead Manager

Our Company and the Lead Manager accept no responsibility for statements made otherwise than in this Draft Letter of Offer or in any advertisement or other material issued by our Company or by any other persons at the instance of our Company and anyone placing reliance on any other source of information would be doing so at his own risk.

Investors who invest in the Issue will be deemed to have represented to our Company, the Lead Manager and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares, and are relying on independent advice / evaluation as to their ability and quantum of investment in the Issue.

Caution

Our Company and the Lead Manager shall make all information available to the Eligible Equity Shareholders and no selective or additional information would be available for a section of the Eligible Equity Shareholders in any manner whatsoever including at presentations, in research or sales reports etc. after filing of this Draft Letter of Offer.

No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this Draft Letter of Offer. You must not rely on any unauthorized information or representations. The Letter of Offer is an offer to sell only the Equity Shares and rights to purchase the Equity Shares offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this Draft Letter of Offer is current only as of its date.

Disclaimer with respect to jurisdiction

This Draft Letter of Offer has been prepared under the provisions of Indian laws and the applicable rules and regulations thereunder. Any disputes arising out of the Issue will be subject to the jurisdiction of the appropriate court(s) in Mumbai, India only.

Designated Stock Exchange

The Designated Stock Exchange for the purpose of the Issue is [●].

Disclaimer Clause of BSE

As required, a copy of this Draft Letter of Offer has been submitted to BSE. The disclaimer clause as intimated by BSE to our Company, post scrutiny shall be included in this Draft Letter of Offer, prior to filing of the Letter of Offer with the Stock Exchanges.

Disclaimer Clause of NSE

As required, a copy of this Draft Letter of Offer has been submitted to NSE. The disclaimer clause as intimated by NSE to our Company, post scrutiny shall be included in this Draft Letter of Offer, prior to filing of the Letter of Offer with the Stock Exchanges.

Selling Restrictions

Each person who exercises Rights Entitlement and subscribes for Equity Shares or excess Equity Shares, or who purchases Rights Entitlement or Equity Shares shall do so in accordance with the restrictions set out below.

The distribution of the Letter of Offer and the issue of Rights Entitlements and Equity Shares on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession the Letter of Offer may come are required to inform themselves about and observe such restrictions. Our Company is making this Issue on a rights basis to the Eligible Equity Shareholders of our Company and will dispatch the Letter of Offer/ Abridged Letter of Offer and CAF only to Eligible Equity Shareholders who have provided an Indian address to our Company. No action has been or will be taken to permit the Issue in any jurisdiction, or the possession, circulation, or distribution of the Letter of Offer or any other material relating to our Company, the Equity Shares or Rights Entitlement in any jurisdiction, where action would be required for that purpose, except that this Draft Letter of Offer has been filed with SEBI.

Accordingly, none of the Letter of Offer or any offering materials or advertisements in connection with the Equity Shares or Rights Entitlement may be distributed or published in any jurisdiction outside India and the Equity Shares and Rights Entitlement may not be offered or sold, directly or indirectly, in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of the Letter of Offer will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer.

The Letter of Offer and its accompanying documents are being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, in whole or in part, for any purpose.

If the Letter of Offer is received by any person in any jurisdiction where to do so would or might contravene local securities laws or regulation, or by their agent or nominee, they must not seek to subscribe to the Equity Shares or the Rights Entitlement referred to in the Letter of Offer. Investors are advised to consult their legal counsel prior to applying for the Rights Entitlement and Equity Shares or accepting any provisional allotment of Equity Shares, or making any offer, sale, resale, pledge or other transfer of the Equity Shares or Rights Entitlement.

Neither the delivery of the Letter of Offer nor any sale hereunder, shall under any circumstances create any implication that there has been no change in our Company's affairs from the date hereof or the date of such information or that the information contained herein is correct as of any time subsequent to this date or the date of such information.

Each person who exercises Rights Entitlements and subscribes for Equity Shares, or who purchases Rights Entitlements or Equity Shares shall do so in accordance with the restrictions set out below.

NO OFFER IN THE UNITED STATES

THE RIGHTS ENTITLEMENTS AND THE EQUITY SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**US SECURITIES ACT**"), OR ANY U.S. STATE SECURITIES LAWS AND MAY NOT BE OFFERED, SOLD, RESOLD OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES, EXCEPT IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. THE RIGHTS ENTITLEMENTS AND EQUITY SHARES REFERRED TO

IN THE LETTER OF OFFER ARE BEING OFFERED IN INDIA, BUT NOT IN THE UNITED STATES. THE OFFERING TO WHICH THE LETTER OF OFFER RELATES IS NOT, AND UNDER NO CIRCUMSTANCES IS TO BE CONSTRUED AS, AN OFFERING OF ANY EQUITY SHARES OR RIGHTS ENTITLEMENTS FOR SALE IN THE UNITED STATES OR AS A SOLICITATION THEREIN OF AN OFFER TO BUY ANY OF THE SAID SECURITIES. ACCORDINGLY, THE LETTER OF OFFER SHOULD NOT BE FORWARDED TO OR TRANSMITTED IN OR INTO THE UNITED STATES AT ANY TIME.

Neither our Company, nor any person acting on behalf of our Company, will accept a subscription or renunciation from any person, or the agent of any person, who appears to be, or who our Company, or any person acting on behalf of our Company, has reason to believe is, in the United States of America when the buy order is made. Envelopes containing a CAF should not be postmarked in the United States of America or otherwise dispatched from the United States of America or any other jurisdiction where it would be illegal to make an offer under the Letter of Offer. Our Company is making this Issue on a rights basis to the Eligible Equity Shareholders and will dispatch the Letter of Offer or Abridged Letter of Offer and CAF only to Eligible Equity Shareholders who have provided an Indian address to our Company. Any person who acquires Rights Entitlements or Equity Shares will be deemed to have declared, warranted and agreed, by accepting the delivery of the Letter of Offer, that it is not and that at the time of subscribing for the Equity Shares or the Rights Entitlements, it will not be, in the United States of America when the buy order is made, and (ii) is authorized to acquire the Rights Entitlement and the Equity Shares in compliance with all applicable laws and regulations.

Our Company, in consultation with the Lead Manager, reserves the right to treat as invalid any CAF which: (i) appears to our Company or its agents to have been executed in or dispatched from the United States of America; (ii) does not include the relevant certification set out in the CAF to the effect that the person accepting and/or renouncing the CAF does not have a registered address (and is not otherwise located) in the United States of America, and such person is complying with laws of jurisdictions applicable to such person in connection with the Issue, among others; (iii) where a registered Indian address is not provided; or (iv) where our Company believes acceptance of such CAF may infringe applicable legal or regulatory requirements; and our Company shall not be bound to issue or allot any Equity Shares in respect of any such CAF.

Australia

This document does not constitute a prospectus or other disclosure document under the Corporations Act 2001 (Cth) ("**Australian Corporations Act**") and does not purport to include the information required of a disclosure document under the Australian Corporations Act. This document has not been lodged with the Australian Securities and Investments Commission ("**ASIC**") and no steps have been taken to lodge it as such with ASIC. Any offer in Australia of the Rights Entitlements and Equity Shares under this document may only be made to persons who are "sophisticated investors" (within the meaning of section 708(8) of the Australian Corporations Act), to "professional investors" (within the meaning of section 708(11) of the Australian Corporations Act) or otherwise pursuant to one or more exemptions under section 708 of the Australian Corporations Act so that it is lawful to offer the Rights Entitlements and Equity Shares in Australia without disclosure to investors under Part 6D.2 of the Australian Corporations Act.

Any offer of the Rights Entitlements or Equity Shares for on-sale that is received in Australia within 12 months after their issue by our Company, or within 12 months after their sale by a selling security holder (or a Lead Manager) under the Offer, as applicable, is likely to need prospectus disclosure to investors under Part 6D.2 of the Australian Corporations Act, unless such offer for on-sale in Australia is conducted in reliance on a prospectus disclosure exemption under section 708 of the Australian Corporations Act or otherwise. Any persons acquiring the Rights Entitlements and Equity Shares should observe such Australian on-sale restrictions.

Bahrain

This document has been prepared for private information purposes of intended investors only who will be accredited investors. For this purpose, an "accredited investor" means: (i) an individual holding financial assets (either singly or jointly with a spouse) of US$1,000,000 or more; (ii) a company, partnership, trust or other commercial undertaking which has financial assets available for investment of not less than US$1,000,000; or (iii) a government, supranational organization, central bank or other national monetary authority or a state organization whose main activity is to invest in financial instruments (such as a state pension fund). This document is intended to be read by the addressee only.

No invitation has been made in or from the Kingdom of Bahrain and there will be no marketing or offering of the Rights Entitlements and Equity Shares to the public in Bahrain. All applications for investment should be received, and any allotments should be made, in each case outside of the Kingdom of Bahrain. None of the Central Bank of Bahrain, the Bahrain Stock Exchange or any other regulatory authority in Bahrain has reviewed, nor has it approved, this document or the marketing of Rights Entitlements and Equity Shares and takes no responsibility for the accuracy of the statements and information contained in this document, nor shall it have any liability to any person for any loss or damage resulting from reliance on any statements or information contained herein. This document is not subject to the regulations of the Central Bank of Bahrain that apply to public offerings of securities, and the extensive disclosure requirements and other protections that these regulations contain.

Canada

No offer or invitation to purchase Rights Entitlements or Equity Shares is being made in Canada.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented Directive 2003/71/EC (and any amendment thereto, including Directive 2010/73/EU, to the extent implemented in each relevant European Economic Area Member State) and any relevant implementing measure in each relevant European Economic Area Member State (the ''**Prospectus Directive**'') (each a ''**Relevant Member State**''), an offer to the public of any Rights Entitlements and Equity Shares in the Issue may not be made in that Relevant Member State, except if the Rights Entitlements and Equity Shares in the Issue are offered to the public in that Relevant Member State at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

(a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(b) to fewer than 150 natural or legal persons (other than a person that is a qualified investor as defined in the Prospectus Directive) subject to obtaining the prior consent of the International Selling Agents for any such offer; or

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of the Rights Entitlements and Equity Shares in the Issue shall result in a requirement for the publication by our Company or the Lead Manager of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of Rights Entitlements and Equity Shares in the Issue to the public" in relation to any of the Rights Entitlements and Equity Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Rights Entitlements and Equity Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Rights Entitlements and Equity Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State.

Each person in a Relevant Member State who receives any communication in respect of, or who acquires any Rights Entitlements and Equity Shares under, the offers contemplated in this document will be deemed to have represented, warranted and agreed to and with our Company and the Lead Manager that:

(a) it is a qualified investor within the meaning of the law in that Relevant Member State which has implemented Article 2(1)(e) of the Prospectus Directive; and

(b) in the case of any Rights Entitlements and Equity Shares acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, (i) the Rights Entitlements and Equity Shares acquired by it in the offer have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than qualified investors, as that term is defined in the Prospectus Directive, or in circumstances in which the prior consent of our Company has been given to the offer or resale; or (ii) where the Rights Entitlements and Equity Shares have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those Rights Entitlements and Equity Shares to it is not treated under the Prospectus Directive as having been made to such persons.

Ghana

No offer or invitation to purchase Rights Entitlements or Equity Shares is being made in Ghana.

Hong Kong

The Rights Entitlements and Equity Shares may not be offered or sold in Hong Kong by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32, Laws of Hong Kong), or (ii) to ''professional investors'' within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a ''prospectus'' within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32, Laws of Hong Kong) and no advertisement, invitation or document relating to the Rights Entitlements and Equity Shares may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to Rights Entitlements and Equity Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to ''professional investors'' within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

Indonesia

No offer or invitation to purchase Rights Entitlements or Equity Shares is being made in the Republic of Indonesia.

Japan

The Rights Entitlements and Equity Shares have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Law. No. 25 of 1948 as amended) (the "FIEA") and disclosure under the FIEA has not been and will not be made with respect to the Rights Entitlements and Equity Shares. No Rights Entitlements or Equity Shares have, directly or indirectly, been offered or sold, and may not, directly or indirectly, be offered or sold in Japan or to, or for the benefit of, any resident of Japan as defined in the first sentence of Article 6, Paragraph 1, Item 5 of the Foreign Exchange and Foreign Trade Law of Japan ("Japanese Resident") or to others for re-offering or re-sale, directly or indirectly in Japan or to, or for the benefit of, any Japanese Resident except (i) pursuant to an exemption from the registration requirements of the FIEA and (ii) in compliance with any other relevant laws, regulations and governmental guidelines of Japan.

If an offeree does not fall under a "qualified institutional investor" (tekikaku kikan toshika), as defined in Article 10, Paragraph 1 of the Cabinet Office Ordinance Concerning Definition Provided in Article 2 of the Financial Instruments and Exchange Act (the "Qualified Institutional Investor"), the Rights Entitlements and Equity Shares will be offered in Japan by a private placement to small number of investors (shoninzu muke kanyu), as provided under Article 23-13, Paragraph 4 of the FIEA, and accordingly, the filing of a securities registration statement for a public offering pursuant to Article 4, Paragraph 1 of the FIEA has not been made.

If an offeree falls under the Qualified Institutional Investor, the Rights Entitlements and Equity Shares will be offered in Japan by a private placement to the Qualified Institutional Investors (tekikaku kikan toshikamuke kanyu), as provided under Article 23-13, Paragraph 1 of the FIEA, and accordingly, the filing of a securities registration statement for a public offering pursuant to Article 4, Paragraph 1 of the FIEA has not been made. To receive the Rights Entitlements and subscribe the Equity Shares (the "QII Rights Entitlements and Equity Shares") such offeree will be required to agree that it will be prohibited from selling, assigning, pledging or otherwise transferring the QII Rights Entitlements and Equity Shares other than to another Qualified Institutional Investor.

Kenya

No offer or invitation to purchase Rights Entitlements or Equity Shares is being made in Kenya.

Kuwait

No offer or invitation to purchase Rights Entitlements or Equity Shares is being made in Kuwait.

Malaysia

No approval of the Securities Commission of Malaysia has been or will be obtained in connection with the offer and sale of the Rights Entitlements or Equity Shares in Malaysia nor will any prospectus or other offering material or document in connection with the Issue be registered with the Securities Commission of Malaysia. Accordingly, the Rights Entitlements or Equity Shares may not be offered or sold, directly or indirectly, nor may any document or other material in connection therewith be distributed in Malaysia.

New Zealand

The Letter of Offer and the CAF are being distributed in New Zealand only to persons who certify that they are "wholesale investors" within the meaning of clause 3(2) of Schedule 1 of the Financial Markets Conduct Act 2013 of New Zealand. By accepting the Letter of Offer, each investor represents and warrants that if they receive the Letter of Offer in New Zealand they are a wholesale investor and they will not disclose the Letter of Offer or the CAF to any person who is not also a wholesale investor.

Sultanate of Oman

This document does not constitute a public offer of securities in the Sultanate of Oman, as contemplated by the Commercial Companies Law of Oman (Royal Decree No. 4/1974) or the Capital Market Law of Oman (Royal Decree No. 80/1998) and Ministerial Decision No.1/2009 or an offer to sell or the solicitation of any offer to buy non-Omani securities in the Sultanate of Oman.

This document is strictly private and confidential. It is being provided to a limited number of sophisticated investors solely to enable them to decide whether or not to invest in the Rights Entitlements and Equity Shares outside of the Sultanate of Oman, upon the terms and subject to the restrictions set out herein and may not be reproduced or used for any other purpose or provided to any person other than the original recipient. Additionally, this document is not intended to lead to the making of any contract within the territory or under the laws of the Sultanate of Oman.

The Capital Market Authority and the Central Bank of Oman take no responsibility for the accuracy of the statements and information contained in this document or for the performance of our Company or the Rights Entitlements and Equity Shares nor shall they have any liability to any person for damage or loss resulting from reliance on any statement or information contained herein.

People's Republic of China

The Offering Materials, may not be circulated or distributed in the People's Republic of China and Rights Entitlements and Equity Shares may not be offered or sold directly or indirectly to any resident of the People's Republic of China, or offered or sold to any person for reoffering or resale directly or indirectly to any resident of the People's Republic of China except pursuant to applicable laws and regulations of the People's Republic of China. The Lead Manager has represented and agreed that neither it nor any of its affiliates has offered or sold or will offer or sell any of the Rights Entitlements and Equity Shares in the People's Republic of China (excluding Hong Kong, Macau and Taiwan) as part of the Issue. We do not represent that the Offering Materials may be lawfully distributed, or that any Rights Entitlements and Equity Shares may be lawfully offered, in compliance with any applicable registration or other requirements in the People's Republic of China, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by us which would permit a public offering of any Rights Entitlements and Equity Shares or distribution of this document in the People's Republic of China. Accordingly, the Rights Entitlements and Equity Shares are not being offered or sold within the People's Republic of China by means of the Offering Materials or any other document. Neither the Offering Materials nor any advertisement or other offering material may be distributed or published in the People's Republic of China, except under circumstances that will result in compliance with any applicable laws and regulations.

Qatar (excluding the Qatar Financial Centre)

This document and the offering of the Rights Entitlements and Equity Shares have not been, and will not be: (i) lodged or registered with, or reviewed or approved by, the Qatar Central Bank, the Qatar Financial Markets Authority the Ministry of Business and Trade or any other governmental authority in the State of Qatar or (ii) authorised, permitted or licensed for offering or distribution in Qatar, and the information contained in this document does not, and is not intended to, constitute a public or general offer or other invitation in respect to the Rights Entitlements and Equity Shares in the State of Qatar. Accordingly, the Rights Entitlements and Equity Shares are not being, and will not be, offered, issued or sold in the State of Qatar, and this document is not being, and will not be, distributed in the State of Qatar. The offering, marketing, issue and sale of the Rights Entitlements and Equity Shares and distribution of this document is being made in, and is subject to the laws, regulations and rules of jurisdictions outside of the State of Qatar. No application has been or will be made for the Rights Entitlements and Equity Shares to be listed or traded on the Qatar Exchange or the QE Venture Market.

This document is strictly private and confidential, and is being sent to a limited number of institutional and/or sophisticated investors (a) upon their request and confirmation that they understand the statements above; and (b) on the condition that it will not be provided to any person other than the original recipient, and is not for general circulation and may not be reproduced or used for any other purpose.

Qatar Financial Centre

This document does not, and is not intended to, constitute an invitation or offer of securities from or within the Qatar Financial Centre (the "QFC"), and accordingly should not be construed as such. This document has not been reviewed or approved by or registered with the Qatar Financial Centre Authority, the Qatar Financial Centre Regulatory Authority or any other competent legal body in the QFC. This document is strictly private and confidential, and may not be reproduced or used for any other purpose, nor provided to any person other than the recipient thereof. Our Company and the Lead Manager have not been approved or licensed by or registered with any licensing authorities within the QFC.

Singapore

The Letter of Offer has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, the Letter of Offer and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of any Rights Entitlements and Equity Shares, whether directly or indirectly, is not issued or made to persons in Singapore other than (a) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore, or the Securities and Futures Act, (b) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the Securities and Futures Act, or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the Securities and Futures Act.

Where the Equity Shares are subscribed or purchased under Section 275 of the Securities and Futures Act by a relevant person which is:

(i) a corporation (which is not an accredited investor (as defined in Section 4A of the Securities and Futures Act)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(ii) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor:

securities (as defined in Section 239(1) of the Securities and Futures Act) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Equity Shares pursuant to an offer made under Section 275 of the Securities and Futures Act except:

- to an institutional investor or to a relevant person defined in Section 275(2) of the Securities and Futures Act, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the Securities and Futures Act;
- where no consideration is or will be given for the transfer;
- where the transfer is by operation of law;
- as specified in Section 276(7) of the Securities and Futures Act; or
- as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

South Africa

No offer or invitation to purchase Rights Entitlements or Equity Shares is being made in South Africa.

Switzerland

The Rights Entitlements and Equity Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange ("**SIX**") or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance prospectuses under Article 652a or Article 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under Articles 27 ff. of the SIX Listing Manual or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the Rights Entitlements and Equity Shares or the Issue may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this document nor any other offering or marketing material relating to the Rights Entitlements and Equity Shares or the Issue or our Company have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the Issue will not be supervised by, the Swiss Financial Market Supervisory Authority FINMA ("**FINMA**"), and the Issue has not been and will not be authorised under the Swiss Federal Act on Collective Investment Schemes ("**CISA**"). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of the Rights Entitlements and Equity Shares.

The Rights Entitlements and Equity Shares are being offered in Switzerland by way of a private placement, i.e., to a small number of selected investors only, without any public offer and only to investors who do not purchase the Rights Entitlements and Equity Shares with the intention to distribute them to the public. The investors will be individually approached from time to time. This document, as well as any other offering or marketing material relating to the Rights Entitlements and Equity Shares, is confidential and it is exclusively for the use of the individually addressed investors in connection with the offer of the Rights Entitlements and Equity Shares in Switzerland and it does not constitute an offer to any other person. This document may only be used by those investors to whom it has been handed out in connection with the Issue described herein and may neither directly nor indirectly be distributed or made available to other persons without our express consent. It may not be used in connection with any other offer and shall in particular not be copied and/or distributed to the public in or from Switzerland.

Thailand

No offer or invitation to purchase Rights Entitlements or Equity Shares is being made in Thailand.

United Arab Emirates (excluding the Dubai International Financial Centre)

This document has not been, and is not intended to be, approved by the UAE Central Bank, the UAE Ministry of Economy, the Emirates Securities and Commodities Authority or any other authority in the United Arab Emirates (the "UAE") or any other authority in any of the free zones established and operating in the UAE. The Rights Entitlements and Equity Shares have not been and will not be offered, sold or publicly promoted or advertised in the United Arab Emirates in a manner which constitutes a public offering in the UAE in compliance with any laws applicable in the United Arab Emirates governing the issue, offering and sale of such securities. The Letter of Offer is strictly private and confidential and is being distributed to a limited number of investors and must not be provided to any other person other than the original recipient and may not be used or reproduced for any other purpose.

Dubai International Financial Centre

The Rights Entitlements and Equity Shares have not been offered and will not be offered to any persons in the Dubai International Financial Centre except on that basis that an offer is:

(i) an "Exempt Offer" in accordance with the Markets Rules (MKT) module of the Dubai Financial Services Authority (the "**DFSA**"); and

made only to persons who meet the Professional Client criteria set out in Rule 2.3.2 of the DFSA Conduct of Business Module of the DFSA rulebook.

United Kingdom

The Lead Manager has represented and warranted that:

(i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the "**FSMA**") in connection with the issue or sale of the Rights Entitlements and Equity Shares in circumstances in which Section 21(1) of the FSMA does not apply to our Company; and

(ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Rights Entitlements and Equity Shares in, from or otherwise involving the United Kingdom.

The Letter of Offer and any investment or investment activity to which this document relates is directed only at, available only to, and will be engaged in only with (i) persons who are outside the United Kingdom (ii) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Order**"), (iii) persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations, etc.") of the Order or (iv) or persons to whom it can otherwise lawfully be communicated (all such persons together being referred to as "relevant persons"). Persons who are not relevant persons should not take any action on the basis of this document and should not act or rely on it or any of its contents.

United States of America

None of the Rights Entitlements or Equity Shares of our Company have been, or will be, registered under the United States Securities Act of 1933, as amended (the "**US Securities Act**"), or any state securities laws in the United States. Accordingly, the Rights Entitlements and Equity Shares are being offered and sold only outside the United States in compliance with Regulation S under the US Securities Act and the applicable laws of the jurisdictions where those offers and sales occur.

Filing

This Draft Letter of Offer has been filed with the Corporation Finance Department of SEBI, located at SEBI Bhavan, C-4-A, G Block, Bandra-Kurla Complex, Bandra (East), Mumbai 400 051 for its observations. After SEBI gives its observations, the final Letter of Offer will be filed with the Designated Stock Exchange as per the provisions of the Companies Act.

Issue Related Expenses

The expenses of the Issue payable by our Company include brokerage, fee and reimbursement to the Lead Manager, Legal Advisors to the Issue, Registrar to the Issue, printing and distribution expenses, publicity, listing fee, stamp duty and other expenses and will be met out of the Issue Proceeds. For further details, see "*Objects of the Issue – Estimated Issue related expenses*" on page 63.

Investor Grievances and Redressal System

Our Company has adequate arrangements for the redressal of investor complaints in compliance with the corporate governance requirements under the SEBI Listing Regulations and the listing agreement. Our Company has a Stakeholders' Relationship Committee ("**SRC**") which currently comprises Deepak Satwalekar, Chairman and Vijay Shah, Member.The broad terms of reference include *inter alia* reviewing and ensuring the existence of a proper system for timely resolution of grievances of the security holders of our Company including complaints related to transfer of shares, non-receipt of balance sheet and declaration dividends.

We have been registered with the SEBI Complaints Redress System (SCORES) as required by the SEBI Circular no. CIR/ OIAE/ 2/ 2011 dated June 3, 2011. The total number of complaints redressed to the satisfaction of shareholders during the year ended March 31, 2017 was 18. There was one outstanding complaint as on March 31, 2017 (which has since been redressed).

No requests for transfer and dematerialization were pending for approval as on March 31, 2017. Most of the grievances / correspondences are attended within a period of seven days from the date of receipt of such grievances. Further, the details of investor complaints for the quarter ended September 30, 2017 is as follows:

Sr. No.	Particulars	Status
1.	Pending at the beginning of the quarter	4
2.	Received during the quarter	3
3.	Disposed of during the quarter	6
4.	Remaining unresolved at the end of the quarter	1

Status of outstanding investor complaints in relation to our Company

As on the date of this Draft Letter of Offer, there were no outstanding investor complaints.

Investor Grievances arising out of the Issue

Our Company's investor grievances arising out of the Issue will be handled by Link Intime India Private Limited, the Registrar to the Issue. The Registrar to the Issue will have a separate team of personnel handling only post- Issue correspondence. The agreement between our Company and the Registrar will provide for retention of records with the Registrar for a period of at least one year from the last date of dispatch of Allotment Advice/ demat credit/ refund order to enable the Registrar to redress grievances of Investors. All grievances relating to the Issue may be addressed to the Registrar or the SCSB in case of ASBA Applicants giving full details such as folio no., name and address, contact telephone / cell numbers, e-mail id of the first Applicant, number and type of Equity Shares applied for, CAF serial number, amount paid on application and the name of the bank and the branch where the application was deposited, along with a photocopy of the acknowledgement slip. In case of renunciation, the same details of the Renouncee should be furnished. The average time taken by the Registrar for attending to routine grievances will be seven to 10 days from the date of receipt of complaints. In case of non-routine grievances where verification at other agencies is involved, it would be the endeavour of the Registrar to attend to them as expeditiously as possible. Our Company undertakes to resolve the investor grievances in a time bound manner.

Registrar to the Issue

Link Intime India Private Limited
C-101, 247 Park
L B S Marg , Vikhroli (West)
Mumbai 400 083
Tel: (91 22) 4918 6200
Fax: (91 22) 4918 6195
E-mail: pel.rights@linkintime.co.in
Investor grievance e-mail: pel.rights@linkintime.co.in
Contact person:Sumeet Deshpande
Website: www.linkintime.co.in
SEBI registration number: INR000004058

Investors may contact the Compliance Officer or the Registrar in case of any pre-Issue/ post –Issue related problems such as non-receipt of Allotment advice/ demat credit/refund orders etc. The contact details of the Compliance Officer are as follows:

Leonard D'Souza
Company Secretary and Compliance Officer
Piramal Ananta, Agastya Corporate Park
Opposite Fire Brigade, Kamani Junction, LBS Marg
Kurla (West), Mumbai – 400 070
Tel: (91 22) 3046 6666
Fax: (91 22) 2490 2363
Email: complianceofficer.pel@piramal.com

SECTION VIII: ISSUE INFORMATION

TERMS OF THE ISSUE

The Issue and the Equity Shares proposed to be issued on a rights basis, are subject to the terms and conditions contained in this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, the CAF, the SAF, the Memorandum of Association and the Articles of Association, the provisions of Companies Act, FEMA, the SEBI Regulations, the SEBI Listing Regulations, and the guidelines, notifications and regulations issued by SEBI, the Government of India and other statutory and regulatory authorities from time to time, approvals, if any, from the RBI or other regulatory authorities, the terms of Listing Agreements entered into by our Company with the Stock Exchanges and terms and conditions as stipulated in the allotment advice or security certificate.

Please note that in accordance with the provisions of the SEBI Circular CIR/CFD/DIL/1/2011 dated April 29, 2011 all QIB investors, Non-Institutional Investors and Non Retail Individual Investors complying with the eligibility conditions prescribed under the SEBI circular dated December 30, 2009, who intend to participate must mandatorily invest through the ASBA process. All Retail Individual Investors complying with the eligibility conditions may optionally apply through the ASBA process or apply through the non-ASBA process. Investors (i) who are not QIBs or Non-Institutional Investors, or (ii) whose application amount is not more than ₹ 200,000, can participate in the Issue either through the ASBA process or the non ASBA process. Renouncees and Eligible Equity Shareholders holding Equity Shares in physical form are not eligible ASBA Investors and must only apply for Equity Shares through the non-ASBA process, irrespective of the application amounts.

ASBA Investors should note that the ASBA process involves application procedures that may be different from the procedure applicable to non-ASBA process. ASBA Investors should carefully read the provisions applicable to such applications before making their application through the ASBA process. For details, see "*Terms of the Issue - Procedure for Application*" on pages 383 and 384.

Please note that subject to SCSBs complying with the requirements of SEBI Circular CIR/CFD/DIL/13/2012 dated September 25, 2012, within the periods stipulated therein, ASBA Applications may be submitted at all branches of the SCSBs.

Further, in terms of the SEBI Circular CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making applications by banks on their own account using ASBA facility, SCSBs should have a separate account in their own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making application in the Issue and clear demarcated funds should be available in such account for ASBA applications. SCSBs applying in the Issue using the ASBA facility shall be responsible for ensuring that they have a separate account in its own name with any other SCSB having clear demarcated funds for applying in the Issue and that such separate account shall be used as the ASBA Account for the application, for ensuring compliance with the applicable regulations.

All rights or obligations of the Eligible Equity Shareholders in relation to application and refunds pertaining to this Issue shall apply to the Renouncee(s) as well.

Authority for the Issue

The Issue has been authorised by a resolution of our Board of Directors of our Company passed at their meeting held on October 12, 2017 pursuant to Section 62(1)(a) of the Companies Act.

Basis for the Issue

The Equity Shares are being offered for subscription for cash to the existing Eligible Equity Shareholders whose names appear as beneficial owners as per the list to be furnished by the Depositories in respect of the Equity Shares held in the electronic form and on the register of members of our Company in respect of the Equity Shares held in physical form at the close of business hours on the Record Date, decided in consultation with the Designated Stock Exchange.

Rights Entitlement

As your name appears as a beneficial owner in respect of the Equity Shares held in the electronic form or appears in the register of members as an Eligible Equity Shareholder of our Company in respect of the Equity Shares held in physical form as on the Record Date, you are entitled to the number of Equity Shares as set out in Part A of the CAF.

Our Company is making this Issue on a rights basis to the Eligible Equity Shareholders of our Company and will dispatch the Letter of Offer, the Abridged Letter of Offer and CAF only to Eligible Equity Shareholders who have provided an Indian address to our Company. Overseas Shareholders who do not update our records with their Indian address or the address of their duly authorised representative in India, prior to the date on which we propose to dispatch the Letter of Offer /Abridged Letter of Offer and CAFs, shall not be sent the Letter of Offer / Abridged Letter of Offer. The distribution of the Letter of Offer, the Abridged Letter of Offer and the issue of Equity Shares on a rights basis to

persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. No action has been or will be taken to permit the Issue in any jurisdiction where action would be required for that purpose, except that this Draft Letter of Offer was filed with SEBI. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and the Letter of Offer or any offering materials or advertisements in connection with the Issue may not be distributed, in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of the Letter of Offer will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, in those circumstances, the Letter of Offer must be treated as sent for information only and should not be acted upon for subscription to Equity Shares and should not be copied or re-distributed. Accordingly, persons receiving a copy of the Letter of Offer should not, in connection with the issue of the Equity Shares or the Rights Entitlements, distribute or send the Letter of Offer in or into any jurisdiction where to do so, would or might contravene local securities laws or regulations. If the Letter of Offer is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to subscribe to the Equity Shares or the Rights Entitlements referred to in the Letter of Offer. Any person who acquires Rights Entitlements or Equity Shares will be deemed to have declared, warranted and agreed, by accepting the delivery of the Letter of Offer, Abridged Letter of Offer and the CAFs, that it is not and that at the time of subscribing for the Equity Shares or the Rights Entitlements, it will not be in any restricted jurisdiction.

Principal terms of the Issue

Face Value

Each Equity Share will have the face value of ₹2.

Issue Price

Each Equity Share is being offered at a price of ₹2,380 per Equity Share in the Issue. The Issue Price has been arrived prior to the determination of Record Date.

Reservation in favour of CCD Holders

Pursuant to Regulation 53 of the SEBI Regulations and the resolution dated October 12, 2017, our Board has approved reservation of the Equity Shares in the Issue in favour of the CCD Holders in proportion to the CCDs in the Rights Issue, subject to applicable laws, and subject to a resolution being passed by our Board prior to the filing of the Letter of Offer, authorising further issuance of Equity Shares. The Equity Shares so reserved shall be issued at the time of conversion of the CCDs on the same terms at which the Equity Shares are being issued under the Issue. This will result in further issue of Equity Shares by our Company over and above the existing Issue Size of ₹20,000 million. The CCD Holders shall exercise such right within 15 Working Days of the date of allotment of Equity Shares pursuant to conversion of CCDs. Further, the CCD Holders shall intimate our Company of its exercise of such right and shall pay the relevant issue price within 15 Working Days, failure of which the right of the CCD Holers to participate in the reservation in the Issue shall fall away.

Rights Entitlement Ratio

The Equity Shares are being offered on a rights basis to the Eligible Equity Shareholders in the ratio of [●] Equity Shares for every [●] fully paid-up Equity Shares held on the Record Date.

Terms of Payment

Full amount of ₹ 2,380 per Equity Share is payable on application.

Fractional Entitlements

The Equity Shares are being offered on a rights basis to Eligible Equity Shareholders in the ratio of [●] Equity Shares for every [●] fully paid-up Equity Shares held on the Record Date. For Equity Shares being offered on a rights basis under this Issue, if the shareholding of any of the Eligible Equity Shareholders is less than [●] Equity Shares or not in the multiple of [●], the fractional entitlement of such Eligible Equity Shareholders shall be ignored in the computation of the Rights Entitlement. However, the Eligible Equity Shareholders whose fractional entitlements are being ignored, will be given preferential consideration for the Allotment of one additional Equity Share each if they apply for additional Equity Shares over and above their Rights Entitlement.

For example, if an Eligible Equity Shareholder holds between [●] and [●] Equity Shares, such Shareholder will be entitled to [●] Equity Shares on a rights basis and will also be given a preferential consideration for the Allotment of one additional Equity Share if the Shareholder has applied for the same.

Further, the Eligible Equity Shareholders holding between between [●] and [●] Equity Shares shall have 'zero' entitlement in the Rights Issue. Such Eligible Equity Shareholders are entitled to apply for additional Equity Shares and will be given preference in the allotment of one additional Equity Share if, such Eligible Equity Shareholders apply for the additional Equity Shares. However, they cannot renounce the same in favour of third parties and the CAF shall be non-negotiable.

Ranking

The Equity Shares to be issued and Allotted pursuant to this Issue shall be subject to the provisions of the Memorandum of Association and the Articles of Association. The Equity Shares to be issued and Allotted pursuant to this Issue shall rank *pari passu* with the existing Equity Shares of our Company, in all respects including dividends.

Listing and trading of the Equity Shares to be issued pursuant to the Issue

The existing Equity Shares of our Company are listed and traded on BSE (Scrip Code: 500302) and NSE (Scrip Code: PEL) under the ISIN INE140A01024. The Equity Shares proposed to be issued on a rights basis shall be listed and admitted for trading on BSE and NSE subject to necessary approvals. Our Company has received in-principle approval from BSE through letter no. [●] dated [●] and from NSE through letter no. [●] dated [●].

The Equity Shares which will be allotted pursuant to this Issue shall be listed for trading on BSE and NSE under the existing ISIN as fully paid Equity Shares of our Company.

The Equity Shares allotted pursuant to this Issue will be listed as soon as practicable and all steps for completion of the necessary formalities for listing and commencement of trading of the Equity Shares shall be taken within seven Working Days of finalization of the Basis of Allotment.

The listing and trading of the Equity Shares issued pursuant to the Issue shall be based on the current regulatory framework applicable thereto. Accordingly, any change in the regulatory regime would affect the listing and trading schedule. For further details, see "*Terms of the Issue – Payment of Refund*" on pages 398 to 399.

Subscription to the Issue by the Promoter and the Promoter Group

Our Promoter, Ajay Piramal, together with other persons in the Promoter Group, intends to subscribe to the full extent of the aggregate rights entitlement of the Promoter and Promoter Group in the Issue, and will further subscribe to such number of additional Equity Shares in the Issue as may be required to ensure that the aggregate subscription in the Issue shall be at least 90% of the Equity Shares offered in the Issue. The acquisition of Equity Shares by the Promoters and members of the Promoter Group over and above their Rights Entitlement shall be exempt from open offer requirements in terms of Regulation 10(4)(b) of the Takeover Regulations.

Our Company is in compliance, and shall remain in compliance, with the minimum public shareholding requirements as prescribed under the SEBI Listing Regulations after the Issue.

Rights of Equity Shareholders of our Company

Subject to applicable laws, the Equity Shareholders shall have the following rights:

- The right to receive dividend, if declared;
- The right to vote in person, or by proxy;
- The right to receive offers for rights shares and be allotted bonus shares, if announced;
- The right to receive surplus on liquidation;
- The right of free transferability of Equity Shares;
- The right to attend general meetings and exercise voting powers, unless prohibited by law; and
- Such other rights as may be available to a shareholder of a listed public company under the Companies Act, and the Memorandum of Association and the Articles of Association.

General Terms of the Issue

Market Lot

The Equity Shares of our Company are tradable only in dematerialized form. The market lot for Equity Shares in dematerialised mode is one Equity Share. In case an Investor holds Equity Shares in the physical form, our Company would issue to the allottees one certificate for the Equity Share allotted to each folio (the "**Consolidated Certificate**"). Such Consolidated Certificates may be split into smaller denominations at the request of the respective Investor.

Joint Holders

Where two or more persons are registered as the holders of any Equity Shares, they shall be deemed to hold the same as the joint holders with the benefit of survivorship subject to the provisions contained in the Articles of Association. The CAF would be required to be signed by all the joint holders. In case of renunciation, joint holders will sign Part B of the CAF.

Nomination

The nomination facility is available in respect of the Equity Shares in accordance with the provisions of the Section 72 of the Companies Act, 2013 read with Rule 19 of the Companies (Share Capital and Debenture) Rules, 2014. An Eligible Equity Shareholder can nominate any person by filling the relevant details in the CAF in the space provided for this purpose. In case of Eligible Equity Shareholders who are individuals, a sole Eligible Equity Shareholder or the first named Eligible Equity Shareholder, along with other joint Eligible Equity Shareholders, if any, may nominate any person(s) who, in the event of the death of the sole Eligible Equity Shareholder or all of the joint Eligible Equity Shareholders, as the case may be, shall become entitled to the Equity Shares offered in the Issue. A person, being a nominee, becoming entitled to the Equity Shares by reason of death of the original Eligible Equity Shareholder(s), shall be entitled to the same advantages to which he would be entitled if he were the registered Eligible Equity Shareholder. Where the nominee is a minor, the Eligible Equity Shareholder(s) may also make a nomination to appoint, in the prescribed manner, any person to become entitled to the Equity Shares, in the event of death of the said Eligible Equity Shareholder, during the minority of the nominee. A nomination shall stand rescinded upon the sale of the Equity Shares by the person nominating. A transferee will be entitled to make a fresh nomination in the manner prescribed. Where the Equity Shares are held by more than one person jointly, the nominee shall become entitled to all rights in the Equity Shares only in the event of death of all the joint holders. Fresh nominations can be made only in the prescribed form available on request at the Registered Office of our Company or such other person at such addresses as may be notified by our Company. The Investor can make the nomination by filling in the relevant portion of the CAF. In terms of Section 72 of the Companies Act, 2013 read with Rule 19 of the Companies (Share Capital and Debenture) Rules, 2014, or any other rules that may be prescribed under the Companies Act, any person who becomes a nominee shall upon the production of such evidence as may be required by our Board, elect either:

- to register himself or herself as the holder of the Equity Shares; or
- to make such transfer of the Equity Shares, as the deceased holder could have made.

If the person being a nominee, so becoming entitles, elects to be registered as holders of the Equity Shares himself, he shall deliver to our Company a notice in writing signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased Equity Shareholder.

Further, our Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of ninety days, our Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Only one nomination would be applicable for one folio. Hence, in case the Investor(s) has already registered the nomination with our Company, no further nomination needs to be made for Equity Shares that may be allotted in this Issue under the same folio.

In case the Allotment of Equity Shares is in dematerialised form, there is no need to make a separate nomination for the Equity Shares to be Allotted in this Issue. Nominations registered with respective DP of the Investor would prevail. Any Investor desirous of changing the existing nomination is requested to inform its respective DP.

Notices

All notices to the Eligible Equity Shareholder(s) required to be given by our Company shall be published in one English language national daily newspaper with wide circulation, one Hindi national daily newspaper with wide circulation and one Marathi language daily newspaper with wide circulation and/or, will be sent by post to the Indian address of the Eligible Equity Shareholders provided to our Company. However, the distribution of the Letter of Offer, Abridged Letter of Offer and the issue of Equity Shares on a rights basis to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions.

Procedure for Application

The CAF for the Equity Shares offered as part of the Issue along with Abridged Letter of Offer would be printed for all Eligible Equity Shareholders. In case the original CAFs are not received by the Eligible Equity Shareholder or is misplaced by the Eligible Equity Shareholder, the Eligible Equity Shareholder may request the Registrar to the Issue, for issue of a duplicate

CAF, by furnishing the registered folio number, DP ID, Client ID and their full name and Indian address. In case the signature of the Investor(s) does not match with the specimen registered with our Company, the application is liable to be rejected.

Please note that neither our Company nor the Registrar to the Issue shall be responsible for delay in the receipt of the CAF or the duplicate CAF attributable to postal delays or if the CAF or the duplicate CAF are misplaced in the transit. Eligible Equity Shareholders should note that those who are making an application in such duplicate CAF should not utilise the original CAF for any purpose, including renunciation even if the original CAF is received or found subsequently. If any Eligible Equity Shareholder violates any of these requirements, he/she shall face the risk of rejection of both applications.

Please note that QIB Applicants, Non-Institutional Investors and other Applicants whose application amount exceeds ₹ 200,000 can participate in the Issue only through the ASBA process. The Investors who are (i) not QIBs, (ii) not Non-Institutional Investors, or (iii) Investors whose application amount is not more than ₹200,000, can participate in the Issue either through the ASBA process or the non-ASBA process. Renouncees and Eligible Equity Shareholders holding Equity Shares in physical form are not eligible ASBA Investors and must apply for Equity Shares only through the Non-ASBA process.

Please also note that by virtue of the Circular No. 14 dated September 16, 2003 issued by the RBI, Overseas Corporate Bodies ("OCBs") have been derecognized as an eligible class of investors and the RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Any Eligible Equity Shareholder being an OCB is required to obtain prior approval from RBI for applying to this Issue.

CAF

The Registrar to the Issue will dispatch the CAF along with the Abridged Letter of Offer along to all Eligible Equity Shareholders as per their Rights Entitlement on the Record Date.

Applicants may choose to accept the offer to participate in the Issue by making plain paper Applications. For more information, see "*Terms of the Issue – Application on Plain Paper*" on pages 388 and 389.

The CAF consists of four parts:

Part A: Form for accepting the Equity Shares offered as a part of this Issue, in full or in part, and for applying for additional Equity Shares;

Part B: Form for renunciation of Equity Shares;

Part C: Form for application of Equity Shares by Renouncee(s); and

Part D: Form for request for split application forms.

Option available to the Eligible Equity Shareholders

The CAFs will clearly indicate the number of Equity Shares that the Eligible Equity Shareholder is entitled to.

If the Eligible Equity Shareholder applies for an investment in Equity Shares, then he can:

- Apply for Rights Entitlement of Equity Shares in full;
- Apply for Rights Entitlement of Equity Shares in part;
- Apply for Rights Entitlement of Equity Shares in part and renounce the other part of the Equity Shares;
- Apply for Rights Entitlement in full and apply for additional Equity Shares; and
- Renounce Rights Entitlement in full.

Acceptance of the Issue

You may accept the offer to participate and apply for the Equity Shares, either in full or in part, by filling Part A of the CAFs and submit the same along with the application money payable to the Escrow Collection Banks or any of the collection centres of the Escrow Collection Banks as mentioned on the reverse of the CAFs before close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by our Board of Directors in this regard. Investors at centres not covered by the collection branches of the Escrow Collection Banks can send their CAFs together with the cheque drawn at par on a local bank at Mumbai or a demand draft payable at Mumbai to the Registrar to the Issue by registered post so as to reach the Registrar to the Issue prior to the Issue Closing Date. Please note that neither our Company nor the Lead Manager or the

Registrar to the Issue shall be responsible for delay in the receipt of the CAF attributable to postal delays or if the CAF is misplaced in the transit. Such applications sent to anyone other than the Registrar to the Issue are liable to be rejected. For further details on the mode of payment, see "*Terms of the Issue - Mode of Payment for Resident Investors*" and "*Terms of the Issue - Mode of Payment for Non-Resident Investors*" on page 390.

Additional Equity Shares

You are eligible to apply for additional Equity Shares over and above your Rights Entitlement, provided that you are eligible to apply under applicable law and have applied for all the Equity Shares offered to you without renouncing them in whole or in part in favour of any other person(s). Applications for additional Equity Shares shall be considered and Allotment shall be made at the sole discretion of our Board, subject to sectoral caps and in consultation if necessary with the Designated Stock Exchange and in the manner prescribed under the section "*Terms of the Issue - Basis of Allotment*" beginning on page 397.

If you desire to apply for additional Equity Shares, please indicate your requirement in the place provided for additional Equity Shares in Part A of the CAF. Renouncee(s) applying for all the Equity Shares renounced in their favour may also apply for additional Equity Shares by indicating details of additional Equity Shares applied in place provided for additional Equity Shares in Part C of CAF.

Under the foreign exchange regulations currently in force in India, transfers of shares between Non-Residents and residents are permitted subject to compliance with the pricing guidelines and reporting requirements specified by the RBI. If the transfer of shares is not in compliance with such pricing guidelines or reporting requirements or certain other conditions, then the prior approval of the RBI will be required.

Due to the aforementioned factors FPIs, multilateral and bilateral institutions intending to apply for the Additional Equity Shares or intending to apply for the Equity Shares renounced in their favour shall be required to obtain prior approval from the appropriate regulatory authority. FVCIs, Category – I AIFs and VCFs are not permitted to participate in the rights issue by listed companies. For details on restrictions on eligibility by FPIs and FVCIs, see"*Terms of the Issue – Bids by FPIs*" and "*Terms of the Issue - Procedure for Applications by AIFs, FVCIs and VCF*" on page 404.

Where the number of additional Equity Shares applied for exceeds the number of Equity Shares available for Allotment, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange.

Renunciation

The Issue includes a right exercisable by you to renounce the Equity Shares offered to you either in full or in part in favour of any other person or persons. Your attention is drawn to the fact that our Company shall not Allot and/or register the Equity Shares in favour of the following Renouncees: (i) more than three persons (including joint holders); (ii) partnership firm(s) or their nominee(s); (iii) minors; (iv) HUF; or (v) any trust or society (unless the same is registered under the Societies Registration Act, 1860, as amended or the Indian Trust Act, 1882, as amended or any other applicable law relating to societies or trusts and is authorized under its constitution or bye-laws to hold Equity Shares, as the case may be). Additionally, the Eligible Equity Shareholders may not renounce in favour of persons or entities which would otherwise be prohibited from being offered or subscribing for Equity Shares or Rights Entitlement under applicable securities or other laws. Eligible Equity Shareholders may also not renounce in favour of persons or entities in the United States or to the account or benefit of a U.S. person (as defined in Regulation S) or to who would otherwise be prohibited from being offered or subscribing for Equity Shares or Rights Entitlement under applicable securities law

Any renunciation: (i) from resident Indian Equity Shareholder(s) to non-resident(s); (ii) from non-resident Shareholder(s) to resident Indian(s); or (iii) from a non-resident Shareholder(s) to other non-resident(s), and subscription of Equity Shares by such renouncee are subject to the renouncer(s)/ renouncee(s) obtaining the requisite regulatory approvals and such requisite approvals should be attached to the CAF or SAF. In case of applications which are not accompanied by the aforesaid approvals, our Board reserves the right to reject such application.

RBI Letter with respect to renunciation

Our Company will apply to the RBI, for obtaining its approval in relation to the renunciation of Rights Entitlement of the Equity Shares in the following manner:

(i) by the resident Eligible Equity Shareholder in India in favour of any person resident outside India (other than OCBs);

(ii) by the resident Eligible Equity Shareholder (other than OCBs) outside India in favour of any person resident in India. If the non-resident transferees include FPIs, the individual as well as overall limit should be complied with;

(iii) by the resident Eligible Equity Shareholder outside India to any other person resident outside India (other than OCBs).

In the above cases, our Company shall ensure that the Equity Shares will not be allotted at a price that is lower than the price at which Equity Shares are allotted/ issued to resident Indians.

In case our Company does not receive such approval, the Renouncer/ Renouncee is required to obtain such approval and attach to the CAF. All such renunciations shall be subject to any conditions that may be specified in the RBI approval. Applications not complying with conditions of the approval/ not accompanied by such approvals are liable to be rejected.

By virtue of the Circular No. 14 dated September 16, 2003 issued by the RBI, OCBs have been derecognized as an eligible class of investors and the RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies) Regulations, 2003. Accordingly, the Eligible Equity Shareholders of our Company who do not wish to subscribe to the Equity Shares being offered but wish to renounce the same in favour of Renouncees shall not renounce the same (whether for consideration or otherwise) in favour of OCB(s).

The RBI has, however, clarified in its circular, A.P. (DIR Series) Circular No. 44, dated December 8, 2003 that OCBs which are incorporated and are not under the adverse notice of the RBI are permitted to undertake fresh investments as incorporated non-resident entities in terms of Regulation 5(1) of RBI Notification No. 20/2000-RB dated May 3, 2000 under the FDI Scheme with the prior approval of Government if the investment is through Government Route and with the prior approval of the RBI if the investment is through the automatic route on case by case basis. Shareholders renouncing their rights in favour of OCBs may do so provided such Renouncee obtains a prior approval from the RBI. On submission of such approval to us at our Registered Office, the OCB shall receive the Abridged Letter of Offer and the CAF.

Part 'A' of the CAF must not be used by any person(s) other than those in whose favour this offer has been made. If used, this will render the application invalid. Submission of the CAF to the Banker to the Issue at its collecting branches specified on the reverse of the CAF with the form of renunciation (Part 'B' of the CAF) duly filled in shall be the conclusive evidence for our Company of the fact of renouncement to the person(s) applying for Equity Shares in Part 'C' of the CAF for the purpose of Allotment of such Equity Shares. The Renouncees applying for all the Equity Shares renounced in their favour may also apply for additional Equity Shares. Part 'A' of the CAF must not be used by the Renouncee(s) as this will render the application invalid. Renouncee(s) will have no right to further renounce any Equity Shares in favour of any other person.

Procedure for renunciation

To renounce all the Equity Shares offered to an Eligible Equity Shareholder in favour of one Renouncee

If you wish to renounce the offer indicated in Part 'A', in whole, please complete Part 'B' of the CAF. In case of joint holding, all joint holders must sign Part 'B' of the CAF in the same order. The person in whose favour renunciation has been made should complete and sign Part 'C' of the CAF. In case of joint Renouncees, all joint Renouncees must sign Part 'C' of the CAF.

To renounce in part or the whole to more than one person(s)

If you wish to either (i) accept this offer in part and renounce the balance, or (ii) renounce the entire offer under this Issue in favour of two or more Renouncees, the CAF must be first split into requisite number of forms. Please indicate your requirement of SAFs in the space provided for this purpose in Part 'D' of the CAF and return the entire CAF to the Registrar so as to reach them latest by the close of business hours on the last date of receiving requests for SAFs as provided herein. On receipt of the required number of SAFs from the Registrar, the procedure as mentioned in paragraph above shall have to be followed.

In case the signature of the Eligible Equity Shareholder(s), who has renounced the Equity Shares, does not match with the specimen registered with our Company or the Depositories, the application is liable to be rejected.

Renouncee(s)

The person(s) in whose favour the Equity Shares are renounced should fill in and sign Part 'C' of the CAF and submit the entire CAF to the Escrow Collection Banks or any of the collection centres of the Escrow Collection Banks, as mentioned on the reverse of the CAFs on or before the Issue Closing Date along with the application money in full.

Change and/or introduction of additional holders

If you wish to apply for Equity Shares jointly with any other person(s), not more than three including you, who is or are not already a joint holder with you, it shall amount to renunciation and the procedure as stated above for renunciation shall have to be followed. Even a change in the sequence of the name of joint holders shall amount to renunciation and the procedure, as stated above shall have to be followed.

However, this right of renunciation is subject to the express condition that our Board of Directors shall be entitled in its absolute discretion to reject the request for Allotment from the Renouncee(s) without assigning any reason thereof.

Instructions for Options

The summary of options available to the Eligible Equity Shareholder is presented below. You may exercise any of the following options with regard to the Equity Shares offered, using the CAF.

Sr. No.	Option Available	Action Required
1.	Accept whole or part of your Rights Entitlement without renouncing the balance.	Fill in and sign Part A (*All joint holders must sign in the same sequence*)
2.	Accept your Rights Entitlement in full and apply for additional Equity Shares	Fill in and sign Part A including Block III relating to the acceptance of entitlement and Block IV relating to additional Equity Shares (*All joint holders must sign in the same sequence*)
3.	Accept a part of your Rights Entitlement and renounce the balance to one or more Renouncee(s) OR Renounce your Rights Entitlement to all the Equity Shares offered to you to more than one Renouncee	Fill in and sign Part D (*all joint holders must sign in the same sequence*) requesting for SAFs. Send the CAF to the Registrar so as to reach them on or before the last date for receiving requests for SAFs. Splitting will be permitted only once. On receipt of the SAF take action as indicated below. (i) For the Equity Shares you wish to accept, if any, fill in and sign Part A. (ii) For the Equity Shares you wish to renounce, fill in and sign Part B indicating the number of Equity Shares renounced and hand it over to the Renouncees. (iii) Each Renouncee should fill in and sign Part C for the Equity Shares accepted by them.
4.	Renounce your Rights Entitlement in full to one person (*Joint Renouncees are considered as one*).	Fill in and sign Part B (*all joint holders must sign in the same sequence*) indicating the number of Equity Shares renounced and hand it over to the Renouncee. The Renouncee must fill in and sign Part C (*all joint Renouncees must sign*)
5.	Introduce a joint holder or change the sequence of joint holders	This will be treated as renunciation. Fill in and sign Part B and the Renouncee must fill in and sign Part C.

Please note that:

- Options (3), (4) and (5) will not be available for Eligible Equity Shareholders applying through ASBA process.
- Part 'A' of the CAF must not be used by any person(s) other than the Eligible Equity Shareholder to whom this Draft Letter of Offer has been addressed. If used, this will render the application invalid.
- Request for each SAF should be made for a minimum of one Equity Share or, in each case, in multiples thereof and one SAF for the balance Equity Shares, if any.
- Request by the Eligible Equity Shareholders for the SAFs should reach the Registrar to the Issue on or before seven days from the Issue Closing Date.
- Only the Eligible Equity Shareholder to whom the Letter of Offer has been addressed shall be entitled to renounce and to apply for SAFs. Forms once split cannot be split further.
- SAFs will be sent to the Investor(s) by post at the Applicant's risk.
- Eligible Equity Shareholders may not renounce in favour of persons or entities who would otherwise be prohibited from being offered or subscribing for Equity Shares or Rights Entitlement under applicable securities laws.
- Submission of the CAF to the Banker to the Issue at its collecting branches specified on the reverse of the CAF with the form of renunciation (Part B of the CAF) duly filled in shall be conclusive evidence for us of the person(s) applying for Equity Shares in Part C of the CAF to receive Allotment of such Equity Shares.

- While applying for or renouncing their Rights Entitlement, all joint Eligible Equity Shareholders must sign the CAF and in the same order and as per specimen signatures recorded with our Company or the Depositories.

- Non-resident Eligible Equity Shareholders: Application(s) received from Non-Resident or NRIs, or persons of Indian origin residing abroad for allotment of Equity Shares allotted as a part of this Issue shall, inter alia, be subject to conditions, as may be imposed from time to time by the RBI under FEMA in the matter of refund of application money, allotment of Equity Shares, subsequent issue and allotment of Equity Shares, interest, export of share certificates, etc. In case a Non-Resident or an NRI Eligible Equity Shareholder has specific approval from the RBI, in connection with his shareholding, he should enclose a copy of such approval with the CAF.

- Applicants must write their CAF number at the back of the cheque/ demand draft.

- The RBI has mandated that CTS 2010 compliant cheques can only be presented in clearing hence the CAFs accompanied by non-CTS cheques could get rejected.

Availability of duplicate CAF

In case the original CAF is not received, or is misplaced by the Eligible Equity Shareholder, the Registrar will issue a duplicate CAF on the request of the Investor who should furnish the registered folio number or DP and Client ID number and his/ her full name and Indian address to the Registrar. Please note that the request for duplicate CAF should reach the Registrar at least seven days prior to the Issue Closing Date. Please note that those who are making the application in the duplicate form should not utilize the original CAF for any purpose including renunciation, even if it is received or found, as the case may be, subsequently. If the Investor violates such requirements, he/ she shall face the risk of rejection of either original CAF or both the applications. Our Company or the Registrar to the Issue or the Lead Manager will not be responsible for postal delays or loss of duplicate CAF in transit, if any.

Application on Plain Paper

An Eligible Equity Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF may make an application to subscribe to the Issue on plain paper, along with an account payee cheque/ demand draft, net of bank and postal charges payable at Mumbai and the Investor should send the same by registered post directly to the Registrar to the Issue. For details of the mode of payment, see "*Terms of the Issue - Modes of Payment*" on pages 390 and 391. Applications on plain paper from any address outside India will not be accepted.

The envelope should be super scribed "Piramal Enterprises Limited – Rights Issue" and should be postmarked in India. The application on plain paper, duly signed by the Eligible Equity Shareholder including joint holders, in the same order and as per specimen recorded with our Company or the Depositories, must reach the office of the Registrar before the Issue Closing Date and should contain the following particulars:

- Name of our Company, being Piramal Enterprises Limited;

- Name and address of the Eligible Equity Shareholder including joint holders;

- Registered Folio Number/ DP and Client ID No.;

- Number of Equity Shares held as on Record Date;

- Share Certificate numbers and distinctive numbers of Equity Shares, if held in physical form;

- Allotment option preferred - physical or demat form, if held in physical form;

- Number of Equity Shares entitled to;

- Number of Equity Shares applied for;

- Number of additional Equity Shares applied for, if any;

- Total number of Equity Shares applied for;

- Total amount paid at the rate of ₹ 2,380 per Equity Share;

- Particulars of cheque/ demand draft;

- Savings or current account number and name and address of the bank where the Eligible Equity Shareholder will be depositing the refund order. In case of Equity Shares held in dematerialized form, the Registrar shall obtain the bank account details from the information available with the Depositories;

- Except for applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, PAN of the Eligible Equity Shareholder and for each Eligible Equity Shareholder in case of joint names, irrespective of the total value of the Equity Shares applied for pursuant to the Issue;

- If the payment is made by a draft purchased from NRE or FCNR or NRO account, as the case may be, an account debit certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE or FCNR or NRO account;

- Signature of the Applicant (in case of joint holders, to appear in the same sequence and order as they appear in the records of our Company or the Depositories); and

- Additionally, all such Applicants are deemed to have accepted the following:

  "I/ We understand that neither the Rights Entitlement nor the Equity Shares have been, or will be, registered under the United States Securities Act of 1933, as amended (the "US Securities Act") or any United States state securities laws, and may not be offered, sold, resold or otherwise transferred within the United States or to the territories or possessions thereof (the "United States"). I/ we understand the Equity Shares referred to in this application are being offered in India but not in the United States. I/ we understand the offering to which this application relates is not, and under no circumstances is to be construed as, an offering of any Equity Shares or Rights Entitlement for sale in the United States, or as a solicitation therein of an offer to buy any of the said Equity Shares or Rights Entitlement in the United States. Accordingly, I/ we understand this application should not be forwarded to or transmitted in or to the United States at any time. I/ we confirm that I/ are not in the United States and understand that neither us, nor the Registrar, the Lead Manager or any other person acting on behalf of us will accept subscriptions from any person, or the agent of any person, who appears to be, or who we, the Registrar, the Lead Manager or any other person acting on behalf of us have reason to believe is in the United States or is ineligible to participate in the Issue under the securities laws of their jurisdiction.

  I/ We will not offer, sell or otherwise transfer any of the Equity Shares which may be acquired by us in any jurisdiction or under any circumstances in which such offer or sale is not authorized or to any person to whom it is unlawful to make such offer, sale or invitation except under circumstances that will result in compliance with any applicable laws or regulations. We satisfy, and each account for which we are acting satisfies, all suitability standards for investors in investments of the type subscribed for herein imposed by the jurisdiction of our residence.

  I/ We understand and agree that the Rights Entitlement and Equity Shares may not be reoffered, resold, pledged or otherwise transferred except in an offshore transaction in compliance with Regulation S, or otherwise pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act.

  I/ We acknowledge that we, the Lead Manager, its affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements."

Please note that those who are making the application otherwise than on original CAF shall not be entitled to renounce their rights and should not utilize the original CAF for any purpose including renunciation even if it is received subsequently. If the Eligible Equity Shareholder violates such requirements, he/ she shall face the risk of rejection of both the applications. Our Company shall refund such application amount to the Eligible Equity Shareholder without any interest thereon and no liability shall arise on part of our Company, Lead Manager and our Directors. In cases where multiple CAFs are submitted, including cases where an Investor submits CAFs along with a plain paper application, such applications shall be liable to be rejected. Investors are requested to strictly adhere to these instructions. Failure to do so could result in an application being rejected, with our Company, the Lead Manager and the Registrar to the Issue not having any liability to the Investor. The plain paper application format will be available on the website of the Registrar to the Issue at www.linkintime.co.in.

Last date for Application

The last date for submission of the duly filled in CAF or a plain paper application is [●]. Our Board or any committee thereof, subject to the provisions of the Articles of Association may extend the said date for such period as it may determine from time to time, subject to the Issue Period not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date).

If the CAF together with the amount payable is not received by the Banker to the Issue or the Registrar to the Issue, on or before the close of banking hours on the aforesaid last date or such date as may be extended by our Board or the Committee of Directors, the invitation to offer contained in the Letter of Offer shall be deemed to have been declined and our Board or the Committee of Directors shall be at liberty to dispose off the Equity Shares hereby offered, as provided under the section "*Terms of the Issue - Basis of Allotment*" beginning on page 397.

Modes of Payment

Mode of payment for Resident Investors

- All cheques / demand drafts accompanying the CAF should be drawn in favour of "Piramal Enterprises Limited-Rights Issue" crossed 'A/c Payee only' and should be submitted along with the CAF to the Bankers to the Issue or the Collecting Bank or to the Registrar to the Issue on or before the Issue Closing Date;

- Investors residing at places other than places where the bank collection centres have been opened by our Company for collecting applications, are requested to send their CAFs together with an account payee cheque/ demand draft for the full application amount, net of bank and postal charges drawn in favour of "Piramal Enterprises Limited- Rights Issue", crossed 'A/c Payee only' and payable at Mumbai directly to the Registrar by registered post so as to reach them on or before the Issue Closing Date. The envelope should be super scribed "Piramal Enterprises Limited – Rights Issue". Our Company or the Registrar will not be responsible for postal delays or loss of applications in transit, if any.

Mode of payment for Non-Resident Investors

As regards the application by non-resident Investor, the following conditions shall apply:

- Individual non-resident Indian Applicants who are permitted to subscribe for Equity Shares by applicable local securities laws can obtain application forms from the following address:

  Link Intime India Private Limited
  C-101, 247 Park
  L B S Marg, Vikhroli (West)
  Mumbai 400 083
  Tel: (91 22) 4918 6200
  Fax: (91 22) 4918 6195
  E-mail: pel.rights@linkintime.co.in
  Investor grievance e-mail: pel.rights@linkintime.co.in
  Website: www.linkintime.co.in
  Contact person: Sumeet Deshpande
  SEBI registration number: INR000004058

- Applications will not be accepted from non-resident Investors in any jurisdiction where the offer or sale of the Rights Entitlements and Equity Shares may be restricted by applicable securities laws.

- Non-resident investors applying from places other than places where the bank collection centres have been opened by our Company for collecting applications, are requested to send their CAFs together with Demand Draft for the full application amount, net of bank and postal charges drawn in favour of "Piramal Enterprises Limited – Rights Issue – NR", crossed 'A/c Payee only' payable at Mumbai directly to the Registrar by registered post so as to reach them on or before the Issue Closing Date. The envelope should be super scribed "Piramal Enterprises Limited – Rights Issue". Our Company or the Registrar will not be responsible for postal delays or loss of applications in transit, if any.

- Payment by non-residents must be made by demand draft payable at Mumbai/ cheque drawn on a bank account maintained with the Escrow Collection Banks or funds remitted from abroad in any of the following ways:

Application with repatriation benefits

- By Indian Rupee drafts purchased from abroad and payable at Mumbai or funds remitted from abroad (submitted along with Foreign Inward Remittance Certificate);

- By cheque/draft drawn on an NRE or FCNR Account with Escrow Collection Banks;

- By Rupee draft purchased by debit to NRE or FCNR Account maintained elsewhere in India and payable at Mumbai;

- FPIs registered with SEBI must utilise funds from special non-resident rupee account;

- Non-resident investors with repatriation benefits should draw the cheques/ demand drafts in favour of "Piramal Enterprises Limited - Rights Issue - NR", crossed "A/c Payee only" for full application amount, net of bank and postal charges and which should be submitted along with the CAF to the Escrow Collection Banks to the Issue or collection centres of the Escrow Collection Bank or to the Registrar;

- Applicants should note that where payment is made through drafts purchased from NRE or FCNR or NRO account as the case may be, an account debit certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE or FCNR or NRO account should be enclosed with the CAF. In the absence of such an account debit certificate, the application shall be considered incomplete and is liable to be rejected.

Application without repatriation benefits

- As far as non-residents holding Equity Shares on non-repatriation basis are concerned, in addition to the modes specified above, payment may also be made by way of cheque drawn on Non-Resident (Ordinary) Account maintained with the Escrow Collection Banks or Rupee Draft purchased out of NRO Account maintained elsewhere in India but payable at Mumbai In such cases, the Allotment of Equity Shares will be on non-repatriation basis.

- Non-resident investors without repatriation benefits should draw the cheques/demand drafts in favour of "Piramal Enterprises Limited - Rights Issue - R", crossed "A/c Payee only" for the full application amount, net of bank and postal charges and which should be submitted along with the CAF to the Bankers to the Issue or collection centres or to the Registrar;

- Applicants should note that where payment is made through drafts purchased from NRE or FCNR or NRO accounts, as the case may be, an account debit certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE or FCNR or NRO account should be enclosed with the CAF. In the absence of such an account debit certificate, the application shall be considered incomplete and is liable to be rejected.

- An Eligible Equity Shareholder whose status has changed from resident to non-resident should open a new demat account reflecting the changed status. Any application from a demat account which does not reflect the accurate status of the Applicant is liable to be rejected at the sole discretion of our Company and the Lead Manager.

Notes:

- In case where repatriation benefit is available, interest, dividend, sales proceeds derived from the investment in Equity Shares can be remitted outside India, subject to tax, as applicable according to the IT Act.

- In case Equity Shares are allotted on a non-repatriation basis, the dividend and sale proceeds of the Equity Shares cannot be remitted outside India.

- The CAF duly completed together with the amount payable on application must be deposited with the collecting bank indicated on the reverse of the CAFs before the close of banking hours on or before the Issue Closing Date. A separate cheque or bank draft must accompany each CAF.

- In case of an application received from non-residents, Allotment, refunds and other distribution, if any, will be made in accordance with the guidelines and rules prescribed by the RBI as applicable at the time of making such Allotment, remittance and subject to necessary approvals.

Procedure for Application through the ASBA Process

This section is for the information of the ASBA Investors proposing to subscribe to the Issue through the ASBA Process. Our Company and the Lead Manager are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of this Draft Letter of Offer. Investors who are eligible to apply under the ASBA Process are advised to make their independent investigations and to ensure that the CAF is correctly filled up.

The Lead Manager, our Company, its directors, its employees, affiliates, associates and their respective directors and officers and the Registrar to the Issue shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to applications accepted by SCSBs, Applications uploaded by SCSBs, applications accepted but not uploaded by SCSBs or applications accepted and uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for applications uploaded by SCSBs, the amount payable on application has been blocked in the relevant ASBA Account.

Please note that pursuant to the applicability of the directions issued by SEBI through its circular CIR/CFD/DIL/1/ 2011 dated April 29, 2011, all Applicants who are QIBs, Non-Institutional Investors or other Applicants whose application amount exceeds ₹200,000 can participate in the Issue only through the ASBA process, subject to them complying with the requirements of SEBI circular SEBI/CFD/DIL/ASBA/1/2009/30/12 dated December 30, 2009. The Investors who are (i) not QIBs, (ii) not Non-Institutional Investors, or (iii) Investors whose application amount is not more than ₹200,000, can participate in the Issue either through the ASBA process or the non-ASBA process. Renouncees and Eligible Equity Shareholders holding Equity Shares in physical form are not eligible ASBA Investors and must apply for Equity Shares only through the Non-ASBA process.

Please note that subject to SCSBs complying with the requirements of SEBI Circular No. CIR/CFD/DIL/13/2012 dated September 25, 2012 within the periods stipulated therein, ASBA Applications may be submitted at all branches of the SCSBs.

Further, in terms of the SEBI circular CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making applications by banks on own account using ASBA facility, SCSBs should have a separate account in own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making application in public or rights issues and clear demarcated funds should be available in such account for ASBA applications. SCSBs applying in the Issue using the ASBA facility shall be responsible for ensuring that they have a separate account in its own name with any other SCSB having clear demarcated funds for applying in the Issue and that such separate account shall be used as the ASBA Account for the application, in accordance with the applicable regulations.

Self Certified Syndicate Banks

The list of banks which have been notified by SEBI to act as SCSBs for the ASBA Process is provided on http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes. For details on Designated Branches of SCSBs collecting the CAF, please refer the above mentioned SEBI link.

Eligible Equity Shareholders who are eligible to apply under the ASBA Process

The option of applying for Equity Shares in the Issue through the ASBA Process is only available to the Eligible Equity Shareholders of our Company on the Record Date and who:

- hold the Equity Shares in dematerialised form as on the Record Date and have applied towards his/her Rights Entitlements or additional Equity Shares in the Issue in dematerialised form;
- have not renounced his/her Rights Entitlements in full or in part;
- are not a Renouncee;
- are applying through a bank account maintained with SCSBs; and
- are eligible under applicable securities laws to subscribe for the Rights Entitlement and the Equity Shares in the Issue.

CAF

The Registrar will dispatch the CAF to all Eligible Equity Shareholders as per their Rights Entitlement on the Record Date for the Issue. Those Investors who wish to apply through the ASBA payment mechanism will have to select for this mechanism in Part A of the CAF and provide necessary details.

Investors desiring to use the ASBA Process are required to submit their applications by selecting the ASBA Option in Part A of the CAF only. Application in electronic mode will only be available with such SCSBs who provide such facility. The Investors shall submit the CAF to the Designated Branch of the SCSB for authorising such SCSB to block an amount equivalent to the amount payable on the application in the said ASBA Account.

More than one ASBA Investor may apply using the same ASBA Account, provided that the SCSBs will not accept a total of more than five CAFs with respect to any single ASBA Account as provided for under the SEBI circular dated December 30, 2009 .

Acceptance of the Issue

You may accept the Issue and apply for the Equity Shares either in full or in part, by filling Part A of the respective CAFs sent by the Registrar, selecting the ASBA process option in Part A of the CAF and submit the same to the Designated Branch of the SCSB before the close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by our Board of Directors of our Company in this regard.

Renunciation under the ASBA Process

ASBA Investors can neither be Renouncees, nor can renounce their Rights Entitlement.

Mode of payment under ASBA process

The Investor applying under the ASBA Process agrees to block the entire amount payable on application with the submission of the CAF, by authorizing the SCSB to block an amount, equivalent to the amount payable on application, in an ASBA Account.

After verifying that sufficient funds are available in the ASBA Account details of which are provided in the CAF, the SCSB shall block an amount equivalent to the amount payable on application mentioned in the CAF until it receives instructions from the Registrar. Upon receipt of intimation from the Registrar, the SCSBs shall transfer such amount as per the Registrar's instruction from the ASBA Account. This amount will be transferred in terms of the SEBI Regulations, into a separate bank account maintained by our Company, other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act. The balance amount remaining after the finalisation of the Basis of Allotment shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar and the Lead Manager to the respective SCSB.

The Investor applying under the ASBA Process would be required to give instructions to the respective SCSBs to block the entire amount payable on their application at the time of the submission of the CAF.

The SCSB may reject the application at the time of acceptance of CAF if the ASBA Account, details of which have been provided by the Investor in the CAF does not have sufficient funds equivalent to the amount payable on application mentioned in the CAF. Subsequent to the acceptance of the application by the SCSB, our Company would have a right to reject the application only on technical grounds.

Please note that in accordance with the provisions of SEBI circular CIR/CFD/DIL/1/2011 dated April 29, 2011 all QIBs and Non-Institutional Investors complying with eligibility conditions prescribed under the SEBI circular SEBI /CFD/DIL/ASBA/1/2009/30/12 dated December 30, 2009 must mandatorily invest through the ASBA process.

A Retail Individual Investor applying for a value of up to ₹2,00,000, can participate in the Issue either through the ASBA process or non-ASBA process.

Options available to the Eligible Equity Shareholders applying under the ASBA Process

The summary of options available to the Investors is presented below. You may exercise any of the following options with regard to the Equity Shares, using the respective CAFs received from Registrar:

Sr. No.	Option Available	Action Required
1.	Accept whole or part of your Rights Entitlement without renouncing the balance.	Fill in and sign Part A of the CAF (*All joint holders must sign in the same sequence*)
2.	Accept your Rights Entitlement in full and apply for additional Equity Shares.	Fill in and sign Part A of the CAF including Block III relating to the acceptance of entitlement and Block IV relating to additional Equity Shares (*All joint holders must sign in the same sequence*)

The Investors applying under the ASBA Process will need to select the ASBA option process in the CAF and provide required necessary details. However, in cases where this option is not selected, but the CAF is tendered to the Designated Branch of the SCSBs with the relevant details required under the ASBA process option and the SCSBs block the requisite amount, then that CAFs would be treated as if the Investor has selected to apply through the ASBA process option.

Option to receive Equity Shares in Dematerialized Form

ELIGIBLE EQUITY SHAREHOLDERS UNDER THE ASBA PROCESS MAY PLEASE NOTE THAT THE EQUITY SHARES UNDER THE ASBA PROCESS CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH THE EQUITY SHARES ARE HELD BY SUCH ASBA APPLICANT ON THE RECORD DATE.

General instructions for Investors applying under the ASBA Process

(a) Please read the instructions printed on the respective CAF carefully.

(b) Application should be made on the printed CAF only and should be completed in all respects. The CAF found incomplete with regard to any of the particulars required to be given therein, and/or which are not completed in conformity with the terms of this Draft Letter of Offer, Abridged Letter of Offer are liable to be rejected. The CAF must be filled in English.

(c) The CAF in the ASBA Process should be submitted at a Designated Branch of the SCSB and whose bank account details are provided in the CAF and not to the Bankers to the Issue or Escrow Collection Banks (assuming that such Escrow Collection Bank is not a SCSB), to our Company or the Registrar or the Lead Manager.

(d) All Applicants, and in the case of application in joint names, each of the joint Applicants, should mention his/her PAN allotted under the IT Act, irrespective of the amount of the application. Except for applications on behalf of the Central or the State Government, the residents of Sikkim and the officials appointed by the courts, **CAFs without PAN will be considered incomplete and are liable to be rejected. With effect from August 16, 2010, the demat accounts**

for Investors for which PAN details have not been verified shall be "suspended for credit" and no allotment and credit of Equity Shares pursuant to the Issue shall be made into the accounts of such Investors.

(e) All payments will be made by blocking the amount in the ASBA Account. Cash payment or payment by cheque or demand draft or pay order is not acceptable. In case payment is affected in contravention of this, the application may be deemed invalid and the application money will be refunded and no interest will be paid thereon.

(f) Signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in English or Hindi and thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/her official seal. The Investors must sign the CAF as per the specimen signature recorded with our Company or the Depositories.

(g) In case of joint holders, all joint holders must sign the relevant part of the CAF in the same order and as per the specimen signature(s) recorded with our Company or the Depositories. In case of joint Applicants, reference, if any, will be made in the first Applicant's name and all communication will be addressed to the first Applicant.

(h) All communication in connection with application for the Equity Shares, including any change in address of the Investors should be addressed to the Registrar prior to the date of Allotment in this Issue quoting the name of the first/sole Applicant, folio numbers and CAF number.

(i) Only the person or persons to whom the Equity Shares have been offered and not renouncee(s) shall be eligible to participate under the ASBA process.

(j) Only persons outside the United States and other restricted jurisdictions and who are eligible to subscribe for Rights Entitlement and Equity Shares under applicable securities laws are eligible to participate.

(k) Only the Eligible Equity Shareholders holding shares in demat are eligible to participate through the ASBA process.

(l) Eligible Equity Shareholders who have renounced their entitlement in part or in full are not entitled to apply using the ASBA process.

(m) Please note that pursuant to the applicability of the directions issued by SEBI through its circular CIR/CFD/DIL/1/2011 dated April 29, 2011, all Applicants who are QIBs, Non-Institutional Investors and other Applicants whose application amount exceeds ₹ 200,000 complying with the eligibility conditions prescribed under the SEBI circular dated December 30, 2009 can participate in the Issue only through the ASBA process. QIBs, Non-Institutional Investors and other Applicants whose application amount exceeds ₹ 200,000 shall use the ASBA facility at various centres where the facility is made available. The Investors who are (i) not QIBs, (ii) not Non-Institutional Investors, or (iii) Investors whose application amount is not more than ₹ 200,000, can participate in the Issue either through the ASBA process or the non-ASBA process.

(n) Please note that subject to SCSBs complying with the requirements of SEBI Circular No. CIR/CFD/DIL/13/2012 dated September 25, 2012 within the periods stipulated therein, ASBA Applications may be submitted at all branches of the SCSBs.

(o) Further, in terms of the SEBI circular CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making applications by banks on own account using ASBA facility, SCSBs should have a separate account in own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making application in public or rights issues and clear demarcated funds should be available in such account for ASBA applications. SCSBs applying in the Issue using the ASBA facility shall be responsible for ensuring that they have a separate account in its own name with any other SCSB having clear demarcated funds for applying in the Issue and that such separate account shall be used as the ASBA Account for the application, in accordance with the applicable regulations.

(p) In case of non – receipt of CAF, application can be made on plain paper mentioning all necessary details as mentioned under the section "*Terms of the Issue - Application on Plain Paper*" on pages 388 and 389.

(q) Investors are required to ensure that the number of Equity Shares applied for by them do not exceed the prescribed limits under the applicable law.

Do's:

(a) Ensure that the ASBA Process option is selected in Part A of the CAF and necessary details are filled in.

(b) Ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as the Equity Shares will be allotted in the dematerialized form only.

(c) Ensure that the CAFs are submitted with the Designated Branch of the SCSBs and details of the correct bank account have been provided in the CAF.

(d) Ensure that there are sufficient funds (equal to {number of Equity Shares as the case may be applied for} X {Issue Price of Equity Shares, as the case may be}) available in the ASBA Account mentioned in the CAF before submitting the CAF to the respective Designated Branch of the SCSB.

(e) Ensure that you have authorised the SCSB for blocking funds equivalent to the total amount payable on application mentioned in the CAF, in the ASBA Account, of which details are provided in the CAF and have signed the same.

(f) Ensure that you receive an acknowledgement from the Designated Branch of the SCSB for your submission of the CAF in physical form.

(g) Except for CAFs submitted on behalf of the Central or the State Government, residents of Sikkim and the officials appointed by the courts, each Applicant should mention their PAN allotted under the IT Act.

(h) Ensure that the name(s) given in the CAF is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the CAF is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the CAF.

(i) Ensure that the Demographic Details are updated, true and correct, in all respects.

(j) Ensure that the account holder in whose bank account the funds are to be blocked has signed authorising such funds to be blocked.

(k) Investors are requested to ensure that the number of Equity Shares applied for by them do not exceed the prescribed limits under applicable law.

Don’ts:

(a) Do not apply if you are not eligible to participate in the Issue under the securities laws applicable to your jurisdiction.

(b) Do not apply on duplicate CAF after you have submitted a CAF to a Designated Branch of the SCSB.

(c) Do not pay the amount payable on application in cash, by money order, pay order or postal order.

(d) Do not send your physical CAFs to the Lead Manager, the Registrar, the Escrow Collection Banks (assuming that such Escrow Collection Bank is not a SCSB), a branch of the SCSB which is not a Designated Branch of the SCSB or our Company; instead submit the same to a Designated Branch of the SCSB only.

(e) Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.

(f) Do not apply if the ASBA account has been used for five Applicants.

(g) Do not apply through the ASBA Process if you are not an ASBA Investor.

(h) Do not instruct the SCSBs to release the funds blocked under the ASBA Process.

Grounds for Technical Rejection under the ASBA Process

In addition to the grounds listed under section “*Terms of Issue - Grounds for Technical Rejections for non-ASBA Investors*” beginning on page 402, applications under the ABSA Process are liable to be rejected on the following grounds:

(a) Application on a SAF.

(b) Application for allotment of Rights Entitlements or additional Equity Shares which are in physical form.

(c) DP ID and Client ID mentioned in CAF not matching with the DP ID and Client ID records available with the Registrar.

(d) Sending an ASBA application on plain paper to the Registrar.

(e) Sending CAF to Lead Manager, Registrar, Collecting Bank (assuming that such Collecting Bank is not a SCSB), to a branch of a SCSB which is not a Designated Branch of the SCSB or our Company.

(f) Renouncee applying under the ASBA Process.

(g) Submission of more than five CAFs per ASBA Account.

(h) Insufficient funds are available with the SCSB for blocking the amount.

(i) Funds in the ASBA Account whose details are mentioned in the CAF having been frozen pursuant to regulatory orders.

(j) Account holder not signing the CAF or declaration mentioned therein.

(k) CAFs that do not include the certification set out in the CAF to the effect that the subscriber does not have a registered address (and is not otherwise located) in the United States or any other restricted jurisdiction and is authorized to acquire the rights and the securities in compliance with all applicable laws and regulations.

(l) CAFs which have evidence of being executed in or dispatched from any restricted jurisdiction.

(m) QIBs, Non-Institutional Investors and other Eligible Equity Shareholders applying for Equity Shares in this Issue for value of more than ₹ 200,000 who hold Equity Shares in dematerialised form and is not a Renouncer or a Renouncee not applying through the ASBA process.

(n) Application by an Eligible Equity Shareholder whose cumulative value of Equity Shares applied for is more than ₹ 200,000 but has applied separately through split CAFs of less than ₹ 200,000 and has not done so through the ASBA process.

(o) Multiple CAFs, including cases where an Investor submits CAFs along with a plain paper application.

(p) Submitting the GIR instead of the PAN.

(q) An Eligible Equity Shareholder, who is not complying with any or all of the conditions for being an ASBA Investor, applies under the ASBA process.

(r) Applications by persons not competent to contract under the Indian Contract Act, 1872, as amended, except applications by minors having valid demat accounts as per the demographic details provided by the Depositories.

(s) ASBA Bids by SCSB on own account, other than through an ASBA Account in its own name with any other SCSB.

(t) Applications by Applicants ineligible to make applications through the ASBA process, made through the ASBA process.

(u) Non-Institutional Investors or Non Retail Individual Investors who have a bank account with an SCSB providing ASBA facility in the location of the Non-Institutional Investors or the Non Retail Individual Investors and the application by the Non-Institutional Investors or the Non Retail Individual Investors is not made through that SCSB providing ASBA facility in such location.

(v) Failure to mention an Indian address in the Application. Application with foreign address shall be liable to be rejected.

(w) If an Investor is (a) debarred by SEBI and/or (b) if SEBI has revoked the order or has provided any interim relief then failure to attach a copy of such SEBI order allowing the Investor to subscribe to their Rights Entitlement.

(x) Depository account and bank details for Investors applying under the ASBA Process.

(y) Failure to provide a copy of the requisite RBI approval in relation to renunciation by non-resident ASBA Applicants.

(z) Applications by Eligible Shareholders ineligible to make applications through the ASBA process, made through the ASBA process.

IT IS MANDATORY FOR ALL THE INVESTORS APPLYING UNDER THE ASBA PROCESS TO RECEIVE THEIR EQUITY SHARES IN DEMATERIALISED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH THE EQUITY SHARES ARE HELD BY THE INVESTOR AS ON THE RECORD DATE. ALL INVESTORS APPLYING UNDER THE ASBA PROCESS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE CAF. INVESTORS APPLYING UNDER THE ASBA PROCESS MUST ENSURE THAT THE NAME GIVEN IN THE CAF IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE CAF IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE CAF OR PLAIN PAPER APPLICATIONS, AS THE CASE MAY BE.

Investors applying under the ASBA Process should note that on the basis of name of these Investors, Depository Participant's name and identification number and beneficiary account number provided by them in the CAF or the plain paper applications, as the case may be, the Registrar to the Issue will obtain from the Depository, demographic

details of these Investors such as address, bank account details for printing on refund orders and occupation ("Demographic Details"). Hence, Investors applying under the ASBA Process should carefully fill in their Depository Account details in the CAF.

These Demographic Details would be used for all correspondence with such Investors including mailing of the letters intimating unblocking of bank account of the respective Investor. The Demographic Details given by the Investors in the CAF would not be used for any other purposes by the Registrar. Hence, Investors are advised to update their Demographic Details as provided to their Depository Participants.

By signing the CAFs, the Investors applying under the ASBA Process would be deemed to have authorised the Depositories to provide, upon request, to the Registrar, the required Demographic Details as available on its records.

Letters intimating Allotment and unblocking or refund (if any) would be mailed at the address of the Investor applying under the ASBA Process as per the Demographic Details received from the Depositories. The Registrar will give instructions to the SCSBs for unblocking funds in the ASBA Account to the extent Equity Shares are not allotted to such Investor. Investors applying under the ASBA Process may note that delivery of letters intimating unblocking of the funds may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In such an event, the address and other details given by the Investor in the CAF would be used only to ensure dispatch of letters intimating unblocking of the ASBA Accounts.

Note that any such delay shall be at the sole risk of the Investors applying under the ASBA Process and none of our Company, the SCSBs or the Lead Manager shall be liable to compensate the Investor applying under the ASBA Process for any losses caused due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories that matches three parameters, (a) names of the Investors (including the order of names of joint holders), (b) the DP ID, and (c) the beneficiary account number, then such applications are liable to be rejected.

Issue Schedule

Issue Opening Date:	[●]
Last date for receiving requests for SAFs:	[●]
Issue Closing Date:	[●]

Our Board may however decide to extend the Issue period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date).

Basis of Allotment

Subject to the provisions contained in this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, the CAF, the Articles of Association of our Company and the approval of the Designated Stock Exchange, our Board will proceed to allot the Equity Shares in the following order of priority:

(a) Full Allotment to those Eligible Equity Shareholders who have applied for their Rights Entitlement either in full or in part and also to the Renouncee(s) who has or have applied for Equity Shares renounced in their favour, in full or in part.

(b) Investors whose fractional entitlements are being ignored and Eligible Equity Shareholders with zero entitlement, would be given preference in allotment of one additional Equity Share each if they apply for additional Equity Shares. Allotment under this head shall be considered if there are any unsubscribed Equity Shares after allotment under (a) above. If number of Equity Shares required for Allotment under this head are more than the number of Equity Shares available after Allotment under (a) above, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange and will not be a preferential allotment.

(c) Allotment to the Eligible Equity Shareholders who having applied for all the Equity Shares offered to them as part of the Issue, have also applied for additional Equity Shares. The Allotment of such additional Equity Shares will be made as far as possible on an equitable basis having due regard to the number of Equity Shares held by them on the Record Date, provided there are any unsubscribed Equity Shares after making full Allotment in (a) and (b) above. The Allotment of such Equity Shares will be at the sole discretion of our Board in consultation with the Designated Stock Exchange, as a part of the Issue and will not be a preferential allotment.

(d) Allotment to Renouncees who having applied for all the Equity Shares renounced in their favour, have applied for additional Equity Shares provided there is surplus available after making full Allotment under (a), (b) and (c) above.

The Allotment of such Equity Shares will be at the sole discretion of our Board in consultation with the Designated Stock Exchange, as a part of the Issue and will not be a preferential allotment.

(e) Allotment to any other person that our Board of Directors as it may deem fit provided there is surplus available after making Allotment under (a), (b), (c) and (d) above, and the decision of our Board in this regard shall be final and binding.

After taking into account Allotment to be made under (a) to (d) above, if there is any unsubscribed portion, the same shall be deemed to be 'unsubscribed' for the purpose of regulation 3(1)(b) of the Takeover Regulations.

Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall send to the Controlling Branches, a list of the ASBA Investors who have been allocated Equity Shares in the Issue, along with:

(a) The amount to be transferred from the ASBA Account to the separate bank account opened by our Company for the Issue, for each successful ASBA;

(b) The date by which the funds referred to above, shall be transferred to the aforesaid bank account; and

(c) The details of rejected ASBA applications, if any, to enable the SCSBs to unblock the respective ASBA Accounts**.**

Allotment Advices or Refund Orders

Our Company will issue and dispatch Allotment advice or share certificates or demat credit and/or letters of regret, as the case may be, along with refund order or credit the allotted Equity Shares to the respective beneficiary accounts, if any, within a period of 15 days from the Issue Closing Date. In case of failure to do so, our Company shall pay interest at such rate and within such time as specified under applicable law.

Investors residing at centres where clearing houses are managed by the RBI will get refunds through National Automated Clearing House ("**NACH**") except where Investors have not provided the details required to send electronic refunds.

In case of those Investors who have opted to receive their Rights Entitlement in dematerialized form using electronic credit under the depository system, advice regarding their credit of the Equity Shares shall be given separately. Investors to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post intimating them about the mode of credit of refund within 15 days of the Issue Closing Date.

In case of those Investors who have opted to receive their Rights Entitlement in physical form and our Company issues letter of allotment, the corresponding share certificates will be kept ready within six months from the date of Allotment thereof under Section 56 of the Companies Act or other applicable provisions, if any. Investors are requested to preserve such letters of allotment, which would be exchanged later for the share certificates.

The letter of allotment or refund order would be sent by registered post or speed post to the sole/ first Investor's Indian address provided by the Eligible Equity Shareholders to our Company. Such refund orders would be payable at par at all places where the applications were originally accepted. The same would be marked 'Account Payee only' and would be drawn in favour of the sole/ first Investor. Adequate funds would be made available to the Registrar for this purpose.

In the case of non-resident Shareholders or Investors who remit their Application Money from funds held in the NRE or the FCNR Accounts, refunds and/or payment of interest or dividend and other disbursements, if any, shall be credited to such accounts, the details of which should be furnished in the CAF. Subject to the applicable laws and other approvals, in case of Non-resident Shareholders or Investors who remit their application money through Indian Rupee demand drafts purchased from abroad, refund and/or payment of dividend or interest and any other disbursement, shall be credited to such accounts and will be made after deducting bank charges or commission in US Dollars, at the rate of exchange prevailing at such time. Our Company will not be responsible for any loss on account of exchange rate fluctuations for conversion of the Indian Rupee amount into US Dollars. The share certificate(s) will be sent by registered post or speed post to the Indian address of the Non Resident Shareholders or Investors as provided to our Company.

Payment of Refund

Mode of making refunds

The payment of refund, if any, would be done through any of the following modes:

1. NACH – National Automated Clearing House is a consolidated system of electronic clearing service. Payment of refund would be done through NACH for Applicants having an account at one of the centres specified by the RBI, where such facility has been made available. This would be subject to availability of complete bank account details including MICR code wherever applicable from the depository. The payment of refund through NACH is mandatory for Applicants having a bank account at any of the centres where NACH facility has been made available by the RBI

(subject to availability of all information for crediting the refund through NACH including the MICR code as appearing on a cheque leaf, from the depositories), except where applicant is otherwise disclosed as eligible to get refunds through NEFT or Direct Credit or RTGS.

2. National Electronic Fund Transfer ("**NEFT**") – Payment of refund shall be undertaken through NEFT wherever the Investors' bank has been assigned the Indian Financial System Code ("**IFSC Cod**e"), which can be linked to a MICR, allotted to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Investors have registered their nine digit MICR number and their bank account number with the Registrar to our Company or with the Depository Participant while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the Investors through this method.

3. Direct Credit – Investors having bank accounts with the Bankers to the Issue shall be eligible to receive refunds through direct credit. Charges, if any, levied by the relevant bank(s) for the same would be borne by our Company.

4. RTGS – If the refund amount exceeds ₹ 200,000, the Investors have the option to receive refund through RTGS. Such eligible Investors who indicate their preference to receive refund through RTGS are required to provide the IFSC Code in the CAF. In the event the same is not provided, refund shall be made through NACH

5. Or any other eligible mode. Charges, if any, levied by the refund bank(s) for the same would be borne by our Company. Charges, if any, levied by the Investor's bank receiving the credit would be borne by the Investor.

For all other Investors the refund orders will be dispatched through speed post or registered post. Such refunds will be made by cheques, pay orders or demand drafts drawn in favour of the sole/first Investor and payable at par.

Credit of refunds to Investors in any other electronic manner, permissible under the banking laws, which are in force, and is permitted by SEBI from time to time.

Refund payment to Non-residents

Where applications are accompanied by Indian rupee drafts purchased abroad and payable at Mumbai, refunds will be made in the Indian rupees based on the U.S. dollars equivalent which ought to be refunded. Indian rupees will be converted into U.S. dollars at the rate of exchange, which is prevailing on the date of refund. The exchange rate risk on such refunds shall be borne by the concerned Applicant and our Company shall not bear any part of the risk.

Where the applications made are accompanied by NRE or FCNR or NRO cheques, refunds will be credited to NRE or FCNR or NRO accounts respectively, on which such cheques were drawn and details of which were provided in the CAF.

Printing of Bank Particulars on Refund Orders

As a matter of precaution against possible fraudulent encashment of refund orders due to loss or misplacement, the particulars of the Investor's bank account are mandatorily required to be given for printing on the refund orders. Bank account particulars, where available, will be printed on the refund orders or refund warrants which can then be deposited only in the account specified. Our Company will, in no way, be responsible if any loss occurs through these instruments falling into improper hands either through forgery or fraud.

Allotment advice or Share Certificates or Demat Credit

Allotment advice or share certificates or demat credit or letters of regret will be dispatched to the registered address of the first named Investor or respective beneficiary accounts will be credited within 15 days, from the Issue Closing Date. In case our Company issues Allotment advice, the respective share certificates will be dispatched within one month from the date of the Allotment. Allottees are requested to preserve such allotment advice (if any) to be exchanged later for share certificates.

Option to receive Equity Shares in Dematerialized Form

Investors shall be allotted the Equity Shares in dematerialized (electronic) form at the option of the Investor. Our Company has signed a tripartite agreement with NSDL and Registrar to the Issue on February 19, 2010 which enables the Investors to hold and trade in the securities issued by our Company in a dematerialized form, instead of holding the Equity Shares in the form of physical certificates. Our Company has also signed a tripartite agreement with CDSL, Registrar to the Issue on February 15, 2010 which enables the Investors to hold and trade in the securities issued by our Company in a dematerialized form, instead of holding the Equity Shares in the form of physical certificates.

In this Issue, the Allottees who have opted for Equity Shares in dematerialized form will receive their Equity Shares in the form of an electronic credit to their beneficiary account as given in the CAF, after verification with a depository participant. Investor will have to give the relevant particulars for this purpose in the appropriate place in the CAF. Allotment advice, refund order (if any) would be sent directly to the Investor by the Registrar to the Issue but the Investor's depository participant will provide to him the confirmation of the credit of such Equity Shares to the Investor's depository account. CAFs, which do not accurately contain this information, will be given the Equity Shares in physical form. No separate CAFs for Equity Shares in physical and/or dematerialized form should be made. If such CAFs are made, the CAFs for physical Equity Shares he Equity Shares will be treated as multiple CAFs and is liable to be rejected. In case of partial Allotment, Allotment will be done in demat option for the Equity Shares sought in demat and balance, if any, will be allotted in physical Equity Shares. Eligible Equity Shareholders of our Company holding Equity Shares in physical form may opt to receive Equity Shares in the Issue in dematerialized form.

INVESTORS MAY PLEASE NOTE THAT THE EQUITY SHARES CAN BE TRADED ON THE STOCK EXCHANGES ONLY IN DEMATERIALIZED FORM.

The procedure for availing the facility for Allotment of Equity Shares in this Issue in the electronic form is as under:

- Open a beneficiary account with any depository participant (care should be taken that the beneficiary account should carry the name of the holder in the same manner as is registered in the records of our Company. In the case of joint holding, the beneficiary account should be opened carrying the names of the holders in the same order as registered in the records of our Company). In case of Investors having various folios in our Company with different joint holders, the Investors will have to open separate accounts for such holdings. Those Investors who have already opened such beneficiary account(s) need not adhere to this step.

- For Eligible Equity Shareholders already holding Equity Shares in dematerialized form as on the Record Date, the beneficial account number shall be printed on the CAF. For those who open accounts later or those who change their accounts and wish to receive their Equity Shares pursuant to this Issue by way of credit to such account, the necessary details of their beneficiary account should be filled in the space provided in the CAF. It may be noted that the Allotment of Equity Shares arising out of this Issue may be made in dematerialized form even if the Equity Shares are not dematerialized. Nonetheless, it should be ensured that the depository account is in the name(s) of the Investors and the names are in the same order as in the records of our Company or the Depositories.

The responsibility for correctness of information (including Investor's age and other details) filled in the CAF vis-à-vis such information with the Investor's depository participant, would rest with the Investor. Investors should ensure that the names of the Investors and the order in which they appear in CAF should be the same as registered with the Investor's depository participant.

If incomplete or incorrect beneficiary account details are given in the CAF, the Investor will get Equity Shares in physical form.

The Equity Shares allotted to Applicants opting for issue in dematerialized form, would be directly credited to the beneficiary account as given in the CAF after verification. Allotment advice, refund order (if any) would be sent directly to the Applicant by the Registrar but the Applicant's depository participant will provide to him the confirmation of the credit of such Equity Shares to the Applicant's depository account.

Non-transferable allotment advice/ refund orders will be directly sent to the Investors by the Registrar to the Issue.

Renouncees will also have to provide the necessary details about their beneficiary account for Allotment of Equity Shares in this Issue. In case these details are incomplete or incorrect, the application is liable to be rejected.

General instructions for non-ASBA Investors

(a) Please read the instructions printed on the CAF carefully.

(b) Applicants that are not QIBs or are not Non – Institutional Investor or those whose Application money does not exceed ₹ 200,000 may participate in the Issue either through ASBA or the non-ASBA process. Eligible Equity Shareholders who have renounced their entitlement (in full or in part), Renouncees and Applicants holding Equity Shares in physical form and/or subscribing in the Issue for Allotment in physical form may participate in the Issue only through the non ASBA process.

(c) Application should be made on the printed CAF, provided by our Company except as mentioned stated under the section "*Terms of the Issue - Application on Plain Paper*" on page 388 and 389 and should be completed in all respects. The CAF found incomplete with regard to any of the particulars required to be given therein, and/ or which are not completed in conformity with the terms of this Draft Letter of Offer are liable to be rejected and the money paid, if any, in respect thereof will be refunded without interest and after deduction of bank commission and other charges, if any. The CAF must be filled in English and the names of all the Investors, details of occupation, address, father's or husband's name must be filled in block letters.

The CAF together with the cheque or demand draft should be sent to the Bankers to the Issue or the Escrow Collection Bank or to the Registrar and not to our Company or the Lead Manager to the Issue. Investors residing at places other than cities where the branches of the Bankers to the Issue have been authorised by our Company for collecting applications, will have to make payment by demand draft payable at Mumbai of an amount net of bank and postal charges and send their CAFs to the Registrar by registered post. If any portion of the CAF is/are detached or separated, such application is liable to be rejected.

Applications where separate cheques or demand drafts are not attached for amounts to be paid for Equity Shares are liable to be rejected. Applications accompanied by cash, postal order or stock invest are liable to be rejected.

(d) Except for applications on behalf of the Central and the State Government, the residents of Sikkim and the officials appointed by the courts, all Investors, and in the case of application in joint names, each of the joint Investors, should mention his/her PAN allotted under the IT Act, irrespective of the amount of the application. CAFs without PAN will be considered incomplete and are liable to be rejected.

(e) Investors, holding Equity Shares in physical form, are advised that it is mandatory to provide information as to their savings or current account number, the nine digit MICR number and the name of the bank with whom such account is held in the CAF to enable the Registrar to print the said details in the refund orders, if any, after the names of the payees. Application not containing such details is liable to be rejected.

(f) All payment should be made by cheque or demand draft only. Cash payment is not acceptable. In case payment is effected in contravention of this, the application may be deemed invalid and the application money will be refunded and no interest will be paid thereon.

(g) Signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in English or Hindi and thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/ her official seal. The Investors must sign the CAF as per the specimen signature recorded with our Company.

(h) In case of an application under power of attorney or by a body corporate or by a society, a certified true copy of the relevant power of attorney or relevant resolution or authority to the signatory to make the relevant investment under this Issue and to sign the application and a copy of the Memorandum of Association and Articles of Association and/or bye laws of such body corporate or society must be lodged with the Registrar giving reference of the serial number of the CAF. In case the above referred documents are already registered with our Company, the same need not be a furnished again. In case these papers are sent to any other entity besides the Registrar or are sent after the Issue Closing Date, then the application is liable to be rejected. In no case should these papers be attached to the application submitted to the Bankers to the Issue.

(i) In case of joint holders, all joint holders must sign the relevant part of the CAF in the same order and as per the specimen signature(s) recorded with our Company or the Depositories. Further, in case of joint Investors who are Renouncees, the number of Investors should not exceed three. In case of joint Investors, reference, if any, will be made in the first Investor’s name and all communication will be addressed to the first Investor.

(j) Application(s) received from NRs or NRIs, or persons of Indian origin residing abroad for Allotment of Equity Shares shall, inter alia, be subject to conditions, as may be imposed from time to time by the RBI under FEMA, in the matter of refund of application money, Allotment of Equity Shares, subsequent issue and Allotment of Equity Shares, interest, export of share certificates, etc. In case an NR or NRI Investor has specific approval from the RBI, in connection with his shareholding, he should enclose a copy of such approval with the CAF. Additionally, applications will not be accepted from NRs/NRIs in any jurisdiction where the offer or sale of the Rights Entitlements and subsequent issue of equity shares of our Company upon conversion of Equity Shares may be restricted by applicable securities laws.

(k) All communication in connection with application for the Equity Shares, including any change in address of the Investors should be addressed to the Registrar prior to the date of Allotment in this Issue quoting the name of the first/sole Investor, folio numbers and CAF number. Please note that any intimation for change of address of Investors, after the date of Allotment, should be sent to the Registrar and transfer agents of our Company, in the case of Equity Shares held in physical form and to the respective depository participant, in case of Equity Shares held in dematerialized form.

(l) SAFs cannot be re-split.

(m) Only the person or persons to whom Equity Shares have been offered and not Renouncee(s) shall be entitled to obtain SAFs.

(n) Investors must write their CAF number at the back of the cheque or demand draft.

(o) Only one mode of payment per application should be used. The payment must be by cheque or demand draft drawn on any of the banks, including a co-operative bank, which is situated at and is a member or a sub member of the bankers clearing house located at the centre indicated on the reverse of the CAF where the application is to be submitted.

(p) A separate cheque or draft must accompany each CAF. Outstation cheques, demand drafts or post-dated cheques and postal or money orders will not be accepted and applications accompanied by such cheques, demand drafts, money orders or postal orders will be rejected. The Registrar will not accept payment against application if made in cash.

(q) No receipt will be issued for application money received. The Bankers to the Issue, the Escrow Collection Banks or the Registrar will acknowledge receipt of the same by stamping and returning the acknowledgment slip at the bottom of the CAF.

(r) The distribution of the Letter of Offer and issue of Equity Shares to persons in certain jurisdictions outside India may be restricted by legal requirements in those jurisdictions. Persons in such jurisdictions are instructed to disregard the Letter of Offer and not to attempt to subscribe for Equity Share**s.**

(s) Investors are required to ensure that the number of Equity Shares applied for by them do not exceed the prescribed limits under the applicable law.

Do's for non-ASBA Investors:

(a) Check if you are eligible to apply i.e. you are an Eligible Equity Shareholder on the Record Date.

(b) Read all the instructions carefully and ensure that the cheque or draft option is selected in Part A of the CAF and necessary details are filled in.

(c) In the event you hold Equity Shares in dematerialised form, ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as the Equity Shares will be allotted in the dematerialized form only.

(d) Ensure that your Indian address is available to us and the Registrar and transfer agent, in case you hold the Equity Shares in physical form or the depository participant, in case you hold Equity Shares in dematerialised form.

(e) Ensure that the value of the cheque or draft submitted by you is equal to the (number of Equity Shares applied for) X (Issue Price of Equity Shares, as the case may be) before submission of the CAF.

(f) Ensure that you receive an acknowledgement from the collection branch of the Banker to the Issue for your submission of the CAF in physical form.

(g) Ensure that you mention your PAN allotted under the IT Act with the CAF, except for Applications on behalf of the Central and the State Governments, residents of the state of Sikkim and officials appointed by the courts.

(h) Ensure that the name(s) given in the CAF is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the CAF is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the CAF.

(i) Ensure that the demographic details are updated, true and correct, in all respects.

Don'ts for non-ASBA Investors:

(a) Do not apply if you are in the United States or any other restricted jurisdiction or are otherwise not eligible to participate in the Issue pursuant to the securities laws applicable to your jurisdiction.

(b) Do not apply on duplicate CAF after you have submitted a CAF to a collection branch of the Banker to the Issue.

(c) Do not pay the amount payable on application in cash, by money order or by postal order.

(d) Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.

(e) Do not submit Application accompanied with stock invest.

Grounds for Technical Rejections for non-ASBA Investors

Investors are advised to note that applications are liable to be rejected on technical grounds, including the following:

- Amount paid does not tally with the amount payable.

- Bank account details (for refund) are not given and the same are not available with the DP (in the case of dematerialized holdings) or the Registrar and transfer agent (in the case of physical holdings).
- Age of Investor(s) not given (in case of Renouncees).
- Except for CAFs on behalf of the Central or the State Government, the residents of Sikkim and the officials appointed by the courts, PAN not given for application of any value.
- In case of CAF under power of attorney or by limited companies, corporate, trust, relevant documents are not submitted.
- If the signature of the Investor does not match with the one given on the CAF and for renounce(s) if the signature does not match with the records available with their depositories.
- CAFs are not submitted by the Investors within the time prescribed as per the CAF and this Draft Letter of Offer.
- CAFs not duly signed by the sole or joint Investors.
- CAFs or SAFs by OCBs not accompanied by a copy of an RBI approval to apply in this Issue.
- CAFs accompanied by stock invest, outstation cheques, post-dated cheques, money order, postal order or outstation demand drafts.
- In case no corresponding record is available with the depositories that match three parameters, namely, names of the Investors (including the order of names of joint holders), DP ID and Client ID.
- CAFs that do not include the certifications set out in the CAF to the effect that the subscriber does not have a registered address (and is not otherwise located) in any restricted jurisdictions and is authorized to acquire the Rights Entitlements and Equity Shares in compliance with all applicable laws and regulations.
- CAFs which have evidence of being executed in or dispatched from restricted jurisdictions.
- CAFs by ineligible Non-Residents (including on account of restriction or prohibition under applicable local laws) and where an Indian address has not been provided.
- CAFs where our Company believes that CAF is incomplete or acceptance of such CAF may infringe applicable legal or regulatory requirements.
- In case the GIR number is submitted instead of the PAN.
- Applications by Renouncees who are persons not competent to contract under the Indian Contract Act, 1872, except applications by minors having valid demat accounts as per the demographic details provided by the Depositories.
- Multiple CAFs, including cases where an Investor submits CAFs along with a plain paper application.
- Applications from QIBs, Non-Institutional Investors or Investors applying in this Issue for Equity Shares for an amount exceeding ₹ 200,000, not through ASBA process.
- Application by an Eligible Equity Shareholder whose cumulative value of Equity Shares applied for is more than ₹ 200,000 but has applied separately through SAFs of less than ₹ 200,000 and has not been undertaken through the ASBA process.
- Renunciation involving a non-resident should only be on the floor of the Stock Exchanges. Application on renunciation forms where renunciation is not carried out on the floor of the Stock Exchanges, and without regulatory approvals, if any, are liable to be rejected.
- Failure to mention an Indian address in the Application. Application with foreign address shall be liable to be rejected.
- If an Investor is debarred by SEBI and if SEBI has revoked the order or has provided any interim relief then failure to attach a copy of such SEBI order allowing the Investor to subscribe to their Rights Entitlement.
- Non – ASBA applications made by QIBs and Non – Institutional Investors.
- Failure to provide a copy of the requisite RBI approval in relation to renunciation by non-resident non-ASBA Applicants

Please read this Draft Letter of Offer and the instructions contained therein and in the CAF carefully before filling in the CAF. The instructions contained in the CAF are an integral part of this Draft Letter of Offer and must be carefully followed. The CAF is liable to be rejected for any non-compliance of the provisions contained in this Draft Letter of Offer or the CAF.

Bids by FPIs

In terms of the SEBI FPI Regulations, the issue of Equity Shares to a single FPI or an investor group (which means the same set of ultimate beneficial owner(s) investing through multiple entities) is not permitted to exceed 10% of our post-Issue Equity Share capital. Further, in terms of the FEMA Regulations, the total holding by each FPI shall be below 10% of the total paid-up Equity Share capital of our Company and the total holdings of all FPIs put together shall not exceed 24% of the paid-up Equity Share capital of our Company. The aggregate limit of 24% has increased up to the sectoral cap (49%) by way of special resolution passed by the Shareholders dated May 7, 2008. In terms of the FEMA Regulations, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included.

FPIs are permitted to participate in the Issue subject to compliance with conditions and restrictions which may be specified by the Government from time to time.

Procedure for Applications by AIFs, FVCIs and VCFs

The SEBI (Venture Capital Funds) Regulations, 1996, as amended ("**SEBI VCF Regulations**") and the SEBI (Foreign Venture Capital Investor) Regulations, 2000, as amended ("**SEBI FVCI Regulations**") prescribe, among other things, the investment restrictions on VCFs and FVCIs registered with SEBI. Further, the SEBI (Alternative Investments Funds) Regulations, 2012 ("**SEBI AIF Regulations**") prescribe, among other things, the investment restrictions on AIFs.

As per the SEBI VCF Regulations and SEBI FVCI Regulations, VCFs and FVCIs are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by VCFs or FVCIs will not be accepted in this Issue.

Venture capital funds registered as Category I AIFs, as defined in the SEBI AIF Regulations, are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by venture capital funds registered as category I AIFs, as defined in the SEBI AIF Regulations, will not be accepted in this Issue. Other categories of AIFs are permitted to apply in this Issue subject to compliance with the SEBI AIF Regulations.

Such AIFs having bank accounts with SCSBs that are providing ASBA in cities / centres where such AIFs are located are mandatorily required to make use of the ASBA facility. Otherwise, applications of such AIFs are liable for rejection.

Bids by NRIs

Investments by NRIs are governed by the Portfolio Investment Scheme under Regulation 5(3)(i) of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended. Applications will not be accepted from NRIs in restricted jurisdictions.

Please note that pursuant to the applicability of the directions issued by SEBI through its circular bearing number CIR/ CFD/ DIL/1/2011 dated April 29, 2011, all Applicants who are QIBs, Non-Institutional Investors or are applying in this Issue for Equity Shares for an amount exceeding ₹200,000 shall mandatorily make use of ASBA facility.

Bids by Mutual Funds

A separate application can be made in respect of each scheme of an Indian mutual fund registered with SEBI and such applications shall not be treated as multiple applications. The applications made by asset management companies or custodians of a mutual fund should clearly indicate the name of the concerned scheme for which the application is being made.

Please note that pursuant to the applicability of the directions issued by SEBI through its circular bearing number CIR/ CFD/ DIL/ 1/ 2011 dated April 29, 2011, all Applicants who are QIBs, Non-Institutional Investors or are applying in this Issue for Equity Shares for an amount exceeding ₹200,000 shall mandatorily make use of ASBA facility.

Impersonation

As a matter of abundant caution, attention of the Investors is specifically drawn to the provisions of Section 38 of the Companies Act, 2013 which is reproduced below:

"Any person who makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under Section 447."

Section 447 of the Companies Act, 2013 provides for punishment for fraud which, inter alia, states punishment of imprisonment for a terms which shall not be less than six months but which may extend to ten years and shall be liable to a fine which shall not be less than the amount involved in the fraud, but which shall extend to three times of the amount involved in the fraud.

Payment by stock invest

In terms of RBI Circular DBOD No. FSC BC 42/24.47.00/2003- 04 dated November 5, 2003, the stock invest Scheme has been withdrawn. Hence, payment through stock invest would not be accepted in this Issue.

Disposal of application and application money

No acknowledgment will be issued for the application moneys received by our Company. However, the Bankers to the Issue, the Registrar or the Designated Branch of the SCSBs receiving the CAF will acknowledge its receipt by stamping and returning the acknowledgment slip at the bottom of each CAF.

Our Board reserves its full, unqualified and absolute right to accept or reject any application, in whole or in part, and in either case without assigning any reason thereto.

In case an application is rejected in full, the whole of the application money received will be refunded. Wherever an application is rejected in part, the balance of application money, if any, after adjusting any money due on Equity Shares allotted, will be refunded to the Investor within a period of 15 days from the Issue Closing Date. In case of failure to do so, our Company shall pay interest at such rate and within such time as specified under applicable law.

For further instructions, please read the CAF carefully.

Utilisation of Issue Proceeds

Our Board of Directors declares that:

(a) All monies received out of the Issue shall be transferred to a separate bank account;

(b) Details of all monies utilized out of the Issue shall be disclosed, and continue to be disclosed till the time any part of the Issue Proceeds remains unutilised, under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such monies have been utilised;

(c) Details of all unutilized monies out of the Issue, if any, shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilized monies have been invested; and

(d) Our Company may utilise the funds collected in the Issue only after the Basis of Allotment is finalised.

Undertakings by our Company

Our Company undertakes the following:

(a) The complaints received in respect of the Issue shall be attended to by our Company expeditiously and satisfactorily.

(b) All steps for completion of the necessary formalities for listing and commencement of trading at all Stock Exchanges where the Equity Shares are to be listed will be taken within seven working days of finalization of Basis of Allotment.

(c) The funds required for making refunds to unsuccessful Applicants as per the mode(s) disclosed shall be made available to the Registrar by our Company.

(d) Where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the Investor within 15 days of the Issue Closing Date, giving details of the banks where refunds shall be credited along with amount and expected date of electronic credit of refund.

(e) No further issue of securities affecting our Company's equity capital shall be made till the Equity Shares issued or offered in the Issue are listed or till the application money are refunded on account of non-listing, under-subscription etc.

(f) Adequate arrangements shall be made to collect all ASBA applications and to consider then similar to non-ASBA applications while finalising the Basis of Allotment.

(g) At any given time, there shall be only one denomination for the Equity Shares of our Company.

(h) Our Company shall comply with such disclosure and accounting norms specified by SEBI from time to time.

Minimum Subscription

If our Company does not receive the minimum subscription of 90% of the Issue and the sum payable on application is not received within a period of 30 days from the date of this Draft Letter of Offer, our Company shall refund the entire subscription amount received within 15 days from the Issue Closing Date. If there is delay in the refund of the subscription amount by more than 8 days after the expiry of 15 days from the Issue Closing Date, our Company will pay interest for the delayed period at rates prescribed under the applicable law.

Important

Please read this Draft Letter of Offer carefully before taking any action. The instructions contained in the CAF are an integral part of the conditions of this Draft Letter of Offer and must be carefully followed; otherwise the application is liable to be rejected.

All enquiries in connection with this Draft Letter of Offer or CAF and requests for SAFs must be addressed (quoting the Registered Folio Number or the DP and Client ID number, the CAF number and the name of the first Eligible Equity Shareholder as mentioned on the CAF and super scribed "Piramal Enterprises Limited - Rights Issue" on the envelope and postmarked in India) to the Registrar at the following address:

Link Intime India Private Limited
C-101, 247 Park
L B S Marg, Vikhroli (West)
Mumbai 400 083
Tel: (91 22) 4918 6200
Fax: (91 22) 4918 6195
E-mail: pel.rights@linkintime.co.in
Investor grievance e-mail: pel.rights@linkintime.co.in
Website: www.linkintime.co.in
Contact person: Sumeet Deshpande
SEBI registration number: INR000004058

The Issue will remain open for a minimum 15 days. However, our Board will have the right to extend the Issue period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Closing Date).

SECTION IX: OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The copies of the following contracts which have been entered or are to be entered into by our Company (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two years before the date of the Letter of Offer) which are or may be deemed material have been entered or are to be entered into by our Company. Copies of the abovementioned contracts and also the documents for inspection referred to hereunder, may be inspected at the Registered Office between 10 a.m. and 5 p.m. on all working days from the date of the Letter of Offer until the Issue Closing Date.

A. Material Contracts for the Issue

1. Issue Agreement dated November 7, 2017 between our Company and the Lead Manager.

2. Registrar Agreement dated November 7, 2017 between our Company and the Registrar to the Issue.

3. Escrow Agreement dated [●] amongst our Company, the Lead Manager, the Registrar to the Issue and the Escrow Collection Banks.

4. Monitoring Agency Agreement dated [●], 2017 between our Company and the Monitoring Agency.

B. Material Documents

1. Certified copies of the updated Memorandum of Association and Articles of Association.

2. Certificate of Incorporation of our Company and certificates of incorporation consequent upon change in name of our Company.

3. Resolution of our Board dated October 12, 2017 in relation to this Issue and other related matters.

4. Consents of our Directors, Company Secretary and Compliance Officer, Auditors, Lead Manager, Bankers to the Issue, Legal Advisor to the Issue, the Registrar to the Issue and the Monitoring Agency for inclusion of their names in this Draft Letter of Offer to act in their respective capacities.

5. Consent of M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, M/s. Price Waterhouse, Chartered Accountants and Bansi S. Mehta & Co., Chartered Accountants, to include their name as required under Section 26(1)(v) of the Companies Act, 2013 in this Draft Letter of Offer and as "expert" as defined under Sections 2(38) of the Companies Act, 2013.

6. Certificated dated November 6, 2017 issued by D.B. Ketkar & Co., Chartered Accountants confirming that the borrowings of our Company have been utilized for the purposes for which they were availed, as provided in the relevant borrowing documents.

7. The report of our erstwhile Auditors, Price Waterhouse, Chartered Accountants, dated May 12, 2017 on the Audited Financial Statements for Fiscal 2017. Additionally, the limited review report of our Auditors, being M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, dated November 6, 2017 on the Limited Review Financial Information for the six months period ended September 30, 2017 as submitted to the Stock Exchanges in terms of the SEBI Listing Regulations.

8. Annual Reports of our Company for Fiscal 2017, 2016, 2015, 2014 and 2013.

9. Statement of Tax Benefits dated November 6, 2017 from Bansi S. Mehta & Co.

10. Due Diligence Certificate dated November 7, 2017 addressed to SEBI from the Lead Manager.

11. In principle listing approvals dated [●] and [●] issued by BSE and NSE respectively.

12. SEBI observation letter no. [●] dated [●].

13. Tripartite Agreement dated February 19, 2010 between our Company, Registrar to the Issue and NSDL.

14. Tripartite Agreement dated February 15, 2010 between our Company, Registrar to the Issue and CDSL.

Any of the contracts or documents mentioned in this Draft Letter of Offer may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the Eligible Equity Shareholders, subject to compliance with applicable law.

DECLARATION

We hereby certify that no statement made in this Draft Letter of Offer contravenes any of the provisions of the Companies Act, the SEBI Act, or the rules made thereunder or regulations issued thereunder, as the case may be. We further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

We further certify that all disclosures made in this Draft Letter of Offer are true and correct.

SIGNED BY THE DIRECTORS OF OUR COMPANY

Ajay Piramal
Chairman

Swati Piramal
Vice Chairperson

Gautam Banerjee
Independent Director

Keki Dadiseth
Independent Director

Raghunath Mashelkar
Independent Director

Goverdhan Mehta
Independent Director

Siddharth Mehta
Independent Director

Anand Piramal
Non-Executive Director

Nandini Piramal
Executive Director

Subramanian Ramadorai
Independent Director

Deepak Satwalekar
Independent Director

Vijay Shah
Executive Director

Narayanan Vaghul
Independent Director

SIGNED BY THE FINANCE HEAD

Vivek Valsaraj
President Finance

Date: November 7, 2017

Place: Mumbai

CERTIFIED TRUE COPY
For Piramal Enterprises Limited
Chanda Makhija Thadani
Assistant Company Secretary

PIRAMAL ENTERPRISES LIMITED