



ANNUAL REPORT
2016-2017



SHAPING OUR FUTURE



GMM Pfaudler
Defining the standard



BOARD OF DIRECTORS

CHAIRMAN

P. Krishnamurthy

MANAGING DIRECTOR

Tarak Patel

DIRECTORS

Ashok Patel

Dr. S. Sivaram

Dr. Amrita Patel

Thomas Kehl

Tom Alzin

Khurshed Thanawalla

MANAGEMENT TEAM

Ashok Pillai - Chief Operating Officer

Jugal Sahu - Chief Financial Officer

Mittal Mehta- Company Secretary

STATUTORY AUDITORS

Deloitte Haskins & Sells LLP

Chartered Accountants

INTERNAL AUDITORS

Kalyaniwalla & Mistry,
Chartered Accountants

SOLICITORS

Shardul Amarchand Mangaldas

BANKERS

State Bank of India

Axis Bank Ltd.

Citibank N.A.

REGISTERED OFFICE

Vithal Udyognagar,

Anand - Sojitra Road,

Karamsad – 388 325, Gujarat.

Tel.: +91 2692 661700 / 230416 / 230516

Fax: +91 2692 661888 / 236467

Email: worksko@gmmpfaudler.com

CORPORATE OFFICE

1001 Peninsula Towers,

Peninsula Corporate Park,

Ganpatrao Kadam Marg, Lower Parel,

Mumbai 400 013, Maharashtra.

Tel: +91 22 6650 3900

Email: investorservices@gmmpfaudler.com

REGISTRAR & TRANSFER AGENTS

Link Intime India Pvt. Ltd.

C-101, 247 Park,

L.B.S. Marg, Vikhroli (West),

Mumbai – 400 083.

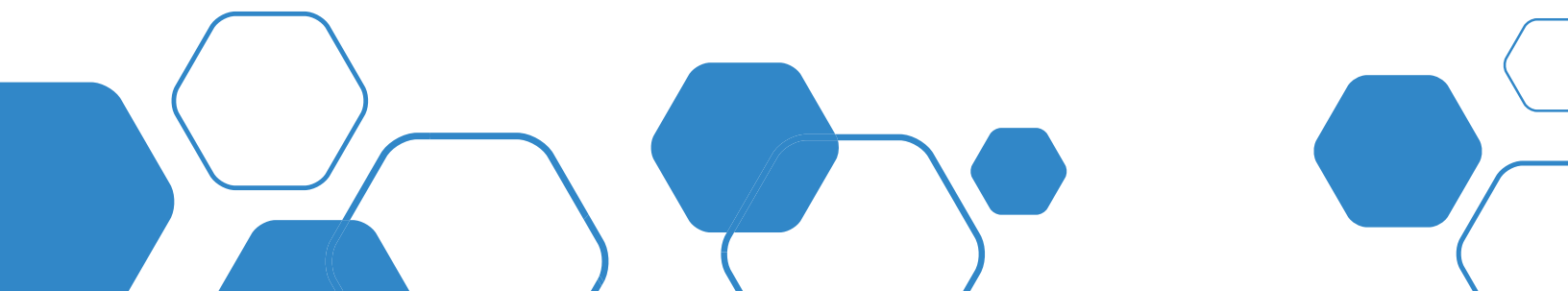
Tel: +91 22 4918 6270

Fax: +91 22 4918 6060

Email: rnt.helpdesk@linkintime.co.in

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Dear Shareholders,

It gives me pleasure to present before you the highlights of the past fiscal year and the outlook for the year ahead.

In the financial year 2016-17, GMM Pfaudler Limited posted standalone revenues of ₹ 2,663 million, up 16% from the previous year's ₹ 2,296 million and consolidated revenues of ₹ 3,530 million, up 21% from the previous year's ₹ 2,921 million. Profit before tax increased by 46% to ₹ 405 million on standalone basis and increased by 57% to ₹ 469 million on consolidated basis. In spite of the sluggish economic environment, our Company managed to significantly grow revenue and profitability.

India has emerged as the fastest growing major economy in the world and the growth is expected to be maintained in 2017-18. With recent Government initiatives such as 'Make in India' and a favourable monsoon, the growth could be even higher. While the first two quarters of the year saw a recovery of the economy, demonetisation had a dampening effect on aggregate demand. However, looking ahead demonetisation is expected to have a positive impact on the economy. Even though GST may cause some short term disruptions, it will help stimulate the economy by bringing in greater transparency and simplicity in tax administration and compliance in the medium to long term.

The key demand industries for GMM Pfaudler Limited - Pharmaceuticals, Specialty Chemicals and Agrochemicals, are all expected to grow at a CAGR of 10-15% over the next 5 years. These industries will continue to invest in their plant and machinery to increase their capacity as well as to upgrade their facilities. Backed by this demand, our order book across all our business lines looks robust and we are confident of maintaining the growth momentum going forward.

GMM Pfaudler Limited has maintained its leadership in Glass Lined Equipment by leveraging our brand, technology, quality and after sales service. As we move forward we are looking to further strengthen our leadership position by increasing our manufacturing capacity and reducing our costs.

GMM Pfaudler Limited's Heavy Engineering business is also seeing some traction as a result of the investment we made in improving our infrastructure and enhancing our capabilities. We have managed to grow this business by creating a significant competitive advantage by leveraging our engineering capabilities, multiple code accreditations and proven track record of manufacturing complex equipment. This has also helped us to strengthen our product portfolio and reduce the cyclical nature of our main business.

GMM Pfaudler Limited's Proprietary Products business continues to grow at a steady pace by targeting critical applications in the domestic and export markets. To further exploit these opportunities, we have enhanced our process engineering capabilities so as to provide end to end solutions to our customers.

As we move into the second year of our Strategic plan – Mission 2020, we have changed our theme from 'Creating our Future' to 'Accelerating Growth'. We hope that many of our initiatives that we implemented will act as a stimulus for growth in the coming years.

I would like to place on record my gratitude to all our valued shareholders, who have placed their confidence and trust in us. As we continue on our journey, we look forward to your continued support.

Best Regards,

Tarak Patel
Managing Director

Board of Directors



Mr. P Krishnamurthy
*Independent Director
Chairman*



Mr. Tarak Patel
Managing Director



Mr. Ashok Patel
Director



Dr. S. Sivaram
Independent Director



Dr. Amrita Patel
Independent Director



Mr. Tom Alzin
Director



Mr. Thomas Kehl
Director



Mr. Khurshed Thanawalla
Director

CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

CSR HIGHLIGHTS FOR THE YEAR 2016 - 17

GMM Pfaudler Limited's CSR policy is based on our commitment to make a positive contribution to the local community and environment. Our CSR initiatives for 2016-17 focus on the areas of healthcare, education and environment sustainability in and around our manufacturing facility in Karamsad, Gujarat.

GMM Pfaudler Limited is involved in the following CSR projects:

I. HEALTHCARE – PROJECT SPARSH; REACHING THE UNREACHED

- GMM Pfaudler Limited had partnered with Charutar Arogya Mandal ('CAM') and through their Project SPARSH (Shree Krishna Hospital Programme for Advancement of Rural and Social Health), we aim to provide healthcare services to the rural community.
- SPARSH (Shree Krishna Hospital Programme for Advancement of Rural and Social Health) aims at connecting the last person in villages to appropriate levels of healthcare; village health workers (VHWs) in their own villages, secondary healthcare centres in towns close by and a tertiary care centre for critical cases. The programme, currently being implemented in 90 villages of Anand and Kheda districts, covering a population of 2.6 lakhs, is managed by Charutar Arogya Mandal through its Extension Programmes Department. The CSR funds of GMM Pfaudler Limited are deployed to implement the programme in 60 of these villages.

- The VHWs, appointed for each village, are trained to assess and provide treatment for Non-Communicable Diseases (NCDs) such as Cancer, Hypertension and Diabetes. They are the foot soldiers of SPARSH, reaching out to each household, educating them about NCDs, checking their signs and symptoms, following up and monitoring those members who have been enrolled in the programme for treatment after having been diagnosed positive. They also hold community meetings and get involved in surveys that document the status of various components of health.
- VHWs are supported by Mobile Medical Teams (MMTs) comprising a medical officer and two para-medical staff, which visit each village once every month. They hold health camps in villages to diagnose those suffering from NCDs, follow up on cases already diagnosed and make home visits to those members of the programme who are unable to reach the camps. Field Supervisors, who also accompany the MMTs, monitor and guide the work of the VHWs.



Rural women getting their sugar level checked at a camp.



VHW taking awareness session.

- The MMTs are based at the secondary care centres, located in smaller towns. These centres have full-time medical and para-medical staff available 24X7, and cater to primary and secondary level needs of the community. These centres also monitor the progress of the members enrolled in the villages under their charge using the reports sent by the VHWs and fill in their monthly prescriptions for home delivery by the VHWs.



Patient services provided by a medical officer at one of SPARSH extension centres.



Camp conducted in backward area in PBV cluster.



Paramedics and medical officer assessing patient report and preparing medicine packets for home delivery.

- Cases that cannot be treated at the secondary care centres are referred to Shree Krishna Hospital, which has state-of-the-art facilities for treatment, with experienced specialists in all disciplines.
- The programme has been able to provide healthcare to even the most remote, vulnerable and underprivileged section of the rural areas and has helped in increasing treatment compliance and reducing cost of treatment at household levels to a considerable extent.

About Charutar Arogya Mandal, Karamsad, Anand, Gujarat:

- Charutar Arogya Mandal (CAM), a charitable trust set up by the late Dr. H. M Patel, has been working for providing modern and professional healthcare to the rural community in Anand and Kheda districts of Gujarat for over 3 decades. Shree Krishna Hospital, managed by CAM receives and treats thousands of patients every day. Initially, starting with a modest 136-bed facility, Shree Krishna Hospital has today emerged as one of the largest, modern and professionally run institution in the state. Its treatment facilities include technologically robust ICUs, Operation Theatres, Trauma Centre, Laboratories, CT-Scan, Cancer Centre, Cardiac Centre and a host of other state-of-the-art facilities. The hospital itself, through many of its special programmes, attempts to provide its services to the economically challenged persons in a subsidized manner. It conducts extension activities in a number of villages surrounding the hospital and its satellite centres and is recognized by the Department of Science and Technology, Government of India as a Scientific Industrial Research Organization to carry out research activities.

Further details are available on <http://www.charutarhealth.org/>



VHW measuring Blood Pressure of participants after conducting awareness session.



*Inauguration of Upgraded Welder Trade at J.V Patel ITI by Mr. Tarak Patel
- Managing Director of GMM Pfaulder Limited*



Workshop Central View - Upgraded



Purchase of an Advanced Welding Simulator



II. EDUCATION AND SKILL DEVELOPMENT – THE J V PATEL ITI PROJECT

- GMM Pfaulder Limited has partnered with J V Patel, Industrial Training Institute ("J V Patel ITI") to promote education and skill development in the local community.
- To improve the quality of education imparted to the students, and thus enhance their employment prospects, J V Patel ITI has decided to modernize their facilities. As part of the first phase of the project, J V Patel ITI has upgraded its 'Welding' infrastructure, by completely renovating the welding workshop and theory class room. J V Patel ITI have also added new ARC and MIG welding machines, new workstations with exhausts and a new virtual welding simulator. The upgraded infrastructure along with the latest technology will help students gain better knowledge and experience.

About J V Patel Industrial Training Institute:

- J V Patel, Industrial Training Institute located at Karamsad, Gujarat was established in the year 1979 under Bombay Public Trust Act, 1950 and Societies Registration Act 1860 with the objective of enhancing the livelihood of local communities by promoting education through vocational skill development.



Theory Class Inner View - Upgraded

- JVP ITI has 8 Courses certified by the National Council for Vocational Training (NCVT), New Delhi and 2 Trades certified by the Technical Education Board (TEB), Gandhi Nagar. The courses offered include Draughtsman, Mechanical, Fitter, Electrician, Wireman, Electronics Mechanic, Welder, Sheet Metal Worker, Computer Operator Programming Assistant (COPA), Turner and Electrical Installation Wiring & Jointing. The centre trains 314 students approved for NCVT courses and 75 approved for TEB courses. J V Patel ITI has been making efforts for placement of successful trainees in GIDC units, government and semi government bodies by conducting campus interviews. Currently, it creates employment for about 400 students coming from the local community every year.

Further details are available on <http://www.jvpitc.org/>

III. ENSURING ENVIRONMENTAL SUSTAINABILITY

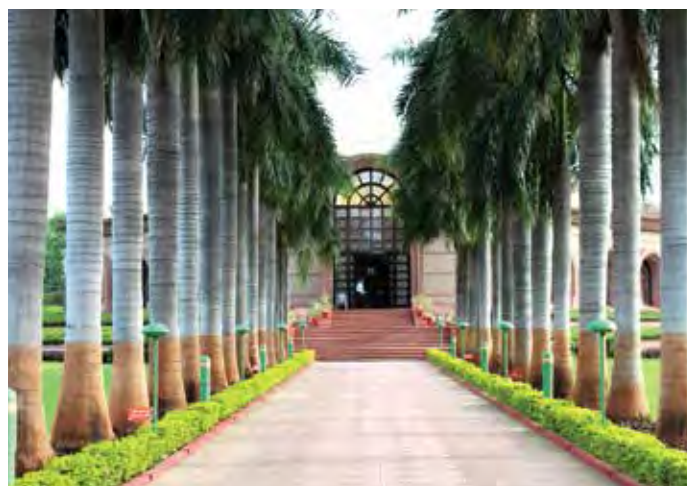
- GMM Pfaudler Limited has partnered with Sardar Patel Charitable Trust to promote Environmental Sustainability in our local area by maintaining the public facilities at the Sardar Vallabhbhai Patel Memorial and Veer Vithalbhai Patel Memorial at Karamsad, Gujarat ("The Memorial").
- The Sardar Patel Charitable Trust plays an active role in the beautification of local area by maintaining the gardens and cleanliness of the Memorial.

About Sardar Patel Charitable Trust:

- Sardar Patel Charitable Trust was established in the year 1975 and is registered under Bombay Public Trust Act, 1950 and Societies Registration Act 1860. The main objective of the Trust is to promote and perpetuate the memory of Shri Sardar Patel, The Iron Man of India and his brother Shri Veer Vithalbhai who both played an important role in India's freedom struggle. The Memorial was established in the year 2000 and is managed by the Sardar Patel Charitable Trust.

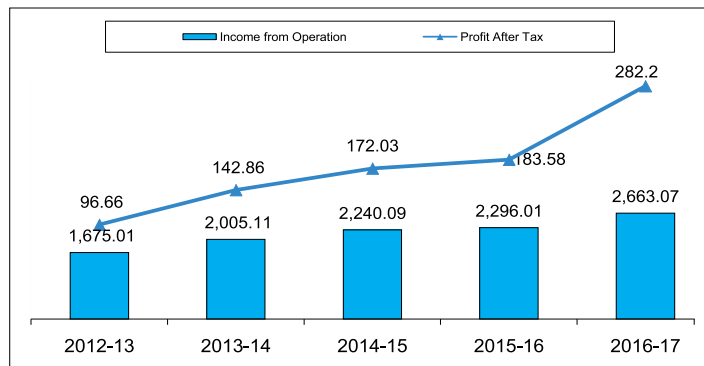
- The Memorial is visited by a large number of students from schools and colleges, likewise, visitors from Gujarat; other states and abroad.
- The Memorial hosts various student activities like study camps, research works, youth camps, group discussions, elocution competitions in with co-ordination with neighboring schools, colleges and socio-culture organizations. The Trust organizes lectures and seminars by eminent scholars, writers, leaders in public life and administrators from Government and Non-Government Organization, emphasis being on good governance and leadership.

Further details of the trust are available on <http://sardarpateltrust.org/>

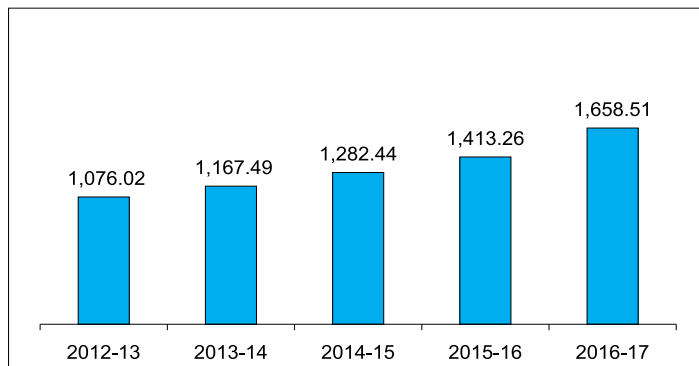


FIVE YEAR FINANCIAL HIGHLIGHTS

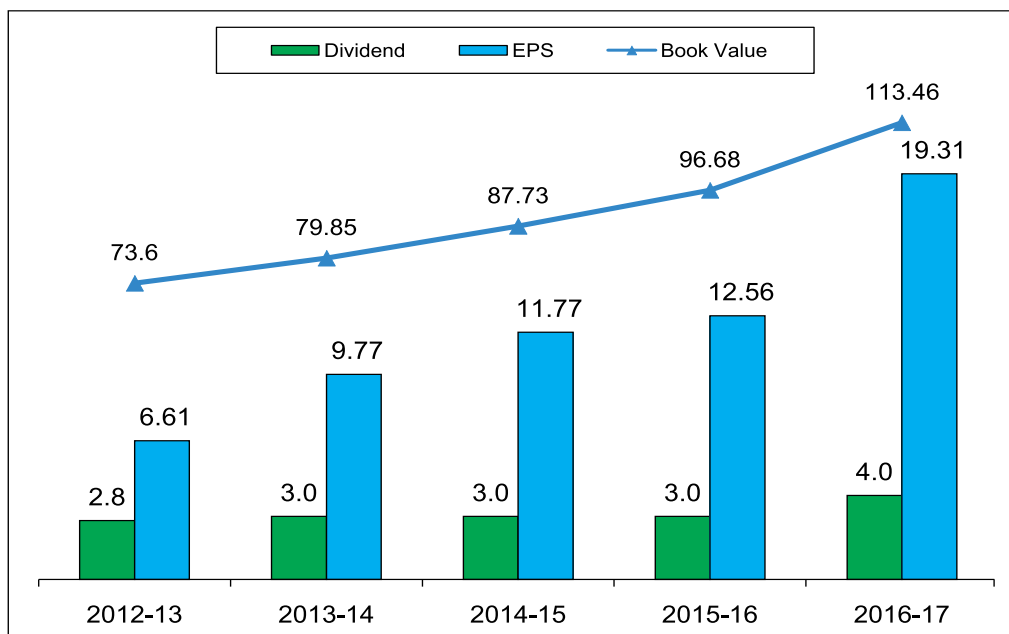
Income from Operation & Profit After Tax (₹ in Million)



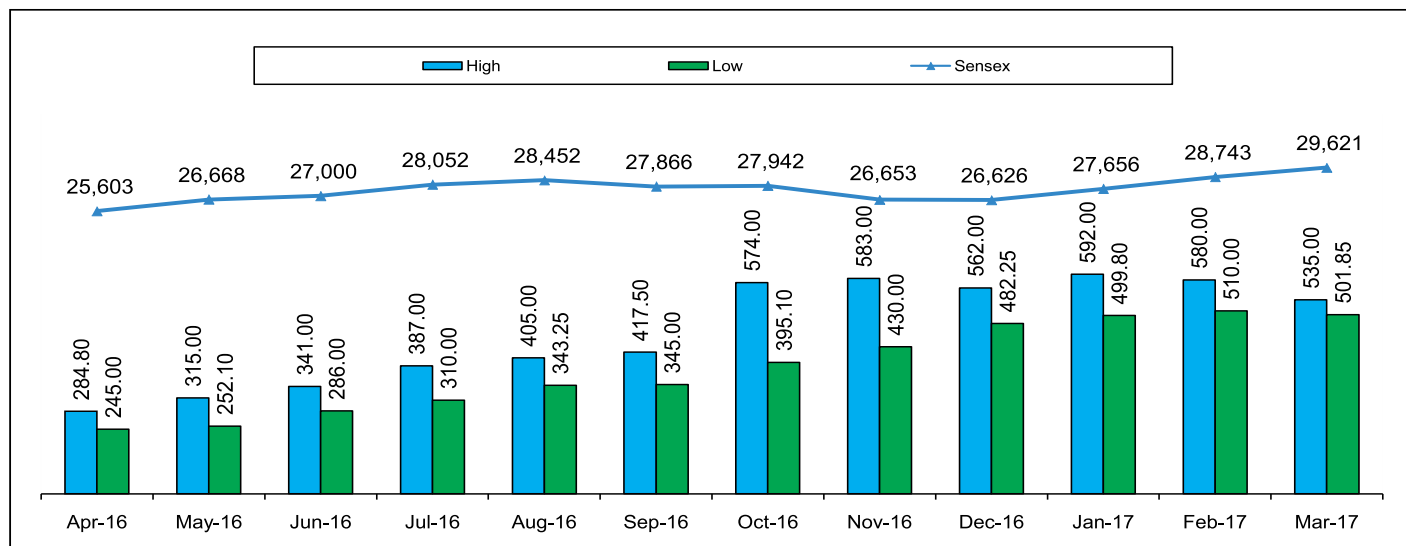
Networth (₹ in Million)



Dividend, Earning Per Share & Book Value per share (₹)



Highs and Lows of Shares Prices (₹) & BSE Sensex



NOTICE:

NOTICE is hereby given that the Fifty Fourth Annual General Meeting of GMM Pfaudler Limited ("the Company") will be held on Wednesday, September 27, 2017 at 12.00 noon at Sardar Vallabhbhai Patel and Veer Vithalbai Patel Memorial, Anand-Sojitra Road, Karamsad - 388 325, Gujarat to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements for the financial year ended March 31, 2017, (including Consolidated Financial Statements) together with the Reports of the Board of Directors and Auditors thereon.
2. To confirm the declaration and payment of three interim dividends paid during the financial year ended March 31, 2017 and to declare final dividend for the financial year ended March 31, 2017.
3. To appoint a Director in place of Mr. Tom Alzin (DIN 07229180), who retires by rotation and being eligible offers himself for re-appointment.
4. To consider and if thought fit, to pass the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 139, 142 and all other applicable provisions of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any Statutory modification(s) or re-enactment thereof for the time being in force) and pursuant to the resolution passed by the members at the Fifty Third Annual General Meeting of the Company held on September 23, 2016, the appointment of M/s. Deloitte Haskins & Sells LLP, Chartered Accountants (ICAI Firm Registration No. 117366W/W-100018), as Statutory Auditors of the Company to hold office as such from the conclusion of 54th Annual General Meeting till the conclusion of 55th Annual General Meeting of the Company, be and is hereby ratified and the Board of Directors be and is hereby authorized to fix their remuneration."

SPECIAL BUSINESS:

5. To consider and if thought fit, to pass the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 14 and all other applicable provisions of the Companies Act, 2013 and the Rules made there under, the new set of Articles of Association of the Company, as placed before this Meeting and initialed by the Chairman for the purpose of identification, be and is hereby approved and adopted as the new Articles of Association of the Company in substitution, and to the entire exclusion, of the regulations contained in the existing Articles of Association of the Company.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary, proper and expedient to give effect to this resolution."

6. To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any Statutory modification(s) or re-enactment thereof for the time being in force), the payment of remuneration to M/s. Dalwadi & Associates, Cost Accountants (Firm Registration No. 000338) of ₹ 125,000 plus GST as may be applicable and reimbursement of out-of-pocket expenses, as approved by the Board of Directors of the Company, for conducting cost audit of the Company for the financial year 2017-18, be and is hereby approved and ratified.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary, proper and expedient to give effect to this resolution."

NOTES:

- i. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING ("THE MEETING") IS ENTITLED TO APPOINT A PROXY TO ATTEND AND TO VOTE ON A POLL, INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.

A person can act as proxy on behalf of Members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.

- ii. The Proxy Form in order to be effective must be received at the registered office of the Company not less than 48 hours before the commencement of the Meeting.
- iii. Corporate Members intending to send their representatives to attend the Meeting pursuant to Section 113 of the Companies Act, 2013 are requested to send to the Company, a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
- iv. The Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013, setting out material facts concerning the business under Item no. 4 to 6 of the accompanying Notice, is annexed hereto.
- v. The details of Mr. Tom Alzin, Director seeking re-appointment pursuant to Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations") and other applicable provisions is annexed herewith as "Annexure I" to this notice.
- vi. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, September 21, 2017 to Wednesday, September 27, 2017 (both days inclusive).
- vii. The final dividend on equity shares as recommended by the Board of Directors, if approved at the Meeting, will be paid on or before October 18, 2017;
 - in respect of shares held in demat form, to the Beneficial Owners as per details furnished by Depositories viz. National Securities Depositories Limited ("NSDL") and Central Depository Services (India) Limited ("CDSL") as at the end of business hours on September 20, 2017.
 - in respect of shares held in physical form, to the shareholders whose names appear on the Company's Register of Members as at the end of business house on September 20, 2017.
- viii. As per current SEBI Regulations, dividend is required to be credited to shareholders' bank account through National Electronic Clearing Service (NECS) wherever the facility is available and the requisite details / mandate have been provided by the shareholders. Shareholders desirous of availing of this facility may send the ECS form (available on the website of the Company), along with a xerox copy the cheque pertaining to the bank account where the shareholders would like the payment to be credited, to their Depository Participants in case of shares held in dematerialized form or to the Company's Registrar and Share Transfer Agents ("RTA") in case of shares held in physical form.
- ix. Pursuant to the provisions of Section 123 and 125 of the Companies Act, 2013, the amounts of dividends remaining unclaimed for a period of seven years shall be transferred to the Investor Education and Protection Fund ("IEPF").

Further, Ministry of Corporate Affairs has notified new rules namely "Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016" which have come into force from September 7, 2016 and Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Amendment Rules, 2017 which have come into force from February 28, 2017 ("IEPF Rules"). The said Rules, amongst other matters, contain provisions for transfer of all shares to DEMAT Account of Investor Education and Protection Fund Authority in respect of which the beneficial owner has not encashed any dividend warrant during last seven years.

As required under the said Rules, the Company has published a Notice in the newspapers inviting the Members attention to the aforesaid Rules. The Company has also sent out individual communication to the concerned Members, whose shares are liable to be transferred to IEPF Account, pursuant to the said Rules, with a request to take immediate action in the matter.

Members are therefore requested to claim the unpaid / unclaimed amount(s) at the earliest.

The details of dividend paid for the financial year 2010-11 onwards proposed to be transferred to IEPF until the conclusion of the next Annual General Meeting are given below:

Date of declaration	Dividend Details	Dividend in ₹ per share	Due date of the proposed transfer to IEPF
26-Oct-2010	2 nd Interim Dividend (2010-11)	₹ 0.70	1-Nov-2017
25-Jan-2011	3 rd Interim Dividend (2010-11)	₹ 0.70	31-Jan-2018
28-Apr-2011	4 th Interim Dividend (2010-11)	₹ 0.70	4-May-2018
4-Aug-2011	1 st Interim Dividend (2011-12)	₹ 0.70	10-Aug-2018

The Company has uploaded the required information in respect of dividend remaining unpaid / unclaimed for the last seven years on the Company's website under the Investors Section at www.gmmpfaudler.com.

- x. Members are requested to notify immediately any change in their address and / or the bank mandate details to the RTA for shares held in physical form and to their respective Depository Participants for shares held in electronic form.
- xi. Members seeking any information or clarifications on the Annual Report are requested to write to the Company at least seven days in advance, so as to enable the Company to compile the information and provide the required details at the Meeting.
- xii. Annual Report for the financial year 2016-17 along with the Notice of 54th Annual General Meeting, remote e-voting, proxy form and attendance slip will be sent through electronic mode to the Members whose email ids are registered with the Company/ Depositories for communication purpose unless any Member has requested for a physical copy of the same.

Physical copy of the Annual Report along with the aforesaid documents will be sent by the permitted mode to those Members whose email ids are not registered with the Company/ Depositors or have requested a physical copy.

Members who have not availed the e-communication facility can do so by registering their email address with the Company/ Depository Participants/ RTA to support the 'Green Initiative in Corporate Governance'.

Members may also note that the aforesaid documents can also be downloaded from the Company's website under the Investors Section at www.gmmpfaudler.com.

The relevant documents referred to in the accompanying Notice and the Explanatory Statement will be kept open for inspection by the Members at the Registered Office of the Company during business hours on all working days (except Saturday) up to the date of the Annual General Meeting.

- xiii. Voting through electronic means:

Pursuant to the provisions of Section 108 and other applicable provisions, if any, of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the Listing Regulations, the Company is pleased to provide its Members, the facility to exercise their vote through electronic means i.e. 'remote e-voting' on resolutions proposed to be passed at this Annual General Meeting.

The facility for voting through ballot papers will also be provided at the Annual General Meeting. The Members attending the Meeting who have not cast their vote earlier by remote e-voting shall be entitled to vote at this Meeting. A Member can participate in the Annual General Meeting even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at this Annual General Meeting.

The cut – off date for the purpose of remote e-voting and voting at the Annual General Meeting is September 20, 2017.

The remote e-voting facility will be available during the following voting period:

Commencement of e-voting	:	From 10 a.m. (IST) on September 24, 2017
End of e-voting	:	Upto 5 p.m. (IST) on September 26, 2017

Complete instructions for remote e-voting including details of log-in id, process and manner for generating or receiving the password and for casting vote in a secured manner is given in the remote e-voting form annexed to this Report and forms an integral part of this Notice.

Mr. Jayesh Shah, Partner of M/s. Rathi & Associates, Practicing Company Secretaries (Membership No. F 5637) has been appointed as the Scrutinizer to conduct the voting in a fair and transparent manner.

The Results shall be declared by the Chairman or any other person authorized by him in writing within 48 hours from the conclusion of this Annual General Meeting. The Results declared along with the Consolidated Report of the Scrutinizer shall be immediately placed on the website of the Company under the Investors Section at www.gmmpfaudler.com and on the website of CDSL. The results shall simultaneously be forwarded to the BSE Limited, Mumbai.

By Order of the Board of Directors

Mittal Mehta
Company Secretary
M. No. FCS 7848

Place: Mumbai
Date: August 10, 2017

Registered Office:
Vithal Udyognagar
Anand – Sojitra Road,
Karamsad - 388 325, Gujarat.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013

Item No.4

The Members of the Company have appointed M/s. Deloitte, Haskins & Sells LLP, Chartered Accountants as the Statutory Auditors of the Company to hold office from the conclusion of the 53rd Annual General Meeting up to the conclusion of 57th Annual General Meeting, subject to ratification by Members at every Annual General Meeting of the Company.

In accordance with Section 139 of the Companies Act, 2013 and the Companies (Audit & Auditors) Rules, 2014 made there under, M/s. Deloitte, Haskins & Sells LLP have certified that they are eligible to be appointed as Statutory Auditors of the Company and they satisfy the criteria as provided in Section 141 of the Act. The certificate is available for inspection of the shareholders at the Registered Office of the Company during business hours on any working day except Saturday.

As per Article 160 of the Articles of Association of the Company, Members will be required to appoint the Auditors by a Special Resolution at the Annual General Meeting.

None of the Directors and/ or Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 4.

The Board recommends the resolution set forth in Item No. 4 for the approval of Members as a Special Resolution.

Item No.5

The existing Articles of Association ("AoA") are based on the Companies Act, 1956 and several regulations therein contain references to specific sections of the Companies Act, 1956. Some of the regulations in the AoA are not in conformity with the Companies Act, 2013 ("the Act"). It is therefore considered expedient to wholly replace the existing AoA by a new set of Articles. The new AoA to be substituted in place of the existing AoA is based on Table 'F' of Schedule I to the Act, which sets out the model Articles of Association for a Company Limited by Shares. The new set of AoA, after they are adopted by the members, will be filed with the Registrar of Companies.

The principal new features of the draft AoA are as follows:

1. Existing articles have been streamlined and aligned with the Act;
2. The statutory provisions of the Act which permit a company to do some acts "if so authorized by its articles" or provisions which required a company to do acts in a prescribed manner "unless the articles otherwise provide" have been specifically included; and
3. Provisions of the existing AoA which are already part of statute in the Act have not been reproduced in the new draft of AoA as they would only lead to duplication – their non-inclusion makes the new AoA crisp, concise and clear and aids ease of reading and understanding.

The proposed draft new set of AoA is being uploaded on the Company's website for perusal by the members. These are also open for inspection of the shareholders at the Registered Office of the Company during business hours on any working day except Saturday.

None of the Directors and/ or Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 5.

The Board recommends the resolution set forth in Item No. 5 for the approval of Members as a Special Resolution.

Item No.6

The Board, based on the recommendation of the Audit Committee, approved the appointment of M/s. Dalwadi & Associates, Cost Accountants (Firm Registration No. 000338) as Cost Auditors for conducting the Cost Audit of the Company for the financial year 2017-18 at a remuneration of ₹ 125,000 plus service tax as applicable and reimbursement of out-of-pocket expenses.

Pursuant to the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, remuneration payable to M/s. Dalwadi & Associates, Cost Auditors, as stated above requires ratification by the Members.

None of the Directors and/ or Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 6.

The Board recommends the resolution set forth in Item No. 6 for the approval of Members as an Ordinary Resolution.

**By Order of the Board of Directors
For GMM Pfaudler Limited**

Mittal Mehta
Company Secretary
M. No. FCS 7848

Place: Mumbai,
Date: August 10, 2017

Registered Office: Vithal Udyognagar
Anand – Sojitra Road,
Karamsad - 388 325, Gujarat.

"Annexure I"

Details of Director seeking re-appointment at the Annual General meeting pursuant to Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable provisions are as under:

Name of Director	Mr. Tom Alzin
Age	37 years
Qualifications	Business Administration
Experience	12 years
Terms and Conditions of re-appointment along with details of remuneration sought to be paid	N.A
Remuneration last drawn	N.A
Nature of expertise in specific functional areas	Finance
Date of first appointment on the Board	July 7, 2015
No. of shares held in the Company as on March 31, 2017	Nil
Relationship with other Directors, Manager and other Key Managerial Personnel	N.A.
No. of Meetings of the Board attended during the year	2
Directorship in other Companies as on March 31, 2017	1. Polytech Health & Aesthetics GmbH 2. Calypso Investment B.V 3. Pfaudler Process Solutions Group 4. ZGS Bildungs-GmbH
Chairmanship/Membership of Committees of other Board	Nil

BOARD'S REPORT

To the Members:

The Directors have pleasure in presenting the Fifty Fourth Annual Report along with the Audited Statement of Accounts of the Company for the year ended March 31, 2017.

1A. SUMMARY OF FINANCIAL RESULTS (STANDALONE):

(₹ in Million)

Particulars	31.03.17	31.03.16
Revenue from operations	2,663.07	2,296.01
Profit before tax	405.42	278.07
Profit after tax	282.20	183.58
Surplus brought forward	1,022.77	891.95
Amount available for appropriation	1,304.97	1,075.53
Appropriations:		
Interim Dividends	30.70	30.70
*Final Dividend	-	13.16
Tax on distributed profit	6.25	8.90
	36.95	52.76
Balance in statement of Profit & Loss	1,268.02	1,022.77

* Final Dividend of ₹ 1.90 per equity share aggregating to ₹ 27.77 million is proposed for approval by the shareholders at the 54th Annual General Meeting.

Revenue in the financial year 2016-17 is ₹ 2,663.07 million as compared to ₹ 2,296.01 million in the previous year registering a growth of 16%.

Profit before tax in the financial year 2016-17 increased by 46% to ₹ 405.42 million from ₹ 278.07 million in the previous year. Profit after tax increased by 54% to ₹ 282.20 million from ₹ 183.58 million in the previous year.

1B. SUMMARY OF FINANCIAL RESULTS (CONSOLIDATED):

(₹ in Million)

Particulars	31.03.17	31.03.16
Revenue from operations	3,530.30	2,920.76
Profit before tax	468.55	297.68
Profit after tax	332.68	201.15

In the financial year 2016-17, Consolidated revenue up by 21%, Profit before tax up by 57% and Profit after tax up by 65% over last year.

2. DIVIDEND:

During the year under review, the Board of Directors declared and paid three interim dividends of ₹ 0.70 per share each aggregating to ₹ 2.10 per share. The total amount distributed as interim dividends on the paid-up share capital for the year amounted to ₹ 30.70 million (excluding dividend tax of ₹ 6.25 million).

Based on the performance of the Company for the year and in view of the improved results of the Company, the Board of Directors is pleased to recommend a final dividend of ₹ 1.90 per equity share subject to approval of the Shareholders at the Annual General Meeting, which if approved will absorb ₹ 27.77 million towards dividend and ₹ 5.69 million towards dividend tax.

The aggregate amount of interim dividends paid during the year and the final dividend recommended for the financial year ended March 31, 2017 amounts to ₹ 4.00 per share i.e. ₹ 58.47 million (excluding dividend tax of ₹ 11.90 million).

3. TRANSFER TO RESERVES:

During the year under review, the Company has not proposed any amount to be transferred to General Reserve out of the net profits of the Company for the financial year 2016-17. Hence, the entire amount of profit has been carried forward to the Balance Sheet.

4. REPORT ON PERFORMANCE OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE COMPANIES:

The performance and financial position of Karamsad Holdings Limited, Karamsad Investments Limited, GMM Mavag AG and Mavag AG, the wholly owned subsidiaries of the Company for the year ended March 31, 2017 are set out as 'Annexure A' forming a part of this Report.

5. REVISION OF FINANCIAL STATEMENT:

None of Financial Statements of the Company, pertaining to previous financial years were revised during the financial year under review.

6. DISCLOSURE OF INTERNAL FINANCIAL CONTROLS:

The Internal Financial Controls with reference to financial statements as designed and implemented by the Company are adequate. During the year under review, no material or serious observation has been received from the Auditors of the Company for inefficiency or inadequacy of such controls.

7. INTERNAL CONTROL SYSTEMS:

The Company's internal control procedure which includes internal financial controls, ensure compliance with various policies, practices and statutes and in keeping in view with the organization's pace of growth and increasing complexity of operations. The internal auditors team carries out extensive audits throughout the year across all functional areas and submits its reports to the Audit Committee.

8. MANAGEMENT DISCUSSION & ANALYSIS:

Management Discussion & Analysis Report as stipulated under Regulation 24 of the Listing Regulations, is presented in a separate section forming a part of this Report.

9. CORPORATE SOCIAL RESPONSIBILITY POLICY:

The Board has constituted a Corporate Social Responsibility ("CSR") Committee as per the provisions of Section 135 of the Companies Act, 2013. The Board has also framed a CSR Policy as per the recommendations of the CSR Committee. The CSR Policy is available on the Company's website under the Investors Section at www.gmmpfaudler.com.

The composition of the Committee, contents of CSR Policy and report on CSR activities carried out during the financial year ended March 31, 2017 in the format prescribed under Rule 9 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 are set out as "Annexure B" forming a part of this Report.

10. RELATED PARTY TRANSACTIONS:

Policy on dealing with related party transactions, as approved by the Board, is available on the Company's website under the Investors Section at www.gmmpfaudler.com.

The Board of Directors has approved the criteria for granting omnibus approval by the Audit Committee within the overall framework of the Policy on related party transactions. Prior omnibus approval is obtained for related party transactions which are of repetitive nature and entered in the ordinary course of business and at arm's length.

All related party transactions are being reviewed and certified by an Independent Consultant and placed before the Audit Committee from time to time for their approval and are also being taken on record by the Board.

All related party transactions that were entered into by the Company during the financial year were in ordinary course of business and at arm's length basis. Also, there were no related party transactions which could be considered material in accordance with the Policy of the Company on materiality of related party transactions.

Details of related party transactions entered into by the Company during the financial year are provided in Note 42 to the Financial Statements.

11. RISK MANAGEMENT POLICY

The Company has formulated and adopted a Risk Management Policy to prescribe risk assessment, management, reporting and disclosure requirements of the Company. The said policy is available under the Investors Section on the Company's website at www.gmmpfaudler.com.

12. DIRECTORS & KEY MANAGERIAL PERSONNEL:

(a) DIRECTORS:

The present composition of the Board is in compliance with the provisions of Section 149 of the Companies Act, 2013. During the year under review, there was no change in constitution of the Board.

Mr. P. Krishnamurthy, Dr. S. Sivaram and Dr. Amrita Patel are the Independent Directors on the Board. The Company has received declarations from all the said Independent Directors confirming that they meet with the criteria of independence prescribed under sub-section (6) of Section 149 of the Companies Act, 2013 and Regulation 17 of the Listing Regulations.

Mr. Dominic Deller was appointed as an Alternate Director to Mr. Thomas Kehl w.e.f. July 25, 2017 for attending the Board Meeting held on August 10, 2017. He ceased to be a Director w.e.f. the close of business hours of August 10, 2017.

Pursuant to the provisions of Section 152 of the Companies Act, 2013, Mr. Tom Alzin Director being longest in the office, will retire by rotation at the ensuing Annual General Meeting of the Company and being eligible, has offered himself for re-appointment. The Board recommends his re-appointment. In accordance with the provisions of the Act, none of the Independent Directors is liable to retire by rotation.

(b) KEY MANAGERIAL PERSONNEL:

Mr. Tarak Patel, Managing Director, Mr. Ashok Pillai, Chief Operating Officer, Mr. Jugal Sahu, Chief Financial Officer and Ms. Mittal Mehta, Company Secretary & Compliance officer are the Key Managerial Personnel of the Company.

(c) DIRECTORS' RESPONSIBILITY STATEMENT:

In terms of Section 134(5) of the Companies Act, 2013, and in relation to the audited financial statements of the Company for the year ended 31st March, 2017, the Board of Directors hereby confirms that:

- i. in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii. such accounting policies have been selected and applied consistently and the Directors have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2017 and of the profit of the Company for that year;
- iii. proper and sufficient care was taken for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- iv. the annual accounts of the Company have been prepared on a going concern basis;
- v. internal financial controls have been laid down to be followed by the Company and that such internal financial controls are adequate and were operating effectively;
- vi. proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

(d) MEETINGS OF THE BOARD:

Four (4) Meetings of the Board of Directors were held during the financial year ended March 31, 2017. The details of the Board Meetings with regard to their dates and attendance of each of the Directors thereat have been provided in the Corporate Governance Report.

(e) AUDIT COMMITTEE:

The Audit Committee comprises of four members of which Mr. P. Krishnamurthy, Dr. S. Sivaram & Dr. Amrita Patel are Independent Directors and Mr. Thomas Kehl is a Non Executive Director. The Role of the Audit Committee is provided in the Corporate Governance Report annexed to this Report. All recommendations made by the Audit Committee during the year were accepted by the Board.

(f) STAKEHOLDERS RELATIONSHIP COMMITTEE:

Pursuant to Section 178 of the Companies Act, 2013, the Stakeholder's Relationship Committee constituted by the Board of Directors to deal with the matters related to stakeholders' grievances met 4 times during the financial year.

The details of status of grievances received from various stakeholders during the financial year are furnished in the Corporate Governance Report Section of the Board' Report.

The Company Secretary acts as the Secretary of the Stakeholders Relationship Committee.

(g) NOMINATION, REMUNERATION AND EVALUATION POLICY:

The Board of Directors of the Company, has formulated a Policy which set standards for the nomination, remuneration and evaluation of the Directors and Key Managerial Personnel and aims to achieve a balance of merit, experience and skills amongst its Directors and Key Managerial Personnel.

Details of the Nomination, Remuneration and Evaluation Policy are set out at '**Annexure C**' forming a part of this Report.

(h) BOARD EVALUATION:

Pursuant to the provisions of the Companies Act, 2013, and the Listing Regulations, the Board has carried out the annual performance evaluation of the Directors individually as well as evaluation of the working of the Board and of the Committees of the Board, by way of individual and collective feedback from Directors.

The Evaluation Criteria applied are:

(i) For Independent Directors:

- Knowledge and Skills
- Professional conduct
- Duties, Role and functions

(ii) For Executive Directors

- Performance as Team Leader / Member.
- Evaluating Business Opportunity and analysis of Risk Reward Scenarios
- Key set Goals/ KRA and achievements
- Professional Conduct, Integrity
- Sharing of Information with the Board

The Directors expressed their satisfaction with the evaluation process.

(e) FAMILIARIZATION PROGRAMME FOR INDEPENDENT DIRECTORS:

The Company proactively keeps its Directors informed of the activities of the Company, its operations and provides an overall industry perspective as well as issues being faced by the industry. The Familiarization Programme for the Board and details of various familiarization programmes conducted during the year ended March 31, 2017 are available on the Company's website under the Investors Section at www.gmmpfaudler.com.

13. VIGIL MECHANISM POLICY FOR THE DIRECTORS AND EMPLOYEES:

The Board of Directors of the Company has, pursuant to the provisions of Section 178(9) of the Companies Act, 2013 read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014, framed "Whistle Blower Policy" for Directors and employees of the Company to provide a mechanism which ensures adequate safeguards to employees and Directors from any victimization on raising of concerns of any violations of legal or regulatory requirements, incorrect or misrepresentation of any financial statements and reports, etc.

The employees of the Company have the right/option to report their concern/ grievance to the Chairman of the Audit Committee. The Company is committed to adhere to the highest standards of ethical, moral and legal conduct of business operations.

No instance under the Whistle Blower Policy was reported during the financial year 2016-17.

14. CORPORATE GOVERNANCE:

The Report on Corporate Governance as stipulated under Regulation 34 of the Listing Regulations, together with a Certificate from the Company's Auditors is presented in a separate section forming a part of this Report.

15. PUBLIC DEPOSITS:

The Company has not accepted or renewed any amount falling within the purview of provisions of Section 73 of the Companies Act, 2013 read with the Companies (Acceptance of Deposit) Rules, 2014 during the year under review. Hence, the requirement for furnishing of details of deposits which are not in compliance with the Chapter V of the Act is not applicable.

16. AUDITORS:

a) AUDITORS' REPORT AND RATIFICATION OF APPOINTMENT OF STATUTORY AUDITORS:

In compliance with the Companies (Audit and Auditors) Rules, 2014, M/s. Deloitte, Haskins & Sells LLP, Chartered Accountants (FRN 117366W) were appointed as Statutory Auditors by the shareholders to hold office for a period of four years i.e. from the conclusion of 53rd Annual General Meeting till the conclusion of 57th Annual General Meeting.

Further, pursuant to the requirement of Section 139 of the Companies Act, 2013, the appointment of Statutory Auditors is required to be ratified by the members at every Annual General Meeting. Members are requested to ratify their appointment for the financial year 2017-18.

The Auditors Report for the financial year ended March 31, 2017 report does not contain any reservation, qualification or adverse remark.

b) SECRETARIAL AUDIT:

Secretarial Audit Report obtained pursuant to the provisions of Section 204 of the Companies Act, 2013 and Rules made there under, from M/s. Rathi and Associates, Practicing Company Secretaries for the financial year 2016-17 is set out at '**Annexure D**' forming a part of this Report.

The Secretarial Auditors Report for the financial year ended March 31, 2017 does not contain any reservation, qualification or adverse remark.

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and Rules made there under, the Board of Directors has re-appointed M/s. Rathi and Associates, Practicing Company Secretaries for conducting Secretarial Audit Report of the Company for the financial year 2017-18.

c) COST AUDITORS:

M/s. Dalwadi & Associates, Cost Accountants, Ahmedabad, have been re-appointed as Cost Auditors for conducting audit of the cost accounting records maintained by the Company in respect of its manufacturing activities for the financial year 2017-18.

d) INTERNAL AUDITORS:

The Board of Directors has re-appointed M/s. Kalyaniwalla & Mistry, Chartered Accountants as Internal Auditors of the Company for the financial 2017-18.

17. STATUTORY STATEMENTS:

(a) CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

The particulars as required under the provisions of Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 in respect of conservation of energy, technology absorption, foreign exchange earnings and outgo etc. are set out at 'Annexure E' forming a part of this Report.

(b) DISCLOSURES UNDER SECTION 134(3)(I) OF THE COMPANIES ACT, 2013:

There have been no material changes and commitments affecting the financial position of the Company since the close of financial year i.e. since March 31, 2017. Further, it is hereby confirmed that there has been no change in the nature of business of the Company.

(c) DISCLOSURE OF ORDERS PASSED BY REGULATORS OR COURTS OR TRIBUNAL:

No orders have been passed by any Regulator or Court or Tribunal which can have impact on the going concern status and on the Company's operations in future.

(d) EXTRACT OF ANNUAL RETURN:

Pursuant to the provisions of Section 134(3)(a) of the Companies Act, 2013, Extract of the Annual Return for the financial year ended March 31, 2017 made under the provisions of Section 92(3) of the Act is set out at '**Annexure G**' forming a part of this Report.

(e) DISCLOSURE UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 AND OTHER DISCLOSURES AS PER RULE 5 OF COMPANIES (APPOINTMENT & REMUNERATION) RULES, 2014:

The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year under review and other disclosures under Rule 5 of the Companies (Appointment & Remuneration) Rules, 2014 are set out at '**Annexure F**' forming a part of this Report.

(f) PARTICULARS OF LOANS, GUARANTEES, INVESTMENTS AND SECURITIES:

The particulars of loans given and investments made during the financial year under Section 186 of the Companies Act, 2013 are given at Notes forming part of the Financial Statements. During the financial year, the Company has neither provided any securities nor provided corporate guarantees for loans availed by the others.

(g) PAYMENT OF REMUNERATION / COMMISSION TO DIRECTORS FROM HOLDING OR SUBSIDIARY COMPANIES:

None of the directors or key managerial personnel had received any remuneration / commission from Holding or Subsidiary Company and hence, disclosure of receipt of remuneration/commission by Key Managerial Personnel from the Holding or Subsidiary Company of the Company is not applicable.

18. GENERAL:

The Board of Directors confirm that no disclosure or reporting is required in respect of the following matters as there were no transactions on these matters during the financial year 2016-17:

1. Issue of equity shares with differential rights as to dividend, voting or otherwise;
2. Issue of shares (including sweat equity shares or Stock options) to employees of the Company;
3. Non-exercising of voting rights in respect of shares purchased directly by employees under a scheme pursuant to Section 67(3) of the Act read with Rule 16(4) of Companies (Share Capital and Debentures) Rules, 2014;
4. There were no material or serious instances of fraud falling within the purview of Section 143(12) of the Companies Act, 2013 and Rules made there under.

ACKNOWLEDGEMENT:

The Board of Directors of the Company acknowledge with gratitude the support received from shareholders, bankers, customers, suppliers and business partners. The Directors recognize and appreciate the efforts of all employees for their contribution in accelerating growth of the Company.

For and on behalf of the Board of Directors

P. Krishnamurthy
Chairman
DIN : 00013565

Tarak Patel
Managing Director
DIN : 00166183

Place: Mumbai
Date: August 10, 2017

Registered Office: Vithal Udyognagar
Anand – Sojitra Road,
Karamsad - 388 325, Gujarat.

‘ANNEXURE A’ TO DIRECTORS’ REPORT

PERFORMANCE OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE COMPANIES

As on financial year ended on March 31, 2017

₹ In Million

Sr. No.	Name of the subsidiary	Karamsad Holdings Limited	Karamsad Investments Limited	GMM Mavag AG	Mavag AG*
1	Reporting period for the subsidiary concerned, if different from the holding Company’s reporting period	N.A.	N.A.	N.A.	N.A.
2	Reporting currency and Exchange rate as on the last date of the relevant Financial Year in the case of foreign subsidiaries.	N.A.	N.A.	CHF, 64.90	CHF, 64.90
3	Share capital	3.50	2.60	324.51	97.35
4	Reserves and Surplus	1.17	1.93	0.02	288.80
5	Total Assets	4.76	4.56	327.66	798.48
6	Total Liabilities	0.10	0.03	3.13	412.33
7	Investments	-	-	324.51	-
8	Turnover	-	-	-	882.45
9	Profit before taxation	0.12	0.11	2.32	72.55
10	Provision for taxation	0.02	-	-	12.05
11	Profit after taxation	0.10	0.11	2.32	60.50
12	Proposed Dividend	-	-	2.32	-
13	% of shareholding	100%	100%	100%	100%*

* wholly owned subsidiary of GMM Mavag AG.

For and on behalf of the Board of Directors

P. Krishnamurthy
Chairman
DIN : 00013565

Tarak Patel
Managing Director
DIN : 00166183

Place: Mumbai
Date: August 10, 2017

'ANNEXURE B' TO DIRECTORS' REPORT

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY ("CSR") ACTIVITIES

- 1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.**

CSR Vision:

The Company's CSR vision is based on embedded tenets of trust, fairness and care and shall be based on the following:

- a. The Company shall actively initiate projects and/ or participate in projects to improve the environment and the life of people living near its manufacturing facilities.
- b. The Company will strive to provide vocational training to improve skills of people in the primarily unorganized sector.
- c. The Company commits to creating social value and also allowed individual employees to contribute in the various programs.
- d. The Company shall manage its operations using principles of sustainable development to minimize impact on environment and protect health & safety of our employees, service providers, neighbouring communities and customers.

The CSR initiatives undertaken by the Company so far have been in the areas of basic healthcare, environment and education. Going forward, the Company would continue to carry out CSR activities as it has been carrying out over the years in the areas of education and healthcare as specified in Schedule VII to the Companies Act, 2013.

The CSR Policy adopted by the Board of Directors is available on the Company's website under the Investors Section at www.gmmpfaudler.com.

- 2. The composition of the CSR Committee.**

- Mr. P. Krishnamurthy - Chairman
- Mr. Ashok Patel - Member
- Dr. Amrita Patel - Member
- Mr. Tarak Patel - Member

- 3. Average Net Profit of the Company for last three financial years.**

Average Profits for the last three financial years calculated as per Section 198 of the Companies Act, 2013: ₹ 251.88 million.

- 4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above) ₹ 5.04 million.**

- 5. Unspent CSR expenditure of the previous years : ₹ 3.46 million.**

- 6. Details of CSR spent during the financial year;**

(a) Total amount spent for the financial year: ₹ 7.81 million

(b) Amount unspent, if any: ₹ 0.68 million

(c) Manner in which the amount spent during the financial year is detailed below:

₹ In Million

Sr. No.	CSR Project or Activity Identified	Sector in which the project is covered	Projects or programs 1) Local area or other 2) Specify the state and district where project or program was undertaken	Amount outlay (Budget) project or program wise	Amount spent on the projects or programs Sub-heads: 1) Direct expenditure on projects or programs 2) Overheads	Cumulative expenditure upto the reporting period	Amount spent direct or through implementing agency (IA)
1	Project "Sparsh"- Promoting rural healthcare	Promoting healthcare including preventive healthcare	Karamsad, Dist. Anand, Gujarat	2.76	2.76	4.26	Through IA - Charutar Arogya Mandal.
2	Purchase of Multi-Para Monitors at Shri Krishna Hospital Emergency & Trauma Centre	Promoting healthcare	Karamsad, Dist. Anand, Gujarat	0.50	0.50	0.50	Through IA - Charutar Arogya Mandal.
3	Latur Water Crisis	Preventive healthcare	Latur Dist. Maharashtra	0.29	0.29	0.29	Through IA - Bombay Chamber of Commerce.
4.	Maintenance of Public Facilities at Sardar Patel Memorial	Ensuring Environmental Sustainability	Karamsad, Dist. Anand, Gujarat	0.50	0.50	0.50	Through IA - Sardar Patel Trust.
5.	Vocational Skill Development (Annual Operating Program)	Promoting education and enhancing vocational skills	Karamsad, Dist. Anand, Gujarat	0.50	0.50	0.50	Through IA – J. V. Patel Industrial Training Institute.
6.	Vocational Skill Development (Upgrading Welding Trade)	Promoting education and enhancing vocational skills	Karamsad, Dist. Anand, Gujarat	3.60	3.26	3.26	Through IA – J. V. Patel Industrial Training Institute.
			Total	8.15	7.81	9.31	

7. In case the Company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board Report:

The Company has formed a CSR Committee to implement and monitor the CSR Policy. Various CSR projects were undertaken during the year, particulars of which are given in this report. The Company was required to spend an amount of ₹ 8.49 million towards CSR expenses including unspent amount from previous years, out of which the Company has spent ₹ 7.81 million during the financial year 2016-17. The Company plans to spend the unspent amount of ₹ 0.68 million on its various ongoing CSR projects by the end of financial year 2017-18.

8. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR policy is in compliance with CSR objectives and policy of the Company.

The CSR Committee of the Company confirms that the implementation and monitoring of the CSR policy is in compliance with CSR objectives and policy of the Company.

For and on behalf of the Board of Directors

P. Krishnamurthy
Chairman
DIN : 00013565

Tarak Patel
Managing Director
DIN : 00166183

Place: Mumbai
Date: August 10, 2017

'ANNEXURE C' TO DIRECTORS' REPORT

NOMINATION, REMUNERATION AND EVALUATION POLICY

This Nomination, Remuneration and Evaluation Policy ("the Policy") applies to the Board of Directors ("the Board") and the Key Managerial Personnel ("the KMP") of GMM Pfaudler Limited ("the Company").

This Policy is in compliance with provisions of Section 178 of the Companies Act, 2013 read with the applicable Rules thereto and applicable provisions of the Listing Agreement/ SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

1. Purpose

The primary objective of the Policy is to provide a framework and set standards for the nomination, remuneration and evaluation of the Directors and Key Managerial Personnel. The Company aims to achieve a balance of merit, experience and skills amongst its Directors and Key Managerial Personnel.

2. Accountabilities

- 2.1 The Board is ultimately responsible for the appointment of Directors and Key Managerial Personnel.
- 2.2 The Board has delegated responsibility for assessing and selecting the candidates for the role of Directors and Key Managerial Personnel of the Company to the Nomination and Remuneration Committee which makes recommendations & nominations to the Board.

3. Appointment of Directors & KMPs

- 3.1 Enhancing the competencies of the Board and attracting as well as retaining talented employees for role of KMP are the basis for the Nomination and Remuneration Committee to select a candidate for appointment to the Board. When recommending a candidate for appointment, the Nomination and Remuneration Committee considers the following:

- assessing the appointee against a range of criteria which includes but not be limited to qualifications, skills, regional and industry experience, background and other qualities required to operate successfully in the position, with due regard for the benefits from diversifying the Board;
- the extent to which the appointee is likely to contribute to the overall effectiveness of the Board, work constructively with the existing directors and enhance the efficiencies of the Company;
- the skills and experience that the appointee brings to the role of KMP;
- the nature of existing positions held by the appointee including Directorships or other relationships and the impact they may have on the appointee's ability to exercise independent judgment;

3.2 Personal specifications

- Atleast a Degree holder in one or more relevant disciplines;
- Experience of management in a diverse organization;
- Excellent interpersonal, communication and representational skills;
- Demonstrable leadership skills;
- Commitment to high standards of ethics, personal integrity and probity;
- Commitment to the promotion of equal opportunities, community cohesion and health and safety in the workplace;
- Having continuous professional development to refresh knowledge and skills.

3.3 Letters of Appointment

Each Director / KMP is required to sign a letter of appointment, as acceptance of the offer, with the Company containing the terms of appointment and the role assigned in the Company.

4. Remuneration of Directors and Key Managerial Personnel

The guiding principle is that the level and composition of remuneration shall be reasonable and sufficient to attract, retain and motivate Directors and Key Management Personnel.

The Directors remuneration and Key Management Personnel's salary shall be based & determined on the individual person's responsibilities and performance and in accordance with the limits as prescribed statutorily, if any.

The Nominations & Remuneration Committee ("NRC") determines individual remuneration packages for Directors and KMPs of the Company taking into account factors it deems relevant, including but not limited to market, business performance and practices in comparable companies, having due regard to financial and commercial health of the Company as well as prevailing laws and government/other guidelines. The Committee consults with the Chairman of the Board as it deems appropriate.

4.1 Remuneration of the Managing Director and Executive Director is recommended by the Committee to the Board of the Company.

(i) Remuneration:

a) Base Compensation (fixed salaries):

Must be competitive and reflective of the individual's role, responsibility and experience in relation to performance of day-to-day activities, usually reviewed on an annual basis; (includes salary, allowances and other statutory/non-statutory benefits which are normal part of remuneration package in line with market practices).

b) Variable salary:

The NRC may in its discretion structure any portion of remuneration to link rewards to corporate and individual performance, fulfilment of specified improvement targets or the attainment of certain financial or other objectives set by the Board. The amount payable is determined by the Committee, based on performance against pre-determined financial and non-financial metrics and statutory limits, if any.

(ii) Statutory Requirements:

- Section 197(5) of the Companies Act, 2013 provides for remuneration by way of a sitting fee to a director for attending meetings of the Board of Directors and Committee meetings or for any other purpose as may be decided by the Board.
- Section 197(1) of the Companies Act, 2013 provides for the total managerial remuneration payable by the Company to its Directors, including Managing Director and Whole Time Director, and its Manager in respect of any financial year to not exceed eleven percent of the net profits of the Company computed in the manner laid down in Section 198 in the manner as prescribed under the Act.
- The Company with the approval of the Shareholders and Central Government may authorise the payment of remuneration exceeding eleven percent of the net profits of the Company, subject to the provisions of Schedule V.
- The Company may with the approval of the Shareholders authorise the payment of remuneration upto five percent of the net profits of the Company to any one Managing Director/Whole Time Director/Manager and ten percent in case of more than one such official.
- The Company may pay remuneration to its directors, other than Managing Director and Whole Time Director upto one percent of the net profits of the Company, if there is a Managing Director or Whole Time Director or Manager and three percent of the net profits in any other case.
- The net profits for the purpose of the above remuneration shall be computed in the manner referred to in Section 198 of the Companies Act, 2013.

- 4.2 The Independent Directors shall not be entitled to any stock option and may receive remuneration by way of sitting fee for attending meetings of the Board or Committee thereof or for any other purpose as may be decided by the Board and profit related commission as may be approved by the Members. The sitting fee to the Independent Directors shall not be less than the sitting fee payable to other directors.
- 4.3 The remuneration payable to the Directors shall be as per the Company's policy and shall be valued as per the Income Tax Rules.
- 4.4 The remuneration payable to the Key Managerial Personnel shall be as may be decided by the Board having regard to their experience, leadership abilities, initiative taking abilities and knowledge base.

5. Evaluation / Assessment of Directors and KMPs of the Company

The evaluation/assessment of the Directors and KMPs of the Company is to be conducted on an annual basis and to satisfy the requirements of the Listing Agreement.

The following criteria may assist in determining how effective the performances of the Directors and KMPs have been:

- leadership & stewardship abilities
- contributing to clearly defined corporate objectives & plans
- communication of expectations & concerns clearly with subordinates
- obtain adequate, relevant & timely information from external sources.
- review & approve achievement of strategic and operational plans, objectives, budgets
- regular monitoring of corporate results against projections
- identify, monitor & mitigate significant corporate risks
- assess policies, structures & procedures
- direct, monitor & evaluate KMPs
- review management's succession plan
- effective meetings
- assuring appropriate board size, composition, independence, structure
- clearly defining roles & monitoring activities of committees
- review of corporation's ethical conduct

Evaluation on the aforesaid parameters will be conducted by the Independent Directors for each of the Executive/Non-Independent Directors in a separate meeting of the Independent Directors.

The Executive Director/Non-Independent Directors along with the Independent Directors will evaluate/assess each of the Independent Directors on the aforesaid parameters. Only the Independent Director being evaluated will not participate in the said evaluation discussion.

For and on behalf of the Board of Directors

P. Krishnamurthy
Chairman
DIN : 00013565

Tarak Patel
Managing Director
DIN : 00166183

Place: Mumbai
Date: August 10, 2017

‘ANNEXURE D’ TO DIRECTORS’ REPORT

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31.03.2017

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No. 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To
The Members,
GMM PFAUDLER LIMITED
VithalUdyognagar,
Anand – Sojitra Road,
Karamsad – 388 325,
Gujarat

Dear Sirs,

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate governance practices by GMM Pfaudler Limited (hereinafter called “the Company”). The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conduct / statutory compliances and expressing our opinion thereon.

Based on our verification of the Company’s books, papers, minutes books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the Financial Year ended 31st March, 2017, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

1. We have examined the books, papers, minute books, forms and returns filed and other records maintained by GMM Pfaudler Limited ("the Company") as given in **Annexure I**, for the Financial Year ended on 31st March, 2017, according to the provisions of:
 - (i) The Companies Act, 2013 (the Act) and the rules made there under;
 - (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
 - (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
 - (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment and Overseas Direct Investment;
 - (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (i) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; and
 - (ii) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
2. Provisions of the following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') were not applicable to the Company under the financial year under report:-
 - (i) The Securities and Exchange Board of India (Registrars to a Issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act and dealing with client;
 - (ii) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

- (iii) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (iv) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
 - (v) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; and
 - (vi) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.
3. Provisions of the Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of External Commercial Borrowings were not attracted under the financial year under report.
4. We further report that having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, no other laws were specifically applicable to the Company.

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India under the provisions of Companies Act, 2013; and
- (ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

During the financial year under report, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors including one woman Director in compliance with the provisions of the Companies Act, 2013. There were no changes in the composition of the Board of Directors during the year under review.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

As per the minutes of the meetings, the decisions of the Board were taken unanimously.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**For Rathi & Associates
Company Secretaries**

Himanshu S. Kamdar
Partner
FCS NO. 5171
C.P. NO. 3030

Place: Mumbai
Date: August 10, 2017

Note: This report should be read with our letter of even date which is annexed as Annexure-II and forms an integral part of this report.

ANNEXURE - I
List of documents verified

1. Memorandum & Articles of Association of the Company.
2. Annual Report for the financial year ended March 31, 2016.
3. Minutes of the meetings of the Board of Directors, Audit Committee, Nomination & Remuneration Committee, Stakeholders' Relationship Committee, Share Transfer Committee, Independent Directors Committee along with Attendance Registers thereof, in respect of the meetings held during the financial year under report.
4. Minutes of General Body Meetings held during the financial year under report.
5. Policies under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR") and the Companies Act, 2013.
6. Statutory Registers under the Companies Act, 2013.
7. Notice and Agenda papers submitted to all the directors / members for the Board Meetings and Committee Meetings.
8. Declarations received from the Directors of the Company pursuant to the provisions of Section 184 of the Companies Act, 2013.
9. Intimations received from directors under the prohibition of Insider Trading Code.
10. E-Forms filed by the Company, from time to time, under applicable provisions of the Companies Act, 2013 and attachments thereof during the financial year under report.
11. Intimations / documents / reports / returns filed with the Stock Exchange pursuant to the provisions of LODR and SAST Regulations during the financial year under report.

ANNEXURE – II

To
The Members
GMM Pfaudler Limited
Vithal Udyog Nagar,
Anand – Sojitra Road,
Karamsad – 388 325,
Gujarat

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test check basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices that we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For Rathi & Associates
Company Secretaries

Himanshu S. Kamdar
Partner
FCS NO. 5171
C.P. NO. 3030

Place: Mumbai
Date: August 10, 2017

‘ANNEXURE E’ TO DIRECTORS’ REPORT

DISCLOSURE PURSUANT TO SECTION 134(3)(M) OF THE COMPANIES ACT 2013 READ WITH RULE 8 OF THE COMPANIES (ACCOUNTS), RULES 2014

(A) Conservation of energy:

(a) Steps taken or impact on conservation of energy:

1. Replaced several air conditioners with energy efficient 5 Star rated air conditioners.
2. Installed 2.6 KW of LED lighting to replace 9.5 KW of mercury vapor lamps.
3. Installed 43 nos. of Inverter based machines for power saving in welding & cutting application. Installed 34 nos. of Tig welding Inverters that save upto 30% power consumption.
4. Optimized utilization of natural gas furnaces to reduce production cost and energy footprint.
5. Installed Variable Frequency Drives (VFD) in cranes for saving energy and to reduce power consumption.

(b) Steps taken by the company for utilizing alternate source of energy:

1. The Company owns and maintains windmills with a total generating capacity of 1.8 MW. The windmills generate about 2 million units per annum.
2. Purchased 1285 MWH power from Indian Energy exchange under Short term open access and achieved saving of ₹ 0.90 million.

(c) Modification / retrofitting of equipment to increase productivity & cost reduction:

1. Retrofitted 600T press Furnace ignition system & increase productivity 1.7 times
2. Internal shop material movement - Developed motorized trolley from Shot blasting area to OE bay, which has reduced vehicle transportation cost.
3. Plate handling arranged by ‘Magnetic Plate Lifter’ and plate storage changed from vertical to horizontal for easy, fast & safe handling of material, which has saved Energy & reduce crane BD.
4. Relocated CNC Profile cutting and Pug cutting machines and reduce plate handling time.

(d) Capital investment on energy conservation equipments: Nil

(B) Technology absorption:

- (i) **The efforts made towards technology absorption:** In house product development team works on product improvement, import substitution and new products.
- (ii) **The benefits derived like product improvement, cost reduction, product development or import substitution:** Cost reduction, import substitution and new products.
- (iii) **In case of imported technology (imported during the last 3 years reckoned from the beginning of financial year):**
 - (a) The details of technology imported – NIL
 - (b) The year of import – N.A.
 - (c) Whether the technology been fully absorbed – N.A.
 - (d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof – N.A.

(iv) The expenditure incurred on Research & Development:

₹ in Million

Particulars	Year ended 31.03.17	Year ended 31.03.16
Capital Expenditure	-	-
Recurring Expenditure	12.11	11.03
Total	12.11	11.03
Total R & D Expenditure as % of Total Turnover	0.45%	0.48%

(C) Foreign exchange earnings and Outgo:

₹ in Million

Particulars	Year ended 31.03.17	Year ended 31.03.16
Actual Foreign Exchange earnings	160.90	166.93
Actual Foreign Exchange Outgo	143.84	85.83

For and on behalf of the Board of Directors

P. Krishnamurthy
Chairman
DIN : 00013565

Tarak Patel
Managing Director
DIN : 00166183

Place: Mumbai
Date: August 10, 2017

‘ANNEXURE F’ TO DIRECTORS’ REPORT

DISCLOSURE UNDER SECTION 197 (12) OF THE COMPANIES ACT, 2013 AND OTHER DISCLOSURES AS PER RULE 5 OF THE COMPANIES (APPOINTMENT & REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

1. **The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Operating Officer, Company Secretary and ratio of the remuneration of each Director to the Median remuneration of the employees of the Company for the financial year 2016-17:**

Name of Director	Percentage increase in remuneration	Ratio of remuneration of each Director / KMP to Median remuneration of employees
*Mr. P. Krishnamurthy – Non-Executive & Independent Chairman	N.A.	N.A.
*Dr. S. Sivaram - Non-Executive & Independent Director	N.A.	N.A.
*Dr. Amrita Patel - Non-Executive & Independent Director	N.A.	N.A.
*Mr. Ashok Patel - Non-Executive Director	N.A.	N.A.
#Mr. Thomas Kehl - Non-Executive Director	N.A.	N.A.
*Mr. Khurshed Thanawalla - Non-Executive Director	N.A.	N.A.
#Mr. Tom Alzin - Non-Executive Director	N.A.	N.A.
Mr. Tarak Patel – Managing Director	52.3%	34
Mr. Ashok Pillai - Chief Operating Officer	15.7%	17
Mr. Jugal Sahu - Chief Financial Officer (appointed w.e.f. January 19, 2016)	N.A.	13
Ms. Mittal Mehta - Company Secretary & Compliance Officer	10.7%	3

*Entitled for sitting fees of ₹ 50,000 for attending each Board meeting and ₹ 25,000 for attending each Committee meeting.

Sitting fee waiver given vide letter dated July 30, 2015.

2. **The percentage increase in the median remuneration of employees in the financial year: 17.1%**
3. **The number of permanent employees on the rolls of the Company: 375**
4. **Average percentile increase made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof:**

Average percentage increase made in the salaries of employees other than the managerial personnel in the last financial year i.e. 2016-17 was 17.9%, whereas the increase in the managerial remuneration for the same financial year was 22.3%.

The increment given to each individual employee is based on the employees’ potential, experience as also their performance and contribution to the Company’s progress over a period of time and also as per the market trend.

5. **Affirmation that the remuneration is as per the remuneration policy of the Company:**

Remuneration paid to Directors, Key Managerial Personnel and other employees is as per the remuneration policy of the Company.

6. List of employees of the Company drawing salary not less than ₹ 102 lacs per annum or ₹ 8.50 lacs per month during the financial year 2016-17:

Name	Designation	Remuneration	Qualifications	Experience (in years)	Joining date	Age (in years)	Last employment
Mr. Tarak Patel	Managing Director (appointed w.e.f. 01/06/2015)	16 million	BA in Economics from University of Rochester, USA and a MBA jointly conferred by Columbia Business School, London Business School and University of Hong Kong (HKU) Business School	16	15/01/2001	41	-

Notes:

- (i) The employment of Mr. Tarak Patel is contractual.
- (ii) Mr. Tarak Patel (along with their spouse and dependent children) does not hold more than 2% of the shares of the Company.

For and on behalf of the Board of Directors

P. Krishnamurthy
Chairman
DIN : 00013565

Tarak Patel
Managing Director
DIN : 00166183

Place: Mumbai
Date: August 10, 2017

‘ANNEXURE G’ TO DIRECTORS’ REPORT

EXTRACT OF ANNUAL RETURN AS ON FINANCIAL YEAR ENDED ON MARCH 31, 2017

[Pursuant to section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

CIN	L29199GJ1962PLC001171
Registration Date	November 17, 1962
Name of the Company	GMM Pfaunder Limited
Category / Sub-Category of the Company	Public Limited Company
Address of the Registered office and contact details	Vithal Udyognagar, Anand- Sojitra Road, Karamsad - 388 325, Gujarat. Tel: +91 2692 661700/ 230416/ 230516 Fax: +91 2692 661888/ 236467 Email: worksko@gmmpfaunder.com
Whether listed company	Yes
Name, Address and Contact details of Registrar and Transfer Agent, if any	Link Intime India Pvt. Ltd. C-101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai – 400 083. Tel: +91 22 4918 6270 Fax: +91 22 4918 6060 Email: rnt.helpdesk@linkintime.co.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10 % or more of the total turnover of the Company shall be stated:-

Sr. No.	Name and Description of main products / services	NIC (2008) Code of the Product / service	% to total turnover of the company
1	Manufacture of other Special – Purpose Machinery	28299	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sr. No.	Name and address of the Company	CIN / GLN	Holding / subsidiary / associate	% of shares held	Applicable section
1	Karamsad Holdings Limited Vithal Udyognagar, Anand- Sojitra Road, Karamsad - 388 325, Gujarat.	U65993GJ1997 PLC032514	Wholly Owned Subsidiary	100%	2(87)
2	Karamsad Investments Limited Vithal Udyognagar Karamsad - 388 325 Gujarat, India	U65990GJ1997 PLC032513	Wholly Owned Subsidiary	100%	2(87)
3	GMM Mavag AG Kleiner Letten 9 8213 Neunkirch, Switzerland	N.A.	Wholly Owned Subsidiary	100%	2(87)
4	Mavag AG Kleiner Letten 9 8213 Neunkirch, Switzerland	N.A.	Wholly Owned Subsidiary of Mavag AG	100%	2(87)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as % of Total Equity):

a) Category-wise Share Holding:

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	1,301,045	-	1,301,045	8.90	1,301,045	-	1,301,045	8.90	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	2,036,480	-	2,036,480	13.93	2,036,480	-	2,036,480	13.93	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other (Trust)	253,125	-	253,125	1.73	253,125	-	253,125	1.73	-
Sub-total(A)(1):	3,590,650	-	3,590,650	24.56	3,590,650	-	3,590,650	24.56	-
(2) Foreign									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other – Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	7,374,307	910	7,375,217	50.46	7,372,475	-	7,372,475	50.44	(0.02)
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
Sub-total (A)(2):	7,374,307	910	7,375,217	50.46	7,372,475	-	7,372,475	50.44	(0.02)
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	10,964,957	910	10,965,867	75.02	10,963,125	-	10,963,125	75.00	(0.02)
B. Public Shareholding									
(1) Institutions									
a) Mutual Funds	252,299	-	252,299	1.73	-	-	-	-	(1.73)
b) Banks / FI	433	225	658	-	525	225	750	0.01	+0.01
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	54,448	-	54,448	0.37	54,448	-	54,448	0.37	-
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	5,667	-	5,667	0.04	+0.04
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):	307,180	225	307,405	2.10	60,640	225	60,865	0.42	(1.68)
(2) Non-Institutions									
a) Bodies Corp.									
i) Indian	471,480	75	471,555	3.23	603,667	75	603,742	4.13	+0.90
ii) Overseas	-	-	-	-	-	-	-	-	-

b) Individuals									
i) Individual share-holdees holding nominal share capital upto ₹ 1 lakh	2,150,968	270,240	2,421,208	16.56	2165796	252165	2417961	16.54	(0.02)
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	207,197	118,125	325,322	2.22	339,277	118,125	457,402	3.13	+0.91
c) Any Other (Clearing member)	34,174	-	34,174	0.23	15,171	-	15,171	0.10	(0.13)
c-i) Any Other (Trust)	20,732	-	20,732	0.14	20,732	-	20,732	0.14	-
c-ii) Any Other (Non Resident Indians)	70,452	785	71,237	0.49	77,717	785	78,502	0.54	+0.05
Sub-total(B)(2):	2,955,003	389,225	3,344,228	22.87	3,222,360	371,150	3,593,510	24.58	+1.71
Total Public Shareholding (B)=(B)(1)+(B)(2)	3,262,183	389,450	3,651,633	24.98	3,283,000	371,375	3,654,375	25.00	+0.02
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	14,227,140	39,360	14,617,500	100.00	14,246,125	371,375	14,617,500	100.00	-

b) Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1	Pfaudler Inc.	7,375,217	50.46	-	7,372,475	50.44	-	(0.02)
2	Millars Machinery Company Pvt. Ltd.	1,625,595	11.12	-	1,625,595	11.12	-	-
3	Mr. Ashok Patel	498,120	3.41	-	498,120	3.41	-	-
4	Uttarak Enterprise Pvt. Ltd.	406,875	2.78	-	410,885	2.81	-	+0.03
5	A. J. Patel HUF	277,235	1.90	-	277,235	1.90	-	-
6	Mr. Ashok Patel (A. J. Patel Ch. Trust)	253,125	1.73	-	253,125	1.73	-	-
7	Mr. Tarak Patel	173,960	1.19	-	173,960	1.19	-	-
8	Ms. Uttara Patel	166,995	1.14	-	166,995	1.14	-	-
9	Ms. Urmi Patel	133,625	0.91	-	133,625	0.91	-	-
10	Ms. Panna Patel	33,750	0.23	-	33,750	0.23	-	-
11	Ms. Pragna Patel	16,160	0.11	-	16,160	0.11	-	-
12	Skyline Millars Ltd.	4,010	0.03	-	-	-	-	(0.03)
13	Ms. Palomita Patel	1,200	0.01	-	1,200	0.01	-	-
	Total	10,965,867	75.02		10,963,125	75.00		(0.02)

c) Change in Promoters' Shareholding:

There is no change in the shareholding of any promoters except for Pfaudler Inc., Skyline Millars Ltd. & Uttarak Enterprises Pvt. Ltd. as under:

Sr. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	Pfaudler Inc.	7,375,217	50.46	7,375,217	50.46
	Less: Compliance with Minimum Public Shareholding (21.04.2016)	(2,742)	0.02	7,372,475	50.44
	At the End of the year	7,372,475	50.44	7,372,475	50.44
2.	Skyline Millars Ltd.	4,010	0.03	4,010	0.03
	Less: Inter-se transfer (30.03.2017)	(4,010)	0.03	0	0
	At the End of the year	N.A.	N.A.	0	0
3.	Uttarak Enterprises Pvt. Ltd.	406,875	2.78	406,875	2.78
	Less: Inter-se transfer (30.03.2017)	4,010	0.03	410,885	2.81
	At the End of the year	410,885	2.81	410,885	2.81

d) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters And Holders Of GDRs and ADRs):

Sr. No.	Name & Type of Transaction	Shareholding at the beginning of the year – 1.04.2016		Transactions during the year		Cumulative shareholding at the end of the year 31.03.2017	
		No. of Shares Held	% of Total Shares of the Company	Date of Transaction	No. of Shares	No of Shares Held	% of Total Shares of the Company
1	Chandler & Price (I) Pvt. Ltd.	351,555	2.40	-	-	351,555	2.40
2	Sumant J. Patel	118125	0.80	-	-	118125	0.80
3	India Infoline Limited	-	-			0	0.00
	Transfer			15.04.2016	181	181	0.0012
	Transfer			06.05.2016	(80)	101	0.0007
	Transfer			13.05.2016	(1)	100	0.0007
	Transfer			10.06.2016	(50)	50	0.0003
	Transfer			24.06.2016	153	203	0.0014
	Transfer			30.06.2016	(30)	173	0.0012
	Transfer			01.07.2016	(73)	100	0.0007
	Transfer			08.07.2016	95	195	0.0013
	Transfer			29.07.2016	(165)	30	0.0002
	Transfer			12.08.2016	51	81	0.0006
	Transfer			30.09.2016	(46)	35	0.0002

	Transfer			07.10.2016	(3)	32	0.0002
	Transfer			14.10.2016	(7)	25	0.0002
	Transfer			21.10.2016	20	45	0.0003
	Transfer			11.11.2016	39	84	0.0006
	Transfer			18.11.2016	2,926	3010	0.0206
	Transfer			25.11.2016	(2,981)	29	0.0002
	Transfer			02.12.2016	6	35	0.0002
	Transfer			16.12.2016	50	85	0.0006
	Transfer			06.01.2017	241	326	0.0022
	Transfer			20.01.2017	(161)	165	0.0011
	Transfer			27.01.2017	6	171	0.0012
	Transfer			10.03.2017	(157)	14	0.0001
	Transfer			17.03.2017	26	40	0.0003
	Transfer			24.03.2017	(10)	30	0.0002
	Transfer			31.03.2017	102,901	102,931	0.7042
	At the end of the year	-	-	-	-	102,931	0.7042
4	Mr. Danesh Irani	82,227	0.5625	-	-	82,227	0.5625
5	Mr. Boman Irani	62,420	0.4270	-	-	62,420	0.4270
6	Ms. Kashmira Irani	62,550	0.4279				
	Transfer			22.07.2016	(2,000)	60,550	0.4142
	Transfer			21.10.2016	(1,108)	59,442	0.4066
	Transfer			28.10.2016	(4,334)	55,108	0.3770
	At the end of the year	-	-	-	-	55,108	0.3770
7	The Oriental Insurance Co. Ltd.	54,448	0.3725	-	-	54,448	0.3725
8	Ms. Suman Bang	-	-	-	-	0	0.00
	Transfer			05.08.2016	34,141	34,141	0.2336
	At the end of the year	-	-	-	34,141	34,141	0.2336
9	Sharekhan Limited	1,005	0.0069			1,005	0.0069
	Transfer			01.04.2016	47	1,052	0.0072
	Transfer			08.04.2016	(201)	851	0.0058
	Transfer			15.04.2016	4	855	0.0058
	Transfer			22.04.2016	154	1,009	0.0069
	Transfer			29.04.2016	(166)	843	0.0058
	Transfer			06.05.2016	247	1,090	0.0075
	Transfer			13.05.2016	117	1,207	0.0083

	Transfer			20.05.2016	(632)	575	0.0039
	Transfer			27.05.2016	166	741	0.0051
	Transfer			03.06.2016	377	1,118	0.0076
	Transfer			10.06.2016	243	1,361	0.0093
	Transfer			17.06.2016	(610)	751	0.0051
	Transfer			24.06.2016	708	1,459	0.0100
	Transfer			30.06.2016	1,132	2,591	0.0177
	Transfer			08.07.2016	(1,036)	1,555	0.0106
	Transfer			15.07.2016	1,049	2,604	0.0178
	Transfer			22.07.2016	(218)	2,386	0.0163
	Transfer			29.07.2016	1,990	4,376	0.0299
	Transfer			05.08.2016	(1,925)	2,451	0.0168
	Transfer			12.08.2016	1,008	3,459	0.0237
	Transfer			19.08.2016	(164)	3,295	0.0225
	Transfer			26.08.2016	4,081	7,376	0.0505
	Transfer			02.09.2016	172	7,548	0.0516
	Transfer			09.09.2016	2,635	10,183	0.0697
	Transfer			16.09.2016	(19)	10,164	0.0695
	Transfer			23.09.2016	(2,821)	7,343	0.0502
	Transfer			30.09.2016	(4,783)	2,560	0.0175
	Transfer			07.10.2016	(884)	1,676	0.0115
	Transfer			14.10.2016	1,995	3,671	0.0251
	Transfer			21.10.2016	(423)	3,248	0.0222
	Transfer			28.10.2016	6,537	9,785	0.0669
	Transfer			04.11.2016	723	10,508	0.0719
	Transfer			11.11.2016	(465)	10,043	0.0687
	Transfer			18.11.2016	(4)	10,039	0.0687
	Transfer			25.11.2016	(1,150)	8,889	0.0608
	Transfer			02.12.2016	17,718	26,607	0.1820
	Transfer			09.12.2016	2,367	28,974	0.1982
	Transfer			16.12.2016	(1,464)	27,510	0.1882
	Transfer			23.12.2016	(1,533)	25,977	0.1777
	Transfer			30.12.2016	1,955	27,932	0.1911
	Transfer			06.01.2017	728	28,660	0.1961
	Transfer			13.01.2017	6,790	35,450	0.2425

	Transfer			20.01.2017	892	36,342	0.2486
	Transfer			27.01.2017	(7,698)	28,644	0.1960
	Transfer			03.02.2017	(12,092)	16,552	0.1132
	Transfer			10.02.2017	(2,263)	14,289	0.0978
	Transfer			17.02.2017	1,643	15,932	0.1090
	Transfer			24.02.2017	10,328	26,260	0.1796
	Transfer			03.03.2017	2,339	28,599	0.1956
	Transfer			10.03.2017	816	29,415	0.2012
	Transfer			17.03.2017	379	29,794	0.2038
	Transfer			24.03.2017	1,358	31,152	0.2131
	Transfer			31.03.2017	(574)	30,578	0.2092
	At the end of the year	-	-	-	-	30,578	0.2092
10	S J Patel	2,1750	0.1488	-	-	2,1750	0.1488
	Transfer			15.04.2016	8,435	30,185	0.2065
	At the end of the year	-	-	-	-	30,185	0.2065

e) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	Mr. Ashok Patel	498,120	3.41	498,120	3.41
	At the end of the year (or on the date of separation, if separated during the year) (31.03.2017)	N.A.	N.A.	498,120	3.41
2	Mr. Tarak Patel	173,960	1.19	173,960	1.19
	At the end of the year (or on the date of separation, if separated during the year) (31.03.2017)	N.A.	N.A.	173,960	1.19
3	Dr. Amrita Patel	375	0.002	375	0.002
	At the end of the year (or on the date of separation, if separated during the year) (31.03.2017)	N.A.	N.A.	375	0.002
4	Mr. Ashok Pillai	750	0.005	750	0.005
	At the end of the year (or on the date of separation, if separated during the year) (31.03.2017)	N.A.	N.A.	750	0.005

Except as mentioned above, no other directors were holding any shares in the Company.

VI. INDEBTEDNESS:

Indebtedness of the Company including interest outstanding/ accrued but not due for payment: NIL

VII. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

A. Remuneration to Mr. Tarak Patel, Managing Director:

₹ in Million

Sr. No.	Particulars of Remuneration	Total Amount
1	Gross salary	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	5.00
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.82
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-
2	Stock Option	-
3	Sweat Equity	-
4	Commission	-
	- as % of profit	-
	- others, specify	-
5	Others – Performance Bonus	11.00
	Total (A)	16.82
	Ceiling as per the Act	18.66 (Being 5% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013)

B. Remuneration to other Directors:

₹ in Million

Sr. No.	Particulars of Remuneration	Name of Directors	Total Amount
1.	Independent Directors		
	• Fee for attending board / committee meetings	Mr. P. Krishnamurthy	0.58
		Dr. S. Sivaram	0.37
		Dr. Amrita Patel	0.42
	• Commission		-
	• Others, please specify		-
	Total (1)		1.37
2.	Other Non-Executive Directors		
	• Fee for attending board / committee meetings	Mr. Ashok Patel	0.30
		Mr. Khurshed Thanawalla	0.10
	• Commission		-
	• Others, please specify		-
	Total (2)		0.40
	Total (B) = (1 + 2)		1.77
	Total Managerial Remuneration (A + B)		18.59
	Overall Ceiling as per the Act	Non Executive Directors were paid sitting fees for attending the meetings of the Board and Committees thereof during the financial year 2016-17, which were within the limits prescribed under the Companies Act, 2013.	

C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD

₹ in Million

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			
		Mr. Ashok Pillai (COO)	Mr. Jugal Sahu (CFO)	Ms. Mittal Mehta (CS)	Total Amount
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	6.61	5.50	1.40	13.51
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.04	0.04	-	0.08
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	- as % of profit	-	-	-	-
	- others, specify	-	-	-	-
5	Others (Performance Bonus)	1.60	0.90	0.15	2.65
	Total	8.25	6.44	1.55	16.24

VIII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES: NIL
For and on behalf of the Board of Directors
P. Krishnamurthy
Chairman
DIN : 00013565
Tarak Patel
Managing Director
DIN : 00166183

Place: Mumbai
Date: August 10, 2017

MANAGEMENT DISCUSSION AND ANALYSIS

a) INDUSTRY OUTLOOK:

India has emerged as the fastest growing major economy in the world as per the International Monetary Fund. According to The World Bank, the Indian economy grew at 7% in 2016-17 and is expected to further accelerate to 7.6% in 2017-18. With recent Government initiatives such as 'Make in India' and a favorable monsoon, the growth could be even higher. Demonetisation is expected to have a positive impact on the Indian economy.

The steps taken by the government in recent times are showing positive results and economic growth is projected to remain strong. The key demand industries for GMM Pfaudler Limited - Pharmaceuticals, Specialty Chemicals and Agrochemicals, are all expected to grow at a CAGR of 10-15% over the next 5 years. These industries will continue to invest to increase their manufacturing capacity as well as to upgrade their manufacturing facilities.

Key growth drivers include:

Pharmaceuticals

- By 2020, India is likely to be among the top three pharmaceutical markets by incremental growth and sixth largest market globally in absolute size.
- India's cost of production is significantly lower than that of the US and almost half of that of Europe. It gives a competitive edge to India over others.
- The Indian pharmaceutical market size is expected to grow to US\$ 100 billion by 2025, driven by increasing consumer spending, rapid urbanisation and lifestyle diseases.

Chemicals

- In terms of value and production volume, Indian chemical industry is the 3rd largest producer in Asia and 6th by output in the world.
- In 2016, the Indian Chemical Industry had a market size of US\$ 139 billion and could grow at 11% to reach a size of US\$ 224 billion by 2017.
- By 2025 the Indian Chemical Industry is projected to reach US\$ 403 billion.
- 100% FDI Permitted: 100% FDI is permitted in the Chemical industry. This is expected to trigger new investments.

b) COMPANY OVERVIEW:

Established in the year 1962, GMM Pfaudler Limited ("the Company") is a leading supplier of engineered equipment and systems for critical applications in the chemical and pharmaceutical industries. It has a state-of-the-art manufacturing facility spread over 17 acres in Karamsad, Gujarat.

With over five decades of manufacturing experience, GMM Pfaudler Limited is a well-established Company with a strong brand and customer goodwill. The Company is currently the market leader in glass-lined equipment. Over the years, the Company has diversified its product portfolio to include Heavy Engineering, Mixing Systems, Engineered Systems and Filtration & Drying Equipment to grow revenue and reduce the cyclicity of the business.

GMM Pfaudler Limited currently employs 375 people and has regional sales and service offices in Ahmedabad, Ankleshwar, Chennai, Hyderabad, Mumbai, New Delhi, Vadodara and Vishakhapatnam.

Mavag AG is a wholly owned subsidiary of the Company, located in Neunkirch, Switzerland and has 35 employees. Mavag is a supplier of highly engineered Filtration & Drying Equipment and Mixing Systems to the pharmaceuticals, biotech and fine chemicals industries. Mavag's product range includes the state-of-art Spherical Dryers, Filter Dryers, Funda Filters and Magnetic Drive Agitators. Mavag specializes in sterile and high containment applications.

c) FINANCIAL PERFORMANCE:

In the financial year 2016-17, GMM Pfaudler Limited posted standalone revenues of ₹ 2,663 million, up 16% from the previous year's ₹ 2,296 million and consolidated revenues of ₹ 3,530 million, up 21% from the previous year's ₹ 2,921 million. Profit before tax increased by 46% to ₹ 405 million on standalone basis and increased by 57% to ₹ 469 million on consolidated basis.

The Company's cost reduction and efficiency improvement programs helped improve revenue and profitability. Both programs are ongoing with new goals being set every year.

d) BUSINESS LINES:

The Company has 3 business segments:

i) Glass Lined Equipment (GL):

The GL business accounted for 67% of the Company's total revenue. GMM Pfaudler Limited is the market leader in this segment and maintained its leadership position in the domestic market during the year. The production increased from 1196 vessels to 1435 vessels during the year. Also costs were reduced by improving procurement and manufacturing processes.

The Company manufactured and supplied the first batch of vessels to its parent Pfaudler, Italy which will be sold in the European market.

ii) Heavy Engineering (HE):

The HE business accounted for 16% of the Company's total revenue. This business line has been a focus area for the Company. The Company managed to grow the business by creating a significant competitive advantage by leveraging its brand, strong engineering capabilities, multiple code accreditations and proven track record of manufacturing complex equipment. Further, resources have been added and capabilities have been improved to further grow this business in the coming years.

iii) Proprietary Products (PP)

The Proprietary Products business accounted to 16% of the Company's total revenue. This business line includes the following products: Mixing Systems (MS), Engineered Systems (ES) and Filtration & Drying Equipment (F&D).

a) Mixing Systems (MS):

Pharmaceutical, Agrochemical and Specialty Chemical Companies in India are looking at innovative mixing solutions to improve productivity. To exploit these opportunities, the Company has built engineering capabilities and cost effective & user friendly equipment. Its is planned to target new industry segments like Paints, Resins, Inks, Biotech, Food Processing, Petrochemicals and Pulp & Paper to grow this business.

b) Engineered Systems (ES):

The Company has extensive experience in designing and manufacturing complete Modular Skids. As the Company moves from being an equipment supplier to a solution provider, the Company is developing process engineering capabilities so as to provide process guarantees to its customers.

c) Filtration & Drying Equipment (F&D):

The Company targets critical applications, such as high potency and sterile applications, where it has a competitive advantage. This business line has seen significant growth over the last few years and will continue to target critical applications in the domestic and export markets to grow this business even further. F&D division also provides low cost components to it's subsidiary Mavag AG.

e) MAVAG AG's PERFORMANCE:

Mavag AG (the company's wholly owned subsidiary) continued to grow revenue and profitability by sourcing low cost components from GMM. Mavag is also working together with Pfaudler, USA to develop the US market and has already had some success. Mavag remains the preferred supplier of highly engineered filtration and drying equipment to the European Pharmaceutical industry.

f) OPPORTUNITIES & THREATS:

6.2% of the Company's revenue comes from international markets. There is a significant opportunity for the Company to improve revenue and margins by increasing exports. Over the last year the Company has created agent networks in the Middle East, African, South East Asia and Eastern European markets.

The global economic slowdown may have an impact on the Company's exports business. Uncertain monsoon, weak investment and volatile industrial output are ongoing concerns.

g) RISKS AND CONCERNS:

The Company has a well documented Risk Management Policy. The policy is reviewed periodically by Management and Risk Management Committee and appropriately modified, as and when necessary. Based on the operations of the Company, risks are identified and steps are taken to mitigate them.

GMM has market exposure to foreign exchange rates mainly on account of exports, imports and investments in foreign subsidiary Companies, and therefore, they are subjected to the exchange fluctuation risk.

The Company's primary raw material is steel; any fluctuation in pricing will impact profitability of the Company. Certain orders with long manufacturing cycle time may be exposed to the risk of material price volatility.

The Company is making its planning and review more stringent so as to bring greater granularity and predictability.

h) INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

The internal controls of the Company operate through standard operating procedures, policies and process guidelines. The Company has an adequate system of Internal Financial Control commensurate with its size and nature of business which helps in ensuring orderly and efficient conduct of its business.

Policies have been laid down for operation, approval and control of expenditure. Investment decisions involving capital expenditure are subject to formal detailed appraisal and review by appropriate levels of authority. Capital and Revenue expenditure are monitored and controlled with reference to pre-approved budgets and forecasts.

Significant internal audit observations are reported to the Audit Committee on a quarterly basis. The Audit Committee reviews the observations and assesses the adequacy of the actions proposed as well as monitors their implementation. Internal Auditors conduct a quarterly follow up for implementation/ remediation of all audit recommendations and the status report is presented to the Audit Committee regularly. The management takes appropriate actions and all these steps are reviewed periodically.

In accordance with the requirements of Section 143(3)(i) of the Companies Act, 2013, the Statutory auditors have confirmed the adequacy and operating effectiveness of the internal financial control systems over financial reporting.

i) HUMAN RESOURCES & INDUSTRIAL RELATIONS:

The Company firmly believes that its employees are the key to driving performance and developing competitive advantage. During the year under consideration, the Company has enhanced its focus on its Human Resource Practices and renewed its commitment to serving the needs of business.

During the year, the Company has introduced "GMM's DNA for Success", a Competency Framework to provide a structured guide enabling the identification, evaluation and development of the behaviour in individual employees. This framework has identified five success behaviours critical to deliver its business goals. These success behaviours have been detailed across the four role bands namely Strategic Leaders, Operational Leaders, Team Leaders and Individual Contributors and include the behaviours that the Company expects its people to demonstrate at each stage. It also provides broad guidelines for measuring the Success Behaviour across the four role bands.

As the Company continues to grow in line with our Mission 2020, its organization structure is being aligned to support the strategy implementation and strengthen the 'GMM Pfaudler's DNA for Success.' Leadership and Talent Management have been initiated to identify the developmental needs of the internal talent and groom the internal talent pipeline in alignment with the business strategy.

The Company nurtures a strong performance driven culture where employees are rewarded for performance. The Company's incentive systems are robust and transparent and are aimed to bring the best out of its employees.

The Company has invested significantly in building the Sales capability of its distributed field based work force. Training workshops and seminars are regularly conducted for managers, staff and workers of the Company with a view to improve their competencies as well as to attract and retain talent. The Company has maintained an amicable relationship with the Union.

The Company continued to ensure that its values are at the heart of everything it did. Importance of values was emphasized through leadership townhalls and focused group discussions.

On March 31, 2017 the Company's total permanent employee strength was 375, against 327 as on March 31, 2016.

j) CAUTIONARY NOTE:

Certain statements in the "Management Discussion and Analysis" section may be 'forward-looking'. Such 'forward-looking' statements are subject to risks and uncertainties and therefore actual results could be different from what the Directors envisage in terms of the future performance and outlook.

REPORT ON CORPORATE GOVERNANCE

A report for the financial year ended March 31, 2017 on the compliance by the Company the Corporate Governance requirements under Regulation 34 of the Listing Regulations, is furnished below:

1. Company's Philosophy on the Code of Corporate Governance

Corporate Governance primarily involves transparency, full disclosure, independent monitoring of the state of affairs and being fair to all stakeholders. It is a combination of voluntary practices and compliance with laws and regulations.

The Company endeavors not only to meet the statutory requirements in this regard but also to go well beyond them by instituting such systems and procedures as are in accordance with the latest global trends of making management completely transparent and institutionally sound. The Company has professionals on its Board of the Directors who are actively involved in the deliberations of the Board on all important policy matters.

Your Directors view good Corporate Governance as the foundation for honesty and integrity and recognize their fiduciary accountability to the shareholders. They are committed to continue the vigilance on these matters to maintain your trust.

It has been, and continues to be, the policy of your Company to comply with all laws governing its operations, to adhere to the highest standard of business ethics and to maintain a reputation for honest and fair dealings. Your Board of Directors recognizes its responsibility to oversee and monitor management and the Company's activities to reasonably assure that these objectives are being achieved.

It is paramount that the Company's reputation for integrity and credibility remain at the highest standards for the benefits of all stakeholders, employees, customers and suppliers.

2. Board of Directors

- a) The Board comprises of eight Directors, including 1 Executive and 7 Non-Executive, of which 3 are Independent Directors. The composition of the Company's Board is in conformity with Regulation 17(1) of the Listing Regulations and other applicable regulatory requirements. The Directors are professionals, have expertise in their respective functional areas and bring a wide range of skills and experience to the Board.
- b) The composition of the Board of Directors, their attendance at the Board meetings held during the financial year ended 31.03.2017 and the last Annual General Meeting along with the number of Directorship and memberships held in various Committees in other Companies as on the date of this Report, are given in the table below:

Name of Director	Category of Directorship	Attendance at		Number of Directorships in other Companies	Number of Committee positions held in other Companies
		Board Meetings	Annual General Meeting (September 28, 2016)		
Mr. P. Krishnamurthy (Chairman of the Board)	Non-Executive, Independent Director	4	Yes	5	5
Mr. Tarak Patel *	Executive Director	4	Yes	2	2
Mr. Ashok Patel *	Non-Executive Director	4	Yes	4	Nil
Dr. S. Sivaram	Non-Executive, Independent Director	4	No	5	Nil
Dr. Amrita Patel	Non-Executive, Independent Director	4	Yes	Nil	Nil
Mr. Thomas Kehl #	Non-Executive Director	4	Yes	Nil	Nil
Mr. Khurshed Thanawalla #	Non-Executive Director	2	Yes	2	2
Mr. Tom Alzin #	Non-Executive Director	2	Yes	Nil	Nil

* Indian Promoters.

Representing Foreign Promoters viz., Pfaudler Inc.

- Notes :**
- The Directorships held by the Directors include directorships in public companies. However, it does not include directorships held in private companies, foreign companies and companies registered under Section 8 of the Companies Act, 2013.
 - In accordance with Regulation 26(1) of the Listing Regulations, Memberships/ Chairmanships of only Audit Committees and Stakeholders Relationship Committees in public limited companies (excluding GMM Pfaudler Limited) have been considered.

- c) During the year under review, 4 Board Meetings were held on the following dates:
May 10, 2016; August 2, 2016; October 21, 2016 and January 24, 2017.
- d) Details of the Directors seeking appointment/ re-appointment at the forthcoming Annual General Meeting as required under Regulation 36(3) of the Listing Regulations are annexed to the Notice convening the Annual General Meeting which forms part of the Annual Report.
- e) Mr. Tarak Patel is the son of Mr. Ashok Patel. None of the other Directors have any inter-se relation among themselves.

3. Audit Committee:

The Composition, Role, terms of reference as well as powers of the Audit Committee meets the requirements of Section 177 of the Companies Act, 2013 and the guidelines set out in the Listing Regulations.

Composition :

As on date, the Audit Committee comprises of 4 members which includes 3 Non-Executive & Independent Directors and 1 Non-Executive Director. The members of the Audit Committee possess knowledge of Accounts, Audit and Finance. Ms. Mittal Mehta, Company Secretary acts as Secretary to the Audit Committee.

The Audit Committee met four times during the year under review viz. May 10, 2016; August 2, 2016; October 21, 2016 and January 24, 2017. The minutes of the Audit Committee Meetings were noted at the Board Meetings.

The composition of the Audit Committee, category of Members, their attendance at the Committee Meetings held during the period under review is given in the table below:

Name of Director	Category	No. of Meetings	
		Held	Attended
Mr. P. Krishnamurthy (Chairman)	Non-Executive and Independent Director	4	4
Dr. S. Sivaram	Non-Executive and Independent Director	4	4
Dr. Amrita Patel	Non-Executive and Independent Director	4	4
Mr. Thomas Kehl	Non-Executive Director	4	3

Scope:

The Powers and Role of the Audit Committee is as follows:

Powers of the Audit Committee:

- a) To investigate any activity within its terms of reference or such matter as may be referred to it by the Board and for this purpose obtain professional advice from external sources and have full access to information contained in the records of the Company;
- b) To seek information from any employee;
- c) To obtain outside legal or other professional advice; and
- d) To secure attendance of outsiders with relevant expertise, if it considers necessary;

Role of the Audit Committee:

- 1) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the Company's financial statement is correct, sufficient and credible;
- 2) Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- 3) Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- 4) Approval of the Company's policy on determining materiality of related party transactions and also on dealing with related party transactions;
- 5) Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
 - (a) matters required to be included in the director's responsibility statement to be included in the Board's report in terms of section 134(3)(c) of the 2013 Act;
 - (b) changes, if any, in accounting policies and practices and reasons for the same;
 - (c) major accounting entries involving estimates based on the exercise of judgment by management;

- (d) significant adjustments made in the financial statements arising out of audit findings;
 - (e) compliance with listing and other legal requirements relating to the financial statements;
 - (f) disclosure of any related party transactions; and
 - (g) qualifications in the draft audit report;
- 6) Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
 - 7) Reviewing and monitoring the auditor's independence and performance, and effectiveness of the audit process;
 - 8) To call for the comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of the financial statement before their submission to the Board and discuss any related issues with the internal and statutory auditors and the management of the Company.
 - 9) Approval or any subsequent modification of transactions of the Company with related parties in accordance with the Company's policy on related party transactions;
 - 10) Scrutiny of inter-corporate loans and investments;
 - 11) Valuation of undertakings or assets of the Company, wherever it is necessary, in consultation with external professional advisors, as deemed fit by the Audit Committee;
 - 12) Evaluation of internal financial controls and risk management systems of the Company;
 - 13) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems of the Company;
 - 14) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
 - 15) Discussion with internal auditors of any significant findings and follow up thereon. To formulate the scope, functioning, periodicity and methodology for conducting the internal audit in consultation with the Internal Auditor;
 - 16) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
 - 17) Discussion with statutory auditors before the commencement of audit, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
 - 18) Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
 - 19) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
 - 20) To review the functioning of the whistle blower mechanism and the vigil mechanism instituted by the Company. The vigil mechanism to provide for adequate safeguards against victimization of employees and directors who avail of the vigil mechanism and also provide for direct access to the chairperson of the Audit Committee or the director nominated to play the role of Audit Committee, as the case may be, in exceptional cases;
 - 21) To approve the appointment of the chief financial officer of the Company (i.e., the whole-time finance director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
 - 22) To review the following information as prescribed under Regulation 18(3) of the Listing regulations:
 - (a) Management discussion and analysis of financial condition and results of operations;
 - (b) Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
 - (c) Management letter/ letters of internal control weaknesses issued by the statutory auditors;
 - (d) Internal audit reports relating to internal control weaknesses; and
 - (e) The Appointment, removal and terms of remuneration of the chief internal auditor.
 - 23) To approve all the Related Party Transactions to be entered into by the Company and grant omnibus approval for the Related Party Transactions proposed to be entered into by the company subject to the following conditions:
 - (a) The Audit Committee shall lay down the criteria for granting the omnibus approval in line with the policy on Related Party Transactions of the company and such approval shall be applicable in respect of transactions which are repetitive in nature.

- (b) The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company;
- (c) Such omnibus approval shall specify (i) the name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into, (ii) the indicative base price/current contracted price and the formula for variation in the price if any and (iii) such other conditions as the Audit Committee may deem fit;

Provided that where the need for Related Party Transactions cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs.1 crore per transaction.

- (d) Audit Committee shall review, atleast on a quarterly basis, the details of RPT's entered into by the Company pursuant to which the omnibus approval was given.
 - (e) Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of one year.
- 24) To review financial statements of, and investments made by, unlisted subsidiaries of the Company in accordance with Regulation 24(2) of the Listing Regulations;
- 25) To formulate a policy for determining 'material subsidiaries' in accordance with Regulation 16 of the Listing Regulations;
- 26) To recommend the policy for preservation of documents in accordance with Regulation 9 of the Listing Regulations;
- 27) To carry out any other functions as may be specified by the Board from time to time.

4. Stakeholders Relationship Committee:

The Composition, Role, Terms of Reference as well as Powers of the Stakeholders Relationship Committee of the Company meet the requirements of Section 178 of the Companies Act, 2013 and Regulation 20 of the Listing Regulations.

Composition:

As on date, the Stakeholders Relationship Committee comprises of 1 Non-Executive & Independent Director and 1 Executive Director.

The Stakeholders Relationship Committee met four times during the year under review i.e. May 10, 2016; August 1, 2016; October 21, 2016 and January 23, 2017. The minutes of the Stakeholders Relationship Committee Meetings were noted at the Board Meetings.

The composition of the Stakeholders Relationship Committee, category of Members, their attendance at the Committee Meetings held during the period under review is given in the table below:

Name of Director	Category	No. of Meetings	
		Held	Attended
Mr. P. Krishnamurthy (Chairman)	Non-Executive and Independent Director	4	4
Mr. Tarak Patel (Managing Director)	Executive Director	4	4

Ms. Mittal Mehta, Company Secretary is the Secretary of the Committee. She also acts as the Compliance Officer of the Company.

The Stakeholders Relationship Committee inter-alia reviews quarterly reports of Registrar & Transfer Agent regarding various types of complaints/ requests received, resolved and pending from the Shareholders of the Company, if any. It also reviews quarterly shareholding patterns etc.

Summary of Grievances:

A summary of complaints received and resolved by the Company to the satisfaction of the shareholders/ investors during the year 2016-17, is given below:

Particulars	Number
Pending at the beginning of the year under review	-
Received during the year under review	5
Resolved during the year under review	5
Pending at the end of the year under review	-

5. Nomination and Remuneration Committee:

The Composition, Role, Terms of Reference as well as Powers of the Nomination and Remuneration Committee of the Company meets the requirements of Section 178 of the Companies Act, 2013 and Regulation 19 of the Listing Regulations.

Composition:

As on date, the Nomination and Remuneration Committee comprises of 4 members which includes 2 Non-Executive & Independent Directors and 2 Non-Executive Directors. Ms. Mittal Mehta, Company Secretary is the Secretary of the Committee.

The Nomination and Remuneration Committee met two times during the year under review i.e. April 20, 2016 and October 21, 2016. The minutes of the Nomination and Remuneration Committee Meetings were noted at the Board Meetings.

The composition of the Committee, category of Members, their attendance at the Nomination and Remuneration Committee Meetings held during the period under review is given in the table below:

Name of Director	Category	No. of Meetings	
		Held	Attended
Dr. S. Sivaram (Chairman)	Non-Executive and Independent Director	2	2
Mr. P. Krishnamurthy	Non-Executive and Independent Director	2	2
Mr. Ashok Patel	Non-Executive Director	2	1
Mr. Thomas Kehl	Non-Executive and Independent Director	2	Nil

Scope:

The scope of the Committee is as follows:

1. To identify suitable candidates for directorship and senior management of the Company in accordance with the criteria laid down, recommend to the Board their appointment and removal, and undertake evaluation of every director's performance;
2. To formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board, a policy relating to the remuneration for the directors, key managerial personnel and other employees of the Company. The said policy will be disclosed in the Board's report.

The Nomination and Remuneration Committee shall, while formulating the aforesaid policy, to ensure that:

- (a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully;
 - (b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
 - (c) remuneration to executive directors, key managerial personnel and senior management of the Company involves a balance between fixed and incentive pay, reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.
3. To consider the following while approving the remuneration payable to a manager, managing director or a whole time director under Section II or Section III of Part II of Schedule V to the 2013 Act and section 197 of the 2013 Act:
 - (a) take into account, financial position of the Company, trend in the industry, appointee's qualification, experience, past performance, past remuneration, etc.;
 - (b) to bring about objectivity in determining the remuneration package while striking a balance between the interest of the Company and the shareholders.
 4. To ensure that on appointment to the Board, independent directors receive a formal letter of appointment setting out clearly what is expected from them in terms of time-commitment, committee service and involvement outside meetings of the Board;
 5. To formulate the evaluation criteria for performance evaluation of independent directors and the Board;
 6. To determine whether to extend or continue the term of appointment of the Independent Directors on the basis of the report of performance evaluation of the Independent Directors;
 7. To devise a policy on Board diversity;

8. To recommend to the Board, the plans for orderly succession for appointments to the Board and to senior management of the Company;
9. To consider any other matters as may be requested by the Board.

Remuneration and Shareholding of Directors:

Remuneration of the Managing Director is recommended by the Nomination and Remuneration Committee, fixed by the Board and approved by the shareholders. The remuneration paid to Mr. Tarak Patel for the year ended 31.03.2017 was as under:

₹ in Million

Sr. No.	Particulars	Tarak Patel
1.	Salary and allowances	3.92
2.	Provident Fund & other funds	1.08
3.	Perquisites	0.82
4.	Commission	11.00
	Total	16.82

Non-Executive Director's Compensation:

The Company does not pay remuneration to the Non-Executive Directors of the Company except for the sitting fees for attending Meetings of the Board or Committees thereof which has been disclosed below.

Details of Remuneration paid/ payable to Directors for the year ended March 31, 2017 are as follows:

₹ in Million

Sr. No.	Director	Sitting Fees
1.	Mr. P. Krishnamurthy	0.58
2.	Dr. S. Sivaram	0.37
3.	Dr. Amrita Patel	0.42
4.	Mr. Ashok Patel	0.30
5.	Mr. Khurshed Thanawalla	0.10
	Total	1.77

Non-Executive Directors on the Board of the Company were paid sitting fees for the financial year 2016-17 as under:

- a) ₹ 50,000 as sitting fees for each meeting of the Board of Directors and
- b) ₹ 25,000 as sitting fees for each meeting of the Committees of Directors.

Independent Directors are not paid any other remuneration/ fees apart from sitting fees paid during the year under review. The Company does not have any stock option scheme provided to Directors of the Company.

Non-Executive Director's Shareholding:

The Non-Executive Directors do not hold any shares in the Company except Dr. Amrita Patel who holds 375 shares of the Company.

Induction and Familiarization Program for Directors:

On appointment, the concerned Director is issued a letter of appointment setting out in detail, the terms of appointment, duties, responsibilities and expected time commitments. Each newly appointed Director is taken through an induction and familiarization program including the presentation and interactive session with the Managing Director & CEO and other functional heads on the Company's manufacturing, marketing, finance and other important aspects. The Company Secretary briefs the Director about their legal and regulatory responsibilities as a Director. The details of the familiarization programmes imparted to the Independent Directors is available on the Company's website www.gmmpfaudler.com.

6. Corporate Social Responsibility Committee:

The Board in compliance with the requirements of Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014 constituted a Corporate Social Responsibility Committee (CSR Committee). The Composition, Role, Terms of Reference as well as Powers of the CSR Committee are as under:

Composition:

As on date, the CSR Committee comprises of 4 members which includes 2 Non-Executive & Independent Directors, 1 Non-Executive Director and 1 Executive Director.

The CSR Committee met on four occasions viz. May 10, 2016, August 1, 2016, January 23, 2017 and March 31, 2017. The minutes of the CSR Committee Meetings were noted at the Board Meeting.

The composition of the CSR Committee and category of Members is given in the table below:

Name of Director	Category	No. of Meetings	
		Held	Attended
Mr. P. Krishnamurthy	Non-Executive and Independent Director	4	4
Dr. Amrita Patel	Non-Executive and Independent Director	4	4
Mr. Ashok Patel	Non-Executive Director	4	3
Mr. Tarak Patel	Executive Director	4	4

Scope:

The Role of the Committee is as follows:

- 1) To formulate and recommend to the Board, the Corporate Social Responsibility Policy of the Company ("CSR Policy") which shall include inter alia, CSR activities (defined hereunder) to be undertaken by the Company, and the modalities of execution monitoring and implementation schedules of the same. The policy to specify that the surplus arising out of the CSR Activities (defined hereinafter) shall not form part of the business profit of the Company;
- 2) To identify the CSR projects/activities/programs to be undertaken by the Company ("CSR Activities"), in alignment with the CSR Policy, Schedule VII of the 2013 Act and the CSR Rules, as amended from time to time;
- 3) To recommend the amount of expenditure to be incurred by the Company on the CSR Activities for each financial year;
- 4) To institute a transparent monitoring mechanism for monitoring progress/status of implementation of CSR Activities;
- 5) To receive reports and review activities from executive and specialist groups managing CSR Activities;
- 6) To monitor the CSR Policy from time to time and revise the same, wherever necessary;
- 7) To issue a responsibility statement confirming that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company;
- 8) To prepare an annual report on CSR Activities to be included in the Board of Director's Report in the form provided in the Annexure to the Companies (Corporate Social Responsibility Policy) Rules, 2014. The same shall be disclosed on the website of the Company at www.gmmpfaudler.com;
- 9) To report the CSR activities undertaken by the Company in the manner prescribed under Segment C of the Form AOC-3 of the Companies (Accounts) Rules, 2014; and
- 10) To carry out such other functions, as may be prescribed under the 2013 Act or CSR Rules or as may be delegated by the Board from time to time.

7. Independent Directors Meeting:

In terms of requirements of the Companies Act 2013, Rules framed there under and Regulation 25(3) of the Listing Regulations, a separate meeting of Independent Directors was held on May 10, 2016 to discuss:

- Evaluation of the performance of non-independent directors and the Board of Directors as a whole;
- Evaluation of performance of the Chairman of the Company, taking into account the views of the Executive and Non-Executive Chairman.
- Evaluation of the quality, content and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

8. General Body Meeting:

The details of Annual General Meetings (AGM) of Company held during preceding years are as follows:

Year	AGM	Date of Meeting	Time of Meeting	Venue	No. of Special Resolutions passed
2013-14	51 st	September 30, 2014	10.00 a.m.	Sardar Vallabhbhai Patel and Veer Vithalbhai Patel Memorial, Anand - Sojitra Road, Karamsad - 388 325, Gujarat	2
2014-15	52 nd	September 28, 2015	10.00 a.m.	"	5
2015-16	53 rd	September 23, 2016	12 noon	"	1

All resolutions, including the special resolutions at the Annual General Meeting held on September 30, 2014, September 28, 2015 and September 23, 2016 was passed by way of polling.

The Company was not required to pass any resolutions by way of postal ballot during the year under review. Further, the Company does not propose to conduct any special resolution by way of postal ballot.

No Extraordinary General Meeting (EGM) of Company was held during the financial year 2016-17.

9. Disclosures:

i) Related Party Transactions:

There are no materially significant related party transaction that may have potential conflict with the interest of the Company at large.

The Board has approved a policy for related party transactions which has been uploaded on the Company's website under the Investors Section at www.gmmpfaudler.com.

ii) Compliance:

There was no non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets, during the last year.

iii) Whistle Blower Policy:

The Company has established vigil mechanism for directors, employees and other stakeholders to report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of conduct or ethical policy.

The Whistle Blower Policy is placed on the website under the Investors Section at www.gmmpfaudler.com.

The Company has provided opportunities to encourage employees to become whistle blowers. It has also ensured a mechanism within the same framework to protect them from any kind of harm. It is hereby affirmed that no personnel has been denied access to the Audit Committee.

iv) Details of Compliance with Mandatory requirements and adoption of Non-mandatory requirements:

• Mandatory requirements:

The Company has complied with the mandatory requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with regard to Corporate Governance.

• **Non-Mandatory requirements:**

- a. Office for non-executive Chairman at company's expense: Not Applicable
- b. Half-yearly declaration of financial performance to each household of shareholders: Not complied
- c. Modified opinion(s) in Audit Report: Complied as there are no modified opinion in Audit Report
- d. Separate posts of Chairman & CEO: Complied
- e. Reporting of Internal Auditors directly to Audit Committee: Complied

v) **Disclosure of commodity price risks:**

The details are provided at point no. (g) of Management Discussion & Analysis report.

vi) **Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:**

The Company has in place, an Anti-Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

An Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. During the year, the ICC has not received any complaint.

10. Means Of Communication:

- a) **Quarterly Results:** The approved financial results are forthwith sent to BSE where the shares are listed and are displayed on the Company's website: www.gmmpfaudler.com and are generally published in the Economics Times (Mumbai and Ahmedabad) and Naya Padkar (Anand) newspapers.
- b) **News Releases, Presentations, etc.:** Official news releases and presentations made to institutional investor / analysts, etc. are displayed on the Company's website.
- c) **Website:** The Company's website www.gmmpfaudler.com contains a separate dedicated section for Investors where Shareholders information is available. Quarterly Results, Annual Reports, Code of Conduct, Presentation to Investors, Shareholding Pattern, etc. are also available on the website.

11. General Shareholder Information:

- a) Annual General Meeting: 54th Annual General Meeting of the Company will be held on 27th September 2017 at 12.00 noon at the Sardar Vallabhai Patel and Veer Vithalbhai Patel Memorial, Karamsad, Gujarat 388 325.
- b) Financial year of the Company : April 2017 to March 2018
- c) Financial Calendar (Tentative):

Financial reporting for:	
Quarter ended June 30, 2017	2 nd week of August, 2017
Quarter ended September 30, 2017	2 nd week of November, 2017
Quarter ended December 31, 2017	1 st week of February, 2018
Quarter ended March 31, 2018	4 th week of May, 2018
Annual General Meeting for the year ended March 31, 2017	2 nd week of September, 2018

- d) Date of Book Closure: Thursday, September 21, 2017 to Wednesday, September 27, 2017 (Both days inclusive)
- e) Dividend Payment Date: On or before October 18, 2017
- f) Listing of Stock Exchange: BSE Limited, Phiroze Jeejeebhoy Towers, 1st Floor, Dalal Street, Mumbai 400 001. The Company confirms that the annual listing fees to BSE Limited for the financial year 2017-18 have been paid.
- g) Stock Code: 505255

h) Stock Market Price for the year:

Month	Market Price (₹)		BSE – Sensex	
	High	Low	High	Low
April, 2016	284.80	245.00	26,100.54	24,523.20
May, 2016	315.00	252.10	26,837.20	25,057.93
June, 2016	341.00	286.00	27,105.41	25,911.33
July, 2016	387.00	310.00	28,240.20	27,034.14
August, 2016	405.00	343.25	28,532.25	27,627.97
September, 2016	417.50	345.00	29,077.28	27,716.78
October, 2016	574.00	395.10	28,477.65	27,488.30
November, 2016	583.00	430.00	28,029.80	25,717.93
December, 2016	562.00	482.25	26,803.76	25,753.74
January, 2017	592.00	499.80	27,980.39	26,447.06
February, 2017	580.00	510.00	29,065.31	27,590.10
March, 2017	535.00	501.85	29,824.62	28,716.21

i) Shareholding Pattern as on March 31, 2017:

Category	No. of shares	Percent
Foreign Promoters - Pfaudler Inc.	7,372,475	50.44
Indian Promoters Group	3,590,650	24.56
NRI/OCB	682,244	4.67
Financial Institutions, Nationalized Banks, Insurance Companies & Mutual Funds	60,865	0.42
Domestic Companies, Clearing Members, Trusts	35,903	0.24
Individuals	2,875,363	19.67
Total	14,617,500	100.00

j) Distribution of Shareholding as on March 31, 2017:

Sr. No.	Slab of shareholding		Shareholders		Shares	
	No. of Equity shares held From	To	Nos.	%	Nos.	%
1.	1	500	6568	86.28	776,528	5.31
2.	501	1000	552	7.25	440,347	3.01
3.	1001	2000	261	3.43	389,178	2.66
4.	2001	3000	82	1.08	211,046	1.44
5.	3001	4000	34	0.45	119,228	0.82
6.	4001	5000	28	0.37	127,821	0.88
7.	5001	10000	43	0.56	311,065	2.13
8.	10001	Above	44	0.58	12,242,287	83.75
		Total	7,612	100.00	14,617,500	100.00

k) Dematerialization: ISIN Number INE541A01023

l) Registrar & Transfer Agents: Link Intime India Private Limited, C 101, 247 Park, L B S Marg, Vikhroli West, Mumbai 400 083. Phone 4918 6270, Fax 4918 6060 Contact Person: Mr. Prajwal Suvarna Email: rnt.helpdesk@linkintime.co.in

m) Share Transfer System: Transfers are registered and returned within a period of 30 days from the date of receipt. The requests for dematerialization of shares are confirmed within 15 days from the date of receipt.

n) Dematerialization:

As on March 31, 2017, 97.46% of the Company's total shares representing 14,246,125 shares are held in dematerialized form and the balance 371,375 representing 2.54% shares are in Physical Form.

o) Outstanding GDRs / ADRs /Warrants or any convertible instruments:

There has been no issue of GDR/ADRS warrants or any convertible instruments hence no question of outstanding of any such instruments.

p) Plant Location:

Manufacturing Plant of the Company is situated at Vithal Udyognagar, Anand – Sojitra Road, Karamsad, 388 325, in the State of Gujarat.

q) Shareholders & Investors Correspondence:

Shareholders should address their correspondence to the Company's Registrar and Transfer Agent:

Link Intime India Private Limited,
C 101, 247 Park, L B S Marg,
Vikhroli West, Mumbai 400 083
Phone 022-4918 6270, Fax 022- 4918 6060.
Contact Person: Mr. Prajwal Suvarna
Email: rnt.helpdesk@linkintime.co.in

CEO declaration for compliance of the Company's Code of Conduct:

I hereby affirm that all the Board Members and Senior Management Executives of the Company have affirmed compliance with the Code of Conduct for Directors and Senior Management Executives of GMM Pfaudler Limited as applicable to them for the year ended March 31, 2017.

For GMM Pfaudler Limited

Tarak Patel
Managing Director
DIN: 00166183

Place : Mumbai
Date : August 10, 2017

**CEO / CFO CERTIFICATE COMPLIANCE CERTIFICATE UNDER REGULATION 17(8)
OF THE LISTING REGULATIONS:**

The Board of Directors
GMM Pfaudler Limited
Vithal Udyognagar,
Anand - Sojitra Road,
Karamsad - 388 325, Gujarat

Dear Sir(s),

We, Tarak Patel, Managing Director and Jugal Sahu, Chief Financial Officer certify to the Board that:

- a) We have reviewed the Financial Statements and the Cash Flow Statement for the year ended March 31, 2017 and that to the best of their knowledge and belief:
 - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii. these statements together present a true and fair view of the company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.
- b) We are, to the best of their knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that they have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the auditors and the Audit Committee, the following:
 - i. significant changes in internal control over financial reporting during the year, if any;
 - ii. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii. instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

For GMM Pfaudler Limited

Tarak Patel
Managing Director
DIN: 00166183

Jugal Sahu
Chief Financial Officer
M. No. ACA 205251

Place : Mumbai
Date : May 12, 2017

To the Members,
 GMM Pfaudler Limited,

INDEPENDENT AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

1. This Certificate is issued in accordance with the terms of our engagement letter dated October 1, 2016.
2. We, Deloitte Haskins & Sells LLP, Chartered Accountants, the Statutory Auditors of GMM Pfaudler Limited ("the Company"), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on March 31, 2017, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations).

Managements' Responsibility:

3. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in Listing Regulations.

Auditor's Responsibility:

4. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
5. We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.
6. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

8. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (j) of regulation 46(2) and para C and 1) of Schedule V of the Listing Regulations during the year ended March 31, 2017.
9. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For Deloitte Haskins & Sells LLP

Chartered Accountants
 (Firm's Registration No. 117366W/W-100018)

Kartikeya Raval

(Membership No. 106189)

Place : Mumbai

Date: August 10, 2017

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GMM PFAUDLER LIMITED

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of GMM PFAUDLER LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March, 2017, the statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

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 financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed 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 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

In conducting our audit, we have taken into account the provisions of the Act, 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.

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone 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 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 financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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 31st March, 2017, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, based on our audit 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.
 - 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, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards prescribed under section 133 of the Act.
 - e) On the basis of the written representations received from the directors as on 31st taken on record by the Board of Directors, none of the directors' is disqualified as on 31st March 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**". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements at note no. 30;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any 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.
 - iv. The Company has provided requisite disclosures in the standalone financial statements at note no. 48 as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8th November, 2016 of the Ministry of Finance, during the period from 8th November 2016 to 30th December 2016. Based on audit procedures performed and the representations provided to us by the management we report that the disclosures are in accordance with the books of account maintained by the Company and as produced to us by the Management.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "**Annexure B**" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For Deloitte Haskins & Sells LLP

Chartered Accountants

(Firm's Registration No. 117366W/W – 100018)

Kartikeya Raval

(Membership No. 106189)

Place : Mumbai

Date: May 12, 2017

ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 1(f) under ‘Report on Other Legal and Regulatory Requirements’ of our report of even date)

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

We have audited the internal financial controls over financial reporting of GMM Pfaudler 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

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. 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 Companies Act, 2013.

Auditor’s Responsibility

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 Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, 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 Deloitte Haskins & Sells LLP

Chartered Accountants

(Firm's Registration No. 117366W/W – 100018)

Kartikeya Raval

(Membership No. 106189)

Place : Mumbai

Date: May 12, 2017

ANNEXURE “B” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 2 under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a program of verification of fixed assets to cover all the items in a phased manner over a period of 3 years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed / transfer deed / conveyance deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date. In respect of immovable properties of land and buildings that have been taken on lease and disclosed as fixed asset in the financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.
- (ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification. The physical verification of inventories lying with third parties or goods-in-transit is performed by performing alternate procedures such as obtaining confirmations.
- (iii) According to the information and explanations given to us, the Company has granted loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013, in respect of which:
 - (a) The terms and conditions of the grant of such loans are, in our opinion, prima facie, not prejudicial to the Company’s interest.
 - (b) The schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts and interest have been regular as per stipulations.
 - (c) There is no overdue amount remaining outstanding as at the year-end.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits from the public to which the directives issued by the Reserve Bank of India and the provisions of section 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2014, as amended, would apply. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.
- (vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
 - (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues applicable to it to the appropriate authorities.
 - (b) There were no undisputed amounts payable in respect of Provident Fund, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues in arrears as at March 31, 2017 for a period of more than six months from the date they became payable.

- (c) Details of dues of Income-tax, Sales Tax, Service Tax, Excise Duty, and Value Added Tax which have not been deposited as on March 31, 2017 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Involved ₹ in Million	Amount Unpaid ₹ in Million
Income Tax Act, 1961	Income Tax	Income Tax Appellate Tribunal, Ahmedabad	AY 2005-06, 2009-10, 2010-11, 2011-12, 2012-13	53.47	53.47
Income Tax Act, 1961	Income Tax	The Commissioner of Income Tax (Appeals)	AY 2006-07, 2013-14, 2014-15	9.35	9.35
Income Tax Act, 1961	Income Tax	The Assessing Officer (AO)	AY 2007-08, AY 2008-09	10.83	10.83
Central Sales Act, 1956	Sales Tax	VAT Tribunal	FY 2006-07, 2007-08, 2008-09	3.85	2.37
Central Excise Act, 1944	Excise Duty	Central Excise & Service Tax Tribunal	Various years from FY 2003-04 to FY 2010-11	2.38	2.38
Finance Act, 1994	Service Tax	Central Excise & Service Tax Tribunal	Various years from FY 2010-11 to FY 2015-16	7.42	7.01
Finance Act, 1994	Service Tax	The Commissioner (Appeals)	Various years from FY 2010-11 to FY 2015-16	1.68	1.42
Finance Act, 1994	Service Tax	The Adjudicating Officer (AO)	FY 2015-16, FY 2016-17	1.58	1.58

According to the information and explanations given to us, there are no dues of Customs Duty that have not been deposited as on March 31, 2017 on account of disputes.

- (viii) The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under clause (viii) of the Order is not applicable to the Company.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the Order is not applicable.
- (x) To the best of our knowledge and according to the information and explanations given to us, no material fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion, according to the information and explanations given to us and as legally advised, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 and 177 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under section 45-I of the Reserve Bank of India Act, 1934.

For Deloitte Haskins & Sells LLP

Chartered Accountants

(Firm's Registration No. 117366W/W – 100018)

Kartikeya Raval

(Membership No. 106189)

Place : Mumbai

Date: May 12, 2017

BALANCE SHEET AS AT MARCH 31, 2017

	Note	As at 31.03.17 ₹ in Million	As at 31.03.16 ₹ in Million
I. EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	4	29.23	29.23
Reserves and surplus	5	1,629.28	1,384.03
		1,658.51	1,413.26
Non-current liabilities			
Deferred tax liabilities (Net)	6	24.63	25.11
Current liabilities			
Trade payables	7		
(A) Total outstanding dues of micro enterprises and small enterprises		14.78	0.78
(B) Total outstanding dues of creditors other than micro enterprises and small enterprises		451.46	244.24
Other current liabilities	8	324.34	242.01
Short term provisions	9	19.02	34.79
		809.60	521.82
Total		2,492.74	1,960.19
II. ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	10	462.62	369.70
Intangible assets	11	17.75	25.91
Capital work-in-progress		19.95	43.15
		500.32	438.76
Non-current investments	12	226.30	226.82
Long term loans and advances	13	33.54	55.89
		760.16	721.47
Current assets			
Current investments	14	439.99	130.38
Inventories	15	594.53	495.15
Trade receivables	16	524.36	316.80
Cash and bank balances	17	30.38	251.58
Short term loans and advances	18	45.79	41.88
Other current assets	19	97.53	2.93
		1,732.58	1,238.72
Total		2,492.74	1,960.19
Significant accounting policies	3		

The accompanying notes are an integral part of these financial statements.

As per our report of even date.

For Deloitte Haskins & Sells LLP

Chartered Accountants
Firm Registration No: 117366W/W-100018

Kartikeya Raval

Partner
M. No. 106189
Mumbai, May 12, 2017

For and on behalf of the Board

P. Krishnamurthy	Chairman	DIN: 00013565
Tarak Patel	Managing Director	DIN: 00166183
Jugal Sahu	Chief Financial Officer	ACA 205251
Mittal Mehta	Company Secretary	FCS 7848

Mumbai, May 12, 2017

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

	Note	Year ended 31.03.17 ₹ in Million	Year ended 31.03.16 ₹ in Million
REVENUE			
Revenue from operations	20	2,913.96	2,469.09
Less: Excise duty		250.89	173.08
		2,663.07	2,296.01
Other income	21	77.81	32.42
Total revenue		2,740.88	2,328.43
EXPENSES			
Cost of raw materials consumed	22	1,181.59	929.41
(Increase)/Decrease in inventories of finished goods and work-in-progress	23	(24.11)	83.49
Employee benefits expense	24	309.32	280.55
Finance costs	25	8.98	6.87
Depreciation and amortisation	10 & 11	73.83	67.38
Labour charges		244.63	193.51
Other expenses	26	541.22	489.15
Total expenses		2,335.46	2,050.36
Profit before tax		405.42	278.07
Tax expenses:			
Current tax		123.71	96.31
Deferred tax		(0.49)	(1.82)
Profit after tax		282.20	183.58
Earnings per equity share: Basic & Diluted		19.31	12.56
Significant accounting policies	3		

The accompanying notes are an integral part of these financial statements.

As per our report of even date.

For Deloitte Haskins & Sells LLP

Chartered Accountants
Firm Registration No: 117366W/W-100018

Kartikeya Raval

Partner
M. No. 106189
Mumbai, May 12, 2017

For and on behalf of the Board

P. Krishnamurthy	Chairman	DIN: 00013565
Tarak Patel	Managing Director	DIN: 00166183
Jugal Sahu	Chief Financial Officer	ACA 205251
Mittal Mehta	Company Secretary	FCS 7848

Mumbai, May 12, 2017

STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2017

	Year ended 31.03.17 ₹ in Million	Year ended 31.03.16 ₹ in Million
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	405.42	278.07
Adjustments for		
Depreciation	73.83	67.38
Net (gain) on sale & discarding of fixed assets	(0.87)	(2.37)
Net (gain) on sale of Current Investments	(43.43)	—
Net (gain) on sale of Non-Current Investments	(10.75)	—
Interest income	(10.24)	(20.72)
Interest and financial charges	8.98	6.87
Dividend Income	(0.10)	(0.92)
Provision for doubtful debts	10.73	3.41
Unrealised foreign exchange fluctuation loss/(gain)	1.33	(0.14)
Operating profit before working capital changes	434.90	331.58
Adjustments for :		
(Increase)/ Decrease in Inventories	(99.38)	70.40
(Increase)/ Decrease in Trade receivable, Short term loan & advances and other assets	(299.54)	(102.42)
Increase/ (Decrease) in Trade payables, other current liabilities & Provisions	296.95	(68.46)
Cash generated from operations	332.93	231.11
Direct taxes paid	(113.30)	(93.05)
Net cash from operating activities A	219.63	138.05
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets, including intangible assets	(135.84)	(130.47)
Proceeds from sale of fixed assets	1.32	2.87
Purchase of current investments	(522.52)	(20.37)
Proceeds from sale of current investments	256.34	0.36
Proceeds from sale of non-current investments	11.28	—
Fixed deposits maturity proceeds from banks	162.93	112.00
Fixed deposits placed with banks	—	(162.93)
Interest received	10.24	20.72
Dividend received	0.10	0.92
Net cash used in investing activities B	(216.15)	(176.90)
CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid	(8.98)	(6.87)
Dividend paid	(43.72)	(43.85)
Tax on distributed profits	(8.93)	(8.90)
Net cash used in financing activities C	(61.63)	(59.62)
NET INCREASE / (DECREASE) IN CASH & CASH EQUIVALENTS A+B+C	(58.15)	(98.47)
Cash and Cash equivalents at the beginning of the year	86.37	184.84
Cash and Cash equivalents at the end of the year	28.22	86.37
COMPONENTS OF CASH AND BANK BALANCES		
<i>Cash and cash equivalent</i>		
Balances with banks		
— In current accounts	28.11	34.21
— In deposit accounts (less than three months maturity)	—	51.83
Cash on hand	0.11	0.33
	28.22	86.37
<i>Other bank balances</i>		
— In unpaid dividend accounts	2.16	2.28
Deposit account with maturity greater than three months but less than one year	—	162.93
Cash and bank balances at the end of the year	30.38	251.58
Notes: 1. The Cashflow statement has been prepared under the 'Indirect Method' as set out in accounting standard 3 on Cash flow statements issued by the Institute of Chartered Accountant of India.		
2. The company has been sanctioned credit facilities for working capital of ₹ 200 million, of which facilities utilised as on March 31, 2017 were ₹ Nil.		

As per our report of even date.

For Deloitte Haskins & Sells LLP
Chartered Accountants
Firm Registration No: 117366W/W-100018

Kartikeya Raval
Partner
M. No. 106189
Mumbai, May 12, 2017

For and on behalf of the Board

P. Krishnamurthy	Chairman	DIN: 00013565
Tarak Patel	Managing Director	DIN: 00166183
Jugal Sahu	Chief Financial Officer	ACA 205251
Mittal Mehta	Company Secretary	FCS 7848

Mumbai, May 12, 2017

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

1. CORPORATE INFORMATION

GMM Pfaudler Limited, formerly Gujarat Machinery Manufacturers Limited, ("the Company") was incorporated in India on November 17, 1962. The Company's manufacturing unit is located at Karamsad, Gujarat. The Company's principal activity is to manufacture corrosion resistant glass-lined equipment used primarily in the chemical, pharmaceutical and allied industries. The Company also manufactures fluoro-polymer products and other chemical process equipment such as agitated nutsche filters, filter driers, wiped film evaporators and mixing systems.

2. BASIS OF PREPARATION

The financial statements have been prepared in accordance with the generally accepted accounting principles in India. The Company has prepared these financial statements under the historical cost convention on an accrual basis to comply in all material respects with the Accounting Standards specified under section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounting standards) Amendment Rules, 2016 and other accounting principles generally accepted in India and the relevant provisions of the Companies Act 2013. The accounting policies have been consistently applied by the Company.

3. SIGNIFICANT ACCOUNTING POLICIES

a. Use of Estimates:

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires the management to make estimates and assumptions that affect the reported balances of assets and liabilities as of the date of the financial statements and reported amounts of income and expense during the period. Management believes that the estimates used in preparation of financial statements are prudent and reasonable. Actual results could differ from the estimates. Differences between the actual results and estimates are recognized in the period in which the results are known / materialized.

b. Fixed assets and depreciation:

Fixed Assets are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes all expenses related to the acquisition and installation of Fixed Asset which comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use and other incidental expenses.

Machinery spares which can be used only in connection with an item of Fixed Asset and whose use is expected to be irregular are capitalised and depreciated over the useful life of the principal item of the relevant class of assets. Subsequent expenditure on fixed assets after its purchase / completion is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

Capital Work in Progress:

Projects under which tangible or Intangible fixed assets are not yet ready for their intended use are carried at cost, comprising direct cost, related incidental expenses and attributable interest if any.

c. Depreciation and Amortisation:

Depreciation:

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Depreciation on tangible fixed assets have been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in which case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.

Name of Assets	Useful life
A) Burning scaffold and pilot plant (included under plant and machinery)	3 years
B) Telephones (included under office equipment)	3 years
C) Vehicles	6 years

Items costing less than Rs.5000/- are fully depreciated in the year of put to use/purchase. Leasehold land and leasehold improvements are amortized equally over the period of lease.

Amortisation:

Intangible assets are amortised over their estimated useful life on straight line method as follows :

Name of Assets	Useful life
A) Computer software	3 - 6 years
B) Technical knowhow	3 years

d. Asset impairment:

The Company assesses at each reporting date using external and internal sources, whether there is an indication that an asset may be impaired. An impairment occurs where the carrying value exceeds the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. The impairment loss to be expensed is determined as the excess of the carrying amount over the higher of the asset's net sales price or present value as determined above. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor.

e. Investments:

Investments that are readily available and intended to be held for not more than one year from the date of acquisition, are classified as current investments. All other investments are classified as non current investments.

Non current investments including strategic investments are carried at cost. Provision for diminution, if any, in the value of each non current investment is made to recognize a decline, other than of a temporary nature.

Current investments are stated at lower of cost or fair value and the resultant decline, if any, is charged to the Statement of Profit and Loss.

f. Inventories:

Inventories are stated at lower of cost and net realizable value. Cost is determined on the weighted average method and is net of CENVAT credits and after providing for obsolescence and other losses. Cost includes all charges in bringing the goods to the point of sale, including octroi and other levies, transit insurance and receiving charges. Cost of work-in-progress and finished goods include conversion cost and appropriate production overheads. Excise duty is provided on finished goods held in stock at the end of the year.

g. Foreign exchange transactions:

Transactions in foreign currency are recorded at rates prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currency and remaining outstanding are translated at the period end exchange rates and the resultant exchange gains / losses are recognized in the Statement of Profit and Loss. Non monetary foreign currency items are carried at cost and translated in Indian currency at the rate of exchange prevailing at the time of transactions.

h. Revenue recognition:

Sales of products and services are recognized on dispatch/delivery of the goods or when services are rendered, except large contracts, exceeding the Rupee equivalent of USD 1 million at the time of order receipt and the contract term of at least six months from contract signing through product delivery, which are recognized on percentage of completion basis. Sales are recorded net of trade discounts, sales tax and excise duties. The excise duty shown in the revenue from operation is to comply with presentation requirement of schedule III to the Companies Act 2013.

Excise duty shown as deduction from Sale represents the amount of excise duty collected on sales. The difference between excise duty elements in amounts of closing stock and opening stock, excise duty paid on samples and Inventory written off which is not recoverable from sale (if any) is shown under Other expenses.

Other income:

Dividend income is recognized when the right to receive the same is established. Interest income is recognized on accrual basis.

i. Warranty expenses:

Provision is made in the financial statements for the estimated liability on account of costs that may be incurred on products sold under warranty. The estimates for the costs to be incurred for providing free service or replacement under warranty are determined based on historical information, past experience, average cost of warranty claims that are provided for in the year of sale.

j. Employee benefits:

Employee benefits include provident fund, superannuation fund, family pension fund, gratuity fund and compensated absences.

Defined contribution plans:

The Company's contribution to provident fund, family pension fund and superannuation fund are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

Defined benefit plans:

For defined benefit plans in the form of gratuity fund and compensated absences, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

k. Operating expenses:

Operating Expenses are charged to Statement of Profit and Loss on accrual basis.

l. Leases:

Lease arrangements where the risks & rewards incident to ownership of an asset substantially vest with the lessor, are recognized as operating leases. Operating lease expenses are recognized in the Statement of Profit and Loss on straight line basis over the lease term.

m. Provisions and contingent liabilities:

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability is/not recognized but its existence is disclosed in the financial statements. Contingent assets are not recognised in the financial statements.

n. Taxation:

Tax expense comprise of current and deferred tax. Current income tax comprises taxes on income from operations in India. Income tax payable in India is determined in accordance with the provisions of the Income Tax Act, 1961.

Deferred tax is recognized on timing differences being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

In the event of unabsorbed depreciation and carry forward of losses, deferred tax assets are recognized only to the extent that there is virtual certainty that sufficient future taxable income will be available to realise such assets. In other situations, deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available to realise these assets. Deferred tax assets are reviewed at each balance sheet date for their realisability.

Advance taxes and provisions for current income taxes are presented in the balance sheet after off-setting advance taxes paid and income tax provisions arising in the same tax jurisdiction and the Company intends to settle the asset and liability on a net basis. The Company offsets deferred tax assets and deferred tax liabilities if it has a legally enforceable right and these relate to taxes on income levied by the same governing taxation laws.

o. Segment reporting:

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit / loss amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.

The accounting policies adopted for segment reporting are in line with the accounting policies of the company. Segment assets include all operating assets used by the business segments and consist principally of fixed assets, debtors and inventories. Segment liabilities include the operating liabilities that result from operating activities of the business segment. Assets and Liabilities that cannot be allocated between the segments are shown as part of unallocated corporate assets and liabilities respectively. Income / Expenses relating to the enterprise as a whole and not allocable on a reasonable basis to business segments are reflected as unallocated corporate income / expenses.

p. Earnings per share:

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes, if any) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in right issue, share split and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

q. Cash & Cash equivalents (for purposes of Cash Flow Statement):

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

r. Operating cycle:

All assets and liabilities have been classified as current or non-current as per the company's normal operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of product and the time between acquisition of assets for processing and their realization in cash and cash equivalents, the company has ascertained its operating cycle as 12 months for the purpose of current/non-current classification of assets and liabilities.

s. Research and development expenses:

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss unless a product's technical feasibility has been established, in which case such expenditure is capitalised. The amount capitalised comprises expenditure that can be directly attributed or allocated on a reasonable and consistent basis to creating, producing and making the asset ready for its intended use. Fixed assets utilised for research and development are capitalised and depreciated in accordance with the policies stated for Fixed Assets.

t. Cash flow statement:

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

	As at 31.03.17 ₹ in Million	As at 31.03.16 ₹ in Million
4. SHARE CAPITAL		
Authorised shares		
25,000,000 (Previous year 25,000,000) Equity shares of ₹ 2/- each	50.00	50.00
Issued, subscribed and paid-up shares		
14,617,500 (Previous year 14,617,500) Equity shares of ₹ 2/- each fully paid up	29.23	29.23
	29.23	29.23
a) Reconciliation of equity shares outstanding at the beginning and end of the reporting year		
	As at 31.03.17	As at 31.03.16
	No. of shares ₹ in Million	No. of shares ₹ in Million
At the beginning of the year	14,617,500 29.23	14,617,500 29.23
Issued during the year	- -	- -
Outstanding as at the end of the year	14,617,500 29.23	14,617,500 29.23
b) Terms / rights attached to equity shares		
The Company has only one class of equity shares having a par value ₹ 2 per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.		
In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.		
c) Details of shareholders holding more than 5% shares in the company		
	As at 31.03.17	As at 31.03.16
	No. of shares % holding	No. of shares % holding
Pfaudler Inc (Holding Company)	7,372,475 50.44%	7,375,217 50.45%
Millars Machinery Company Pvt. Ltd.	1,625,595 11.12%	1,625,595 11.12%
d) Buyback of shares, bonus shares and shares issued for consideration other than cash		
The company has not bought back any shares, neither has it issued bonus shares nor has it issued shares for consideration other than cash in the past five years.		
5. RESERVES AND SURPLUS		
Capital reserve		
Balance as per last balance sheet	0.02	0.02
Cash subsidy reserve		
Balance as per last balance sheet	0.69	0.69
Securities premium account		
Balance as per last balance sheet	149.28	149.28
General reserve:		
Balance as per last balance sheet	211.27	211.27
Add: Transfer from statement of profit and loss	-	-
	211.27	211.27
Surplus in statement of profit and loss		
Balance as per last balance sheet	1,022.77	891.95
Add: Net profit for the year	282.20	183.58
Less: Appropriations		
Interim dividend	30.70	30.70
Final dividend	-	13.16
Tax on distributed profits	6.25	8.90
Transfer to general reserve	-	-
	1,268.02	1,022.77
	1,629.28	1,384.03

	As at 31.03.17 ₹ in Million	As at 31.03.16 ₹ in Million
6. DEFERRED TAX LIABILITY		
Deferred tax liabilities		
Depreciation and amortisation on fixed assets	38.44	37.34
Deferred tax assets		
Provision for doubtful debts	13.81	12.23
Net deferred tax liabilities	24.63	25.11
7. TRADE PAYABLES		
- Dues to micro, small and medium enterprises (refer note 28)	14.78	0.78
- Dues to others	451.46	244.24
	466.24	245.02
8. OTHER CURRENT LIABILITIES		
Advance from customers	232.20	179.50
Unclaimed dividend	2.16	2.28
Payable for capital expenditure	10.96	5.25
Employee benefits payable	66.11	45.26
Statutory dues payable	12.91	9.72
	324.34	242.01
The amount of Unclaimed Dividend reflects the position as at March 31, 2017. During the year, the company has transferred an amount of ₹ 0.31. Million (Previous year ₹ 0.25 Million) to the Investors' education and protection fund in accordance with the provisions of section 125 of the Companies Act, 2013.		
9. SHORT TERM PROVISIONS		
Provision for employee benefits	1.12	5.76
Provision for unexpired warranty	12.58	13.19
Provision for Income Tax (Net of advance payment of taxes ₹ 328.83 Million)	5.32	—
Provision for final dividend	—	13.16
Provision for tax on distributed profits	—	2.68
	19.02	34.79

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

10. TANGIBLE ASSETS

₹ in Million

CLASS OF ASSETS	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	As on 01.04.16	Additions	Deductions/ Adjustment	As on 31.03.17	Upto 01.04.16	For the Year	On Deductions	Upto 31.03.17	As on 31.03.17	As on 31.03.16
Freehold land	2.32 (2.32)	-	-	2.32 (2.32)	-	-	-	-	2.32 (2.32)	2.32 (2.32)
Leasehold land	1.16 (1.16)	-	-	1.16 (1.16)	0.51 (0.50)	0.01 (0.01)	-	0.52 (0.51)	0.64 (0.65)	0.65 (0.66)
Leasehold improvement	29.31 (13.72)	- (15.59)	-	29.31 (29.31)	11.29 (10.62)	1.37 (0.67)	-	12.66 (11.29)	16.65 (18.02)	18.02 (3.10)
Buildings	206.91 (172.19)	59.77 (35.42)	- (0.70)	266.68 (206.91)	59.73 (55.00)	6.71 (5.36)	-	66.44 (59.73)	200.24 (147.18)	147.18 (117.19)
Plant & machineries	578.37 (534.53)	82.36 (55.25)	4.31 (11.41)	656.42 (578.37)	424.64 (397.18)	41.46 (38.69)	4.31 (11.23)	461.79 (424.64)	194.63 (153.73)	153.73 (137.35)
Office equipment	54.74 (55.39)	10.90 (5.64)	1.58 (6.29)	64.06 (54.74)	44.80 (46.12)	5.24 (4.89)	1.56 (6.21)	48.48 (44.80)	15.58 (9.94)	9.94 (9.27)
Furniture & fixtures	30.58 (25.56)	0.81 (5.78)	0.39 (0.76)	31.00 (30.58)	20.91 (19.57)	2.15 (2.10)	0.39 (0.76)	22.67 (20.91)	8.33 (9.67)	9.67 (5.99)
Vehicles	54.10 (52.14)	4.45 (8.57)	5.12 (6.61)	53.43 (54.10)	25.91 (24.84)	7.98 (7.50)	4.69 (6.43)	29.20 (25.91)	24.23 (28.19)	28.19 (27.30)
Total	957.49	158.29	11.40	1,104.38	587.79	64.92	10.95	641.76	462.62	369.70
Previous Year Total	(857.01)	(126.25)	(25.77)	(957.49)	(553.83)	(59.22)	(25.26)	(587.79)	(369.70)	-

11. INTANGIBLE ASSETS

CLASS OF ASSETS	GROSS BLOCK			AMORTISATION			NET BLOCK			
	As on	Additions	Deductions/ Adjustment	As on	Upto	For the	On	Upto	As on	
	01.04.16			31.03.17	01.04.16	Year	Deductions	31.03.17	31.03.17	
Computer software	46.13 (37.46)	0.75 (9.33)	- (0.66)	46.88 (46.13)	21.25 (14.77)	7.88 (7.13)	- (0.65)	29.13 (21.25)	17.75 (24.88)	24.88 (22.69)
Technical knowhow	3.09 (3.09)	- -	- -	3.09 (3.09)	2.06 (1.03)	1.03 (1.03)	- -	3.09 (2.06)	- (1.03)	1.03 (2.06)
Total	49.22	0.75	-	49.97	23.31	8.91	-	32.22	17.75	25.91
Previous Year Total	(40.55)	(9.33)	(0.66)	(49.22)	(15.80)	(8.16)	(0.65)	(23.31)	(25.91)	-

Notes:

a) There are no adjustment to fixed assets on account of borrowing cost and exchange differences during the year.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

12. NON CURRENT INVESTMENTS

₹ in Million

	Face value	Qty As At 31.03.17	Cost As At 31.03.17	Qty As At 31.03.16	Cost As At 31.03.16
(a) Equity Shares (unquoted)					
Subsidiary Companies					
GMM Mavag Ag (Face Value CHF 1,000)	1,000	5,000	213.90	5,000	213.90
Karamsad Investments Ltd.	10	260,000	2.60	260,000	2.60
Karamsad Holdings Ltd.	10	350,000	3.50	350,000	3.50
			<u>220.00</u>		<u>220.00</u>
(b) Shares in Co-operative Societies (unquoted)					
Karamsad Urban Co-op. Bank Ltd.	10	-	-	1,200	0.01
Charotar Gas Sahakari Mandli Ltd.	500	10	0.01	10	0.01
			<u>0.01</u>		<u>0.02</u>
Other Investments					
(c) Equity Shares (quoted)					
Abbott India Ltd.	10	-	-	100	0.01
BASF India Ltd.	10	-	-	276	0.01
Bayer Cropscience Ltd.	10	-	-	50	0.01
Clariant Chemical India	10	-	-	50	0.00
Dharamshi Morarji Chemicals Co. Ltd.	10	-	-	100	0.00
Excel Crop Care Ltd.	5	-	-	112	-
Excel Industries Ltd.	5	-	-	112	0.01
Futura Polyster Ltd.	10	100	0.00*	100	0.00
Glaxo Smithkline Pharmaceuticals Ltd.	10	-	-	122	0.01
GHCL	10	100	0.01	100	0.00
Hico Products Ltd.	10	-	-	625	0.01
IDI Ltd.	10	66	0.00*	66	0.00
Innovsynth Investments Ltd. (As per arrangement with Futura)	10	-	-	45	-
Kansai Nerolac Paints Ltd.	1	-	-	6,660	0.01
Nestle India Ltd.	10	-	-	93	0.01
Novartis (India) Ltd.	5	-	-	70	0.01
Piramal Enterprise Ltd.	2	-	-	399	-
Piramal Phytocare Ltd. (formerly Piramal Life Sciences Ltd.)	10	-	-	39	-
Piramal Glass Ltd.	10	-	-	19	-
Peninsula Land Ltd.	2	-	-	1,040	0.00
Pfizer Ltd.	10	-	-	170	0.01
Skyline Millars Ltd.	1	1,406,000	1.93	1,406,000	1.93
Shubh Shanti Services Ltd.	10	25	0.00	25	-
Tata Chemicals Ltd.	10	-	-	161	0.01
United Phosphorus Ltd.	2	-	-	7,500	0.41
			<u>1.94</u>		<u>2.45</u>
(d) Government Securities (quoted)					
Indian Railway Finance Corp. Bonds	1000	4,350	4.35	4,350	4.35
Total Investments			<u>226.30</u>		<u>226.82</u>
Aggregate amount of quoted investment			6.30		6.80
Market Value of quoted investment			8.95		17.11
Aggregate amount of unquoted investment			220.01		220.02

* The Cost of Investment in the Futura Polyster Ltd is ₹ 385/- and IDI Ltd ₹ 300/-.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

	As at 31.03.17 ₹ in Million	As at 31.03.16 ₹ in Million
13 LONG TERM LOANS AND ADVANCES		
(Unsecured)		
Capital advances	0.92	2.80
Loans and advances to related party (Refer Note:42)	1.19	-
Balances with indirect tax authorities	2.80	3.39
Security Deposits (including ₹ 0.17 Million consider doubtful (previous year ₹ 0.17 Million)) [Refer Note : 27]	28.80	44.78
Less : Provision for doubtful security deposits	0.17	0.17
	28.63	44.61
Advance payment of taxes	-	5.09
(Previous year figure is net of provision for taxation ₹ 210.44 Million)	33.54	55.89

	Face value ₹	Number As At 31.03.17	Cost As At 31.03.17 ₹ in Million	Number As At 31.03.16	Cost As At 31.03.16 ₹ in Million
14 CURRENT INVESTMENT					
In Units of Mutual funds, Unquoted (Valued at lower of cost or fair value)					
IDFC SSIF Medium Term Plan A - Growth	10	-	-	1,379,698	27.00
Reliance Dynamic Bond Fund - Growth	10	1,776,287	37.10	632,586	10.31
Birla Sun Life Govt. Securities long term - Growth	10	-	-	606,632	21.87
Reliance Short Term Fund - Growth	10	-	-	1,387,389	31.16
HDFC High Interest Fund Dynamie Plan - Growth	10	-	-	283,306	11.57
ICICI Prudential Income Regular Plan - Growth	10	-	-	210,936	8.10
HDFC Corporate Debt Opportunities Fund - Regular - Growth	10	875,350	10.00	875,350	10.00
Birla Sun Life Corporate Bond Fund - Regular - Growth	10	6,033,447	70.30	986,329	10.00
Birla Sun Life Cash Manager - Growth	10	2,911	1.09	1,072	0.37
ICICI Prudential Short term - Growth	10	1,369,318	45.00	-	-
Tata Short Term Bond Fund - Growth	10	1,358,581	40.00	-	-
Birla Sun Life Short Term Opportunity fund - Growth	10	3,097,541	84.00	-	-
HDFC Short Term Plan - Growth	10	942,948	30.00	-	-
Reliance Corporate Bond Fund - Growth	10	5,777,592	75.70	-	-
L&T Income Opportunities Fund - Growth	10	2,507,165	46.80	-	-
			439.99		130.38
Aggregate amount of unquoted investments			439.99		130.38

	As at 31.03.17 ₹ in Million	As at 31.03.16 ₹ in Million
15. INVENTORIES		
(Valued at lower of cost or Net realisable value)		
Raw materials	288.92	220.62
Work-in-progress	251.77	219.61
Finished goods (Including in transit ₹ 6.39 Million) (Previous year ₹ 9.06 Million)	29.15	37.20
Stores and spares	24.69	17.72
	594.53	495.15

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

	As at 31.03.17 ₹ in Million	As at 31.03.16 ₹ in Million
16. TRADE RECEIVABLES		
(Unsecured)		
Outstanding for a period over six months		
Considered good	28.67	12.07
Considered doubtful	33.99	32.11
	62.66	44.18
Other debts		
Considered good	495.69	305.48
Considered doubtful	22.65	13.05
	518.34	318.53
Less : Provision for doubtful debts	56.64	45.91
	524.36	316.80
17. CASH AND BANK BALANCES		
Cash and cash equivalents		
Balances with banks		
- In current accounts	28.11	34.21
- In deposit accounts with maturity less than three months	-	51.83
Cash and stamps on hand	0.11	0.33
Other bank balances		
- In deposit accounts with maturity greater than three months but less than twelve month	-	162.93
- In unpaid dividend accounts - earmarked balances	2.16	2.28
	30.38	251.58
18. SHORT TERM LOANS AND ADVANCES		
(Unsecured, considered good unless otherwise stated)		
Considered good :		
Loans and advances to related parties (Refer Note:42)	5.02	8.32
Loans and advances to employees	1.36	2.99
Other loans and advances	5.33	1.34
Balance with central excise authorities	9.90	10.20
Prepaid expenses	12.77	13.75
Advance payment to suppliers	11.41	5.28
	45.79	41.88
Considered doubtful :		
Other loans and advances	0.52	0.52
Less: Provision for doubtful advances	0.52	0.52
	-	-
	45.79	41.88
19. OTHER CURRENT ASSETS		
Interest accrued on deposits with banks	-	1.85
Unbilled Revenue	96.42	-
Accrued income	1.11	1.08
	97.53	2.93

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

	Year ended 31.03.17 ₹ in Million	Year ended 31.03.16 ₹ in Million
20. REVENUE FROM OPERATIONS		
Revenue from sale of products	2,876.94	2,439.93
Other operating revenues	37.02	29.16
	2,913.96	2,469.09
Less: Excise duty	250.89	173.08
Total	2,663.07	2,296.01
For details refer Note 32 & 49		
21. OTHER INCOME		
Interest income (Gross)		
- Non - current investments	0.35	0.35
- Deposits with banks	9.89	17.35
- Others	2.31	2.38
Dividend income		
- Non - current investments	0.10	0.91
- Current investments	-	0.01
Net Gain on Sale of Investments		
- Non - current investments	10.75	-
- Current Investments	43.43	-
Other non-operating income		
- Bad debts recovered	0.18	0.67
- Profit on sales of fixed assets	0.87	2.37
- Miscellaneous income	9.93	4.72
Net gain on foreign exchange translations	-	3.66
	77.81	32.42
22. COST OF RAW MATERIALS CONSUMED		
Opening stock of raw materials	238.34	225.25
Add: Purchases during the year	1,256.86	942.50
	1,495.20	1,167.75
Less: Closing stock of raw materials	313.61	238.34
	1,181.59	929.41
For details refer Note 33		
23. CHANGE IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS		
Inventory of finished good at the beginning of the year	37.20	51.43
Inventory of work in progress at the beginning of the year	219.61	288.87
	256.81	340.30
Inventory of finished good at the closing of the year	29.15	37.20
Inventory of work in progress at the closing of the year	251.77	219.61
	280.92	256.81
(Increase)/Decrease in inventories of finished goods and work-in-progress	(24.11)	83.49
24. EMPLOYEE BENEFITS EXPENSE		
Salaries and wages	280.18	247.51
Contribution to provident and other funds	18.30	21.95
Staff welfare expenses	10.84	11.09
	309.32	280.55
25. FINANCE COSTS		
Interest on bank overdraft	3.75	0.69
Other financial charges	5.23	6.18
	8.98	6.87

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

	Year ended 31.03.17 ₹ in Million	Year ended 31.03.16 ₹ in Million
26. OTHER EXPENSES		
Power & fuel	141.45	155.29
Consumption of stores & spares	102.94	89.98
Repairs to machinery	32.98	23.92
Repairs to buildings	2.87	2.91
Repairs - others	1.97	1.17
Rent	31.48	29.82
Insurance	7.31	7.25
Rates & taxes	3.26	4.12
Royalty	15.48	-
Travel & conveyance	30.96	28.62
Communication	7.26	7.54
Bad debts written off	3.80	0.69
Provision for doubtful debts and advances	3.91	2.57
Provision for warranty expenses	0.85	3.75
Advertisement and sales promotion	5.92	11.87
Commission	1.12	0.92
Legal and professional fees	39.80	28.99
Freight outward	43.38	36.64
Payments to auditors (Refer Note No. 39)	2.98	2.70
Expense on CSR activities	7.80	2.19
Miscellaneous expenses	52.82	48.21
Foreign exchange loss	0.88	-
	541.22	489.15

27. LONG TERM LOANS AND ADVANCES

Security Deposits include ₹ 27.73 million (previous year ₹ 30.70 million) of security deposits paid to Ready Mix Concrete Limited (a entity in which Key Managerial Person have significant influence) for use of three additional factory sheds taken under lease by the Company from November 01, 2012.

28. CURRENT LIABILITIES - DISCLOSURE UNDER MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006

The amount of dues owed to micro, small and medium enterprises as on March 31, 2017 amounted to ₹ 14.78 Million (previous year ₹ 0.74 Million). This amount has been outstanding for more than 45 days at the balance sheet date. The 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. This has been relied upon by the auditors.

	₹ in Million	
	2016-17	2015-16
Principal amount due to suppliers and remaining unpaid under MSMED Act, 2006	14.78	0.74
Interest accrued and due and unpaid to suppliers under MSMED Act, on the above amount	0.11	0.04
Interest paid	-	-
Payment made to suppliers (Other than interest) beyond the appointed day, during the year	0.74	4.05
Interest due and payable to suppliers under MSMED Act, for payments already made for the period of delay	0.04	0.20
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act	0.43	0.32
Amount of further interest remaining due and payable in succeeding year	-	-

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

	As at 31.03.17 ₹ in Million	As at 31.03.16 ₹ in Million
29. OPERATING LEASE		
The Company's significant leasing arrangements are in respect of operating leases for factory shed/premises and guest house. These lease agreements range up to 36 months from the end of the current financial year and are usually renewable by mutual consent on mutually agreeable terms.		
The total future minimum lease payments under operating lease are as under:		
(i) Total minimum lease payments		
Payable within one year	27.03	27.55
Payable later than one year and not later than five year	29.01	53.73
Payable after five years	-	-
(ii) Lease payment recognised in statement of profit and loss for the year	31.48	29.82

30. CONTINGENT LIABILITIES AND COMMITMENTS		
1) Contingent Liabilities		
a) Claim against the Company not acknowledged as debts		
i) Dispute relating to Excise, Service tax and Sales tax	16.91	19.66
ii) Matter decided in favour of the company where the income tax department has preferred appeals.	61.14	34.06
iii) Disputed demands relating to tax against which the Company has preferred appeals.	12.51	37.84
Note: Against the above, the Company has paid ₹ 2.03 Million. The expected outflow will be determined at the time of final outcome in respect of the concerned matter. No amount is expected to be reimbursed.		
b) Guarantee issued by bank	294.36	225.68
2) Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for	11.62	35.99

31. DETAILS OF FINISHED INVENTORIES		As at 31.03.17		As at 31.03.16	
Items	Units	Qty	Value	Qty	Value
1. Enameled acid & alkali and chemical equipment	Litres (in '000)	42.77	15.40	156.12	26.75
2. Mild steel and stainless steel equipment	MT	16.06	11.49	17.16	8.06
3. Others			2.26	-	2.39
			29.15		37.20

32. DETAILS OF SALES		Year ended 31.03.17		Year ended 31.03.16	
Items	Units	Qty	Value	Qty	Value
1. Enameled acid & alkali and chemical equipment	Litres (in '000)	6,575	1,561.21	5,265	1,345.12
2. Mild steel and stainless steel equipment	MT	842	876.29	446	687.30
3. Fusion seamed products and Isostatic moulded products - Dip pipes and sparger	Nos.	516	15.04	272	13.70
4. Others			210.53		249.89
			2,663.07		2,296.01

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

33. DETAILS OF RAW MATERIALS CONSUMED		₹ in Million			
Items	Units	Year ended 31.03.17		Year ended 31.03.16	
		Qty	Value	Qty	Value
MS Plate	MT	8,680	322.80	5,769	239.37
Stainless Steel Plate	MT	842	131.94	446	78.99
Pipes	Meters	142,585	63.18	68,789	43.50
Teflon Powder	KG	43,578	18.99	25,602	15.02
Motors	Nos.	1,249	35.73	1,079	38.17
Gears	Nos.	1,231	47.44	1,127	63.42
Mechanical Seals	Nos.	1,086	71.00	873	63.97
Accessories			104.85		93.20
Others			385.66		293.77
			1,181.59		929.41

34. IMPORTED AND INDIGENOUS RAW MATERIALS AND SPARES CONSUMED		₹ in Million			
Items		Year ended 31.03.17		Year ended 31.03.16	
		Percent	Value	Percent	Value
Raw materials (including components)					
- Imported (at landed cost)		9.3%	109.62	4.8%	44.50
- Indigenous		90.7%	1,071.97	95.2%	884.91
		100.0%	1,181.59	100.0%	929.41
Stores and spare parts					
- Imported (at landed cost)		1.5%	1.54	0.6%	0.54
- Indigenous		98.5%	101.40	99.4%	89.44
		100.0%	102.94	100.0%	89.98

35. VALUE OF IMPORTS ON CIF BASIS		Year ended 31.03.17	Year ended 31.03.16
		₹ in Million	₹ in Million
Raw material and components		105.33	45.09
Stores and spares		4.16	0.62
Capital Goods		4.22	26.81
		113.71	72.52

36. EXPENDITURE IN FOREIGN CURRENCY			
Royalty		15.48	-
Foreign travel		3.63	5.48
Technical services, consultancy, commission, etc.		11.02	7.53
		30.13	13.01

37. DIVIDEND REMITTED IN FOREIGN CURRENCY		FY 2016-17	FY 2015-16
Period to which it relates			
Final Dividend for 2015-16 on 73,72,475 shares of ₹ 2/- each		6.64	-
1st Interim Dividend for 2016-17 on 73,72,475 shares of ₹ 2/- each		5.16	-
2nd Interim Dividend for 2016-17 on 73,72,475 shares of ₹ 2/- each		5.16	-
3rd Interim Dividend for 2016-17 on 73,72,475 shares of ₹ 2/- each		5.16	-
Final Dividend for 2014-15 on 73,75,217 shares of ₹ 2/- each		-	6.64
1st Interim Dividend for 2015-16 on 73,75,217 shares of ₹ 2/- each		-	5.16
2nd Interim Dividend for 2015-16 on 73,75,217 shares of ₹ 2/- each		-	5.16
3rd Interim Dividend for 2015-16 on 73,75,217 shares of ₹ 2/- each		-	5.16
Number of (non-resident) shareholders		1	1

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

	Year ended 31.03.17 ₹ in Million	Year ended 31.03.16 ₹ in Million
38. EARNINGS IN FOREIGN CURRENCY		
FOB value exports	160.90	166.93
	<u>160.90</u>	<u>166.93</u>

39. PAYMENTS TO AUDITORS		
As Auditor		
Audit fees	1.43	1.43
Limited review fees	0.67	0.68
Consolidation	0.20	0.20
Tax audit fees	0.20	0.20
Other services		
– Certification	0.33	0.09
Reimbursement of out-of-pocket expenses	0.15	0.10
	<u>2.98</u>	<u>2.70</u>

40. EMPLOYEE BENEFITS

As per Accounting Standard 15 "Employee Benefits", the disclosures as defined in the Accounting Standard are given below:

Defined Contribution Plans

Contribution to defined contribution plans, recognised as expense for the year is as under :

	₹ in Million	
	31.03.17	31.03.16
Employer's contribution to provident fund	7.55	7.11
Employer's contribution to superannuation fund	3.63	5.10
Employer's contribution to pension scheme	4.73	4.45

Defined Benefit Plans

The amount recognised in the company's financial statements as at the year end are as under:

	₹ in Million			
	Gratuity (Funded)		Compensated Absences (Funded)	
	31.03.17	31.03.16	31.03.17	31.03.16
a Assumptions :				
Discount rate	7.52%	8.08%	7.52%	8.08%
Rate of return on plan assets	7.52%	8.08%	7.52%	8.08%
Salary escalation	6.0%	7.0%	6.0%	7.0%
Mortality	Indian Assured Lives Mortality 2006-08	Indian Assured Lives Mortality 2006-08	Indian Assured Lives Mortality 2006-08	Indian Assured Lives Mortality 2006-08
Rate of employee turnover	2.0%	2.0%	2.0%	2.0%
	Ultimate Table	Ultimate Table	Ultimate Table	Ultimate Table
b Table showing changes in benefit obligation:				
Liability at the beginning of the year	45.31	61.60	16.60	17.48
Interest cost	3.66	4.96	1.34	1.41
Current service cost	3.33	3.44	2.21	2.27
Benefit paid	(4.12)	(24.08)	(3.13)	(5.37)
Actuarial (gain)/loss on obligations	(2.64)	(0.62)	(3.93)	0.81
Liability at the end of the year	<u>45.54</u>	<u>45.31</u>	<u>13.09</u>	<u>16.60</u>

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

	Year Ended 31.03.17	Year Ended 31.03.16	Year Ended 31.03.17	Year Ended 31.03.16
c Change in plan assets:				
Fair value of plan assets at the beginning of the year	40.03	47.56	16.11	18.06
Expected return on plan assets	3.23	3.83	1.30	1.45
Contributions	5.57	12.99	0.88	2.05
Benefit Paid	(4.12)	(24.08)	(1.39)	(5.37)
Actuarial gain / (loss) on plan assets	(0.30)	(0.26)	(0.15)	(0.08)
Fair value of plan assets at the end of the year	44.42	40.03	16.75	16.11
Total actuarial gain / (loss) to be recognized	(2.34)	(0.35)	(3.78)	0.89
d Actual return on plan assets:				
Expected return on plan assets	3.23	3.83	1.30	1.45
Actuarial gain / (loss) on plan assets	(0.30)	(0.26)	(0.15)	(0.08)
Actual return on plan assets	2.94	3.57	1.15	1.38
e Amount recognized in the balance sheet:				
Liability at the end of the year	45.54	45.31	(13.09)	(16.60)
Fair value of plan assets at the end of the year	44.42	40.03	16.75	16.11
Net (liability) / asset recognized in the balance sheet	(1.12)	(5.27)	3.66	(0.48)
f Expenses recognized in the income statement:				
Current service cost	3.33	3.44	2.21	2.27
Interest cost	0.43	1.13	0.04	(0.05)
Expected return on plan assets	-	-	-	-
Net actuarial (gain) / loss to be recognized	(2.34)	(0.35)	(3.78)	0.89
Expense / (Income) recognized in profit & loss	1.41	4.22	(1.52)	3.11
g Balance sheet reconciliation:				
Opening net liability	5.27	14.04	0.48	(0.58)
Expenses as above	1.41	4.22	(1.52)	3.11
Employers contribution	(5.57)	(12.99)	(2.62)	(2.05)
Net liability / (assets) recognized in balance sheet	1.12	5.27	(3.66)	0.48
h Other Details:				
Gratuity is payable at the rate of 15 days salary for each year of service				
Salary escalation is considered as advised by the company which is in line with the industry practice considering promotional and demand and supply of the employees.				
i Category of assets				
Insurer managed funds	44.42	40.03	16.75	16.11
j Experience Adjustment			-	2.70
Actuarial (Gains)/Losses on obligations - Due to experience	(0.89)	(0.50)	(3.20)	0.86
Actuarial (Gains)/Losses on plan assets - Due to experience	(0.30)	(0.26)	(0.15)	(0.08)
k Projected contribution for next year	4.82	7.63	-	2.70

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

	Year ended 31.03.17	Year ended 31.03.16
41. EARNING PER SHARE		
a) Net profit for the year available to equity shareholders after Tax in ₹ Million	282.20	183.58
b) Weighted average number of equity shares during the year	14,617,500	14,617,500
c) Face value of equity share in ₹	2	2
d) Basic and diluted earnings per share ₹	19.31	12.56

42. RELATED PARTY DISCLOSURES

(I) List of Related parties

(a) Parties where control exists:

- (i) Ultimate Holding Company : Pfaudler International S.a.r.l
(ii) Holding Company: : Pfaudler Inc.

- (b) Subsidiary Companies : Karamsad Holdings Limited
Karamsad Investments Limited
GMM Mavag AG
Mavag AG

- (c) Fellow Subsidiaries : Pfaudler GMBH
Pfaudler Balfour Limited
Edlon PSI Inc.
Suzhou Pfaudler Glass Lined Equipment Co. Limited
Glass Steel Parts and Services
Pfaudler s.r.l.
Pfaudler Limited
Pfaudler Rochester, USA
Pfaudler Process Solution Group U.K. Limited
Pfaudler LtdA, Brazil

- (d) Key management personnel : Mr. Tarak Patel - Managing Director
Mr. Ashok Pillai - Chief Operating Officer
Mr. Jugal Sahu - Chief Financial Officer
Ms. Mittal Mehta - Company Secretary

- (e) Relative of Key management personnel : Mr. Ashok Patel (Father of Mr. Tarak Patel)
Mrs. Urmi Patel (Mother of Mr. Tarak Patel)
Mrs. Uttara Gelhaus (Sister of Mr. Tarak Patel)
Mrs. Payal Patel (Wife of Mr. Tarak Patel)

- (f) Enterprises over which key managerial personnel have significant influence : Skyline Millars Limited
Ready Mix Concrete Limited
Ashok Patel - HUF
J V Patel & Co.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

42. RELATED PARTY DISCLOSURES (Continued)

(II) Transactions with related parties

₹ in Million

Transaction	Holding Company		Subsidiary Companies		Fellow Subsidiaries		Key Management Personnel		Relative of Key Management Personnel		Other Related Parties	
	For the year ended	31.03.16	For the year ended	31.03.16	For the year ended	31.03.16	For the year ended	31.03.16	For the year ended	31.03.16	For the year ended	31.03.16
Purchase of goods	0.16	0.17	0.39	6.03	6.90	8.82	-	-	-	-	3.31	5.07
Sale of goods	4.17	-	44.68	24.50	35.92	6.15	-	-	-	-	-	-
Services received	0.17	-	8.52	-	0.35	0.59	-	-	-	-	0.65	1.90
Reimbursement of expenditure	-	-	-	1.73	-	-	-	-	-	-	-	-
Royalty	15.48	-	-	-	-	-	-	-	-	-	-	-
Lease rent paid	-	-	-	-	-	-	-	-	-	-	30.40	28.48
Remuneration	-	-	-	-	-	-	33.06	26.67	-	-	-	-
Dividend paid	22.12	22.13	-	-	-	-	0.52	0.52	3.99	4.14	-	-
Advance received	-	-	-	-	4.55	-	-	-	-	-	-	-
Advance to subsidiaries received back	-	-	-	1.36	-	-	-	-	-	-	-	-
Repayment of Loan	-	-	-	-	-	-	2.40	-	-	-	-	-
Balance outstanding#												
Payables	-	-	0.11	-	5.77	-	13.05	7.40	-	-	3.14	2.42
Receivables*	-	-	4.36	5.13	17.23	-	4.13	6.61	-	-	-	-
Deposit outstanding	-	-	-	-	-	-	-	-	-	-	27.73	30.70

* Receivable of Subsidiary include ₹ 2.04 Million related to trade receivable

Balance outstanding are exclusive of unrealised foreign exchange gain / loss

42. (III) Significant related party transactions are as under:

Nature of transactions	Name of the party	Year ended 31.03.17 ₹ in Million	Year ended 31.03.16 ₹ in Million
Purchase of goods	Mavag AG	0.39	6.03
	Pfaudler GMBH	4.94	6.28
	Pfaudler s.r.l.	1.61	1.44
	Oerlikon Textile India Pvt. Ltd.	3.27	5.07
Sale of goods	Mavag AG	44.68	24.50
	Pfaudler GMBH	8.90	4.90
	Suzoh Pfaudler Glass Lined Equipment Co. Ltd.	1.60	1.25
	Pfaudler s.r.l.	18.26	-
Services received	Ready Mix Concrete Ltd.	0.48	1.07
	Mavag AG	8.52	1.73
Lease rent paid	Ready Mix Concrete Ltd.	29.39	27.49
Royalty	Pfaudler Inc.	15.48	-
Remuneration paid	Mr. Tarak Patel	16.82	10.83
	Mr. Ashok Pillai	8.25	7.42
	Mr. Jugal Sahu	6.44	1.10
Dividend paid	Pfaudler Inc.	22.12	22.13
Repayment of loan	Mr. Ashok Pillai	2.40	-
Balances outstanding as on March 31, 2017			
Payables	Pfaudler s.r.l.	1.22	-
	Ready Mix Concrete Ltd.	2.00	2.08
	Oerlikon Textile India Pvt. Ltd.	1.14	0.26
Receivables	Mavag AG	2.04	2.81
	Pfaudler GMBH	7.38	-
	Pfaudler s.r.l.	9.85	-
Advance received against order	Pfaudler LtdA.	4.55	-
Deposit outstanding	Ready Mix Concrete Ltd.	27.73	30.70
	GMM Mavag AG	2.32	2.32
Key Managerial Personal			
Receivable	Mr. Ashok Pillai	4.13	6.61
Payable	Mr. Tarak Patel	11.00	5.50
	Mr. Ashok Pillai	1.60	1.25

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

43. SEGMENT REPORTING

(a) Primary segment reporting by business segment:

₹ in Million

Particulars	Chemical Processing Equipment		Mixing Systems		Filtration / Separation Equipment & Others		Total
Year Ended	31.03.17	31.03.16	31.03.17	31.03.16	31.03.17	31.03.16	31.03.16
Revenue :							
Total external sales	2,209.46	1,836.16	171.55	183.25	282.06	276.60	2,296.01
Segment results:							
Profit / (loss) before tax and interest	423.82	298.83	14.29	11.47	16.64	18.61	328.91
Unallocated expense (Net)	-	-	-	-	-	-	43.97
Less: Interest	-	-	-	-	-	-	6.87
Profit / (loss) before tax	-	-	-	-	-	-	278.07
Taxes	-	-	-	-	-	-	94.49
Net profit after tax	-	-	-	-	-	-	183.58
Segment assets	1,347.89	1,040.84	117.15	82.38	150.90	138.45	1,261.67
Unallocated assets	-	-	-	-	-	-	698.52
Total assets	-	-	-	-	-	-	1,960.19
Segment liabilities	637.82	384.59	62.72	50.50	101.56	68.62	503.71
Unallocated liabilities	-	-	-	-	-	-	43.22
Total liabilities	-	-	-	-	-	-	546.93
Capital expenditure	148.30	107.71	3.79	11.81	6.03	11.90	131.42
Unallocated capital expenditure	-	-	-	-	-	-	4.16
Depreciation	61.19	53.69	2.83	3.40	4.65	5.13	62.22
Unallocated depreciation	-	-	-	-	-	-	5.17

(b) Secondary segment reporting by geographical segment:

₹ in Million

Particulars	Within India		Outside India		Total
Year Ended	31.03.17	31.03.16	31.03.17	31.03.16	31.03.16
Revenue	2,497.75	2,124.23	165.32	171.79	2,296.01
Segment assets	2,492.74	1,960.19	-	-	1,960.19
Capital expenditure	159.04	135.58	-	-	135.57

Notes: 1) The Business segments have been identified in line with the Accounting Standard 17 on "Segment Reporting", taking into account the nature of product, the nature of manufacturing process, the class of customers, the organization structure and the internal financial reporting system.

2) Segment revenue, results, assets and liabilities include amounts that are directly attributable to the respective segments. Amounts not directly attributable have been allocated to the segments on the best judgment of the management in the absence of detailed internal financial reporting system. Expenses not directly allocable to the segments are treated as "Unallocated Expenses".

44. CORPORATE SOCIAL RESPONSIBILITY (CSR) EXPENDITURE

Expenditure related to CSR as per section 135 of the Companies Act, 2013 read with Schedule VII thereof, against the mandatory spend of ₹ 8.49 million.

Sector Activity Identified	CSR Project	Location	Implementing Agency	Budget ₹ in Million	Amount spent ₹ in Million
Hospital / Rural Healthcare	Contribution for promoting rural healthcare	Karamsad, Gujarat	Charutar Arogya Mandal	3.26	3.26
Skill Development	Contribution to JV Patel ITI school	Karamsad, Gujarat	JV Patel ITI	4.10	3.76
Environment Sustainability	Contribution to Sardar Patel Trust	Karamsad, Gujarat	Sardar Patel Trust	0.50	0.50
Environment Sustainability	Contribution to Bombay Chamber of Commerce and Industry	Mumbai, Maharashtra	Bombay Chamber of Commerce and Industry	0.29	0.29
Total				8.15	7.81

45. UN-HEDGED FOREIGN CURRENCY EXPOSURES

in Million

Currency	As at 31.03.17				As at 31.03.16			
	Receivable		Payable		Receivable		Payable	
		₹		₹		₹		₹
US Dollar	0.12	7.25	(0.04)	(2.76)	0.19	12.65	(0.05)	(3.01)
Euro	0.29	20.07	(0.06)	(4.14)	0.23	16.65	0.00	0.11
CHF	-	-	(0.00)	(0.11)	0.04	2.83	-	-
JPY	-	-	0.20	0.11	-	-	0.97	0.57

46. RESEARCH AND DEVELOPMENT EXPENSES

Break-up of research and development expenses included in statement of profit and loss under below heads:

₹ in Million

Particulars	Year ended 31.03.17	Year ended 31.03.16
Material Cost	0.22	0.31
Employee benefits expenses	10.02	8.87
Other expenses:		
Labour charges paid to subcontractors	1.78	1.65
Depreciation	0.09	0.20
Total	12.11	11.03

47. DETAILS OF LOANS GIVEN, INVESTMENTS MADE AND GUARANTEE GIVEN COVERED U/S 186(4) OF THE COMPANIES ACT, 2013

Loans given and Investment made are given under respective heads.

₹ in Million

Sr. No.	Name of the parties	As at 31.03.17	As at 31.03.16
1.	Mr. Ashok Pillai	4.13	6.00

48. DISCLOSURE IN RELATION TO SPECIFIED BANK NOTE HELD AND TRANSACTED DURING THE PERIOD FROM 8TH NOVEMBER 2016 TO 30TH DECEMBER 2016

₹ in Million

Sr. No	Particulars	Specified Bank Notes	Other denomination notes	Total
1.	Closing cash in hand as on 08.11.2016	0.19	0.15	0.34
2.	(+) Permitted receipts	-	0.40	0.40
3.	(-) Permitted payments	-	0.45	0.45
4.	(-) Amount deposited in banks	0.19	-	0.19
5.	Closing cash in hand as on 30.12.2016	-	0.10	0.10

49. INFORMATION IN ACCORDANCE WITH THE REQUIREMENT OF THE ACCOUNTING STANDARD 7 : CONSTRUCTION CONTRACT

₹ in Million

Sr. No.	Particulars	Amount
1.	Contract revenue recognise as per percentage of completion method	96.42
2.	Contract cost Incurred upto the reporting date	65.71
3.	Recognised Profit (1-2)	30.71
4.	Progress billings	-
5.	Due from customers	96.42
6.	Advance from customers	(14.42)

50. PREVIOUS YEARS FIGURES HAVE BEEN REGROUPED / RECLASSIFIED WHEREVER NECESSARY.

TEN YEAR FINANCIAL HIGHLIGHTS

₹ in Million

Description	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08
OPERATING RESULTS										
Income from Operations	2,663.07	2,296.01	2,240.09	2,005.11	1,675.01	2,018.13	1,440.21	1,544.78	1,466.81	1,420.06
Other Income	77.81	32.42	33.50	29.27	52.30	28.80	26.16	27.02	35.22	53.70
Profit before Depreciation, Interest & Tax	488.23	352.32	347.08	298.03	195.33	190.91	205.84	207.16	203.18	267.15
Depreciation	73.83	67.38	80.86	70.81	55.93	49.10	34.74	33.34	32.61	27.40
Interest	8.98	6.87	5.18	10.55	7.28	11.65	8.81	6.56	13.05	16.72
Profit before Tax	405.42	278.07	261.04	216.67	132.12	130.16	162.29	167.25	157.52	223.03
Profit after Tax	282.20	183.58	172.03	142.86	96.66	91.41	110.18	114.43	102.27	155.58
Dividends	43.72	43.86	43.86	43.85	40.93	40.93	40.93	40.93	40.93	40.93
Dividend per share (₹)	4.00	3.00	3.00	3.00	2.80	2.80	2.80	2.80	2.80	2.80
Earning per share (₹)	19.31	12.56	11.77	9.77	6.61	6.25	7.54	7.56	7.00	10.64
Book value per share (₹)	113.46	96.68	87.73	79.85	73.60	70.14	67.19	62.90	58.62	54.89
FINANCIAL SUMMARY										
ASSETS EMPLOYED										
Fixed Assets (net)	500.32	438.76	376.18	383.00	421.79	409.68	346.09	288.25	299.64	298.04
Investments	666.29	357.20	337.19	336.46	330.24	295.87	283.24	119.48	111.98	89.55
Net Working Capital	491.90	617.30	567.07	448.03	323.99	319.71	396.12	511.72	445.14	521.59
Total	1,658.51	1,413.26	1,282.44	1,167.49	1,076.02	1,025.26	1,025.45	919.45	856.76	909.19
FINANCED BY										
Share Capital	29.23	29.23	29.23	29.23	29.23	29.23	29.23	29.23	29.23	29.23
Reserves & Surplus	1,629.28	1,384.03	1,253.21	1,138.26	1,046.79	996.03	952.51	890.22	827.53	773.14
Loan Funds	-	-	-	-	-	-	43.71	-	-	106.81
Total	1,658.51	1,413.26	1,282.44	1,167.49	1,076.02	1,025.26	1,025.45	919.45	856.76	909.19

*Calculated based on revised numbers of shares after the stock sub division from ₹ 10/- per share to ₹ 2/- per share on 31-10-2006.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GMM PFAUDLER LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of GMM PFAUDLER LIMITED (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") comprising of the Consolidated Balance Sheet as at 31st March, 2017, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated 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 and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments 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 have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. In conducting our audit, we have taken into account the provisions of the Act, 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.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 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 financial statements.

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 Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of the other auditors on the separate financial statements of the subsidiaries referred to in Other Matters paragraph below, the aforesaid consolidated 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, as at 31st March, 2017, and their consolidated profit and their consolidated cash flows for the year ended on that date.

Other Matters

We did not audit the financial statements of four subsidiaries, whose financial statements reflect total assets of ₹ 809.40 million as at 31st March, 2017, total revenues of ₹ 924.60 million and net cash inflows amounting to ₹ 5.88 million for the year ended on that date, as considered in the consolidated financial statements. 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 financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of subsection (3) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.

Our opinion on the consolidated 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 other auditors.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of the report of other auditors on separate financial statements of subsidiaries, referred in the Other Matters paragraph above we report, to the extent applicable, that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books, returns and the reports of the other auditors.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards prescribed under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2017 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies, incorporated in India is disqualified as on 31st March, 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 and the operating effectiveness of such controls, refer to our separate Report in "Annexure A", which is based on the auditors' reports of the Holding company and subsidiary companies, incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Holding company's and subsidiary companies incorporated in India's internal financial controls over financial reporting.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group.
 - ii. The Group, did not have any material foreseeable losses on long-term contracts including derivative contracts.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies incorporated in India.
 - iv. The Holding Company has provided requisite disclosures in the consolidated financial statements as regards the holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8th November, 2016 of the Ministry of Finance, during the period from 8th November, 2016 to 30th December, 2016 of the Group entities as applicable. Based on audit procedures performed and the representations provided to us by the management we report that the disclosures are in accordance with the relevant books of accounts maintained by those entities for the purpose of preparation of the consolidated financial statements and as produced to us by the Management of the respective Group entities.

For Deloitte Haskins & Sells LLP

Chartered Accountants

(Firm's Registration No. 117366W/W – 100018)

Kartikeya Raval

(Membership No. 106189)

Place : Mumbai

Date: May 12, 2017

ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

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

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2017, we have audited the internal financial controls over financial reporting of GMM Pfaudler Limited (hereinafter referred to as “the Holding Company”) and its subsidiary companies which are companies incorporated in India, as of that date.

Management’s Responsibility for Internal Financial Controls

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

Auditor’s Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are

being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion to the best of our information and according to the explanations given to us, the Holding Company and its subsidiary companies 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

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

For Deloitte Haskins & Sells LLP

Chartered Accountants

(Firm's Registration No. 117366W/W – 100018)

Kartikeya Raval

(Membership No. 106189)

Place : Mumbai

Date: May 12, 2017

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2017

	Notes	As at 31.03.17 ₹ in Million	As at 31.03.16 ₹ in Million
I. EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	4	29.23	29.23
Reserves and surplus	5	1,919.01	1,639.09
		1,948.24	1,668.32
Non-current liabilities			
Deferred tax liabilities (Net)	6	23.34	37.83
Long term provisions	7	87.78	6.46
		111.12	44.29
Current liabilities			
Trade payables	8		
(A) Total outstanding dues of micro enterprises and small enterprises		14.78	0.78
(B) Total outstanding dues of creditors other than micro enterprises and small enterprises		531.28	306.07
Other current liabilities	9	566.59	502.13
Short term provisions	10	19.06	34.81
		1,131.71	843.78
Total		3,191.07	2,556.39
II. ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	11	474.45	385.60
Intangible assets	12	23.04	27.09
Capital work-in-progress		19.95	43.15
		517.44	455.84
Goodwill on consolidation		114.72	121.43
Non-current investments	13	6.30	6.82
Long term loans and advances	14	33.54	55.80
		672.00	639.89
Current assets			
Current investments	15	439.99	130.38
Inventories	16	822.47	708.57
Trade receivables	17	699.04	486.79
Cash and bank balances	18	316.49	536.26
Short term loans and advances	19	143.07	39.64
Other current assets	20	98.01	14.86
		2,519.07	1,916.50
Total		3,191.07	2,556.39
Significant accounting policies	3		

The accompanying notes are an integral part of these financial statements.

As per our report of even date.

For Deloitte Haskins & Sells LLP
Chartered Accountants
Firm Registration No: 117366W/W-100018

Kartikeya Raval
Partner
M. No. 106189

For and on behalf of the Board

P. Krishnamurthy	Chairman	DIN: 00013565
Tarak Patel	Managing Director	DIN: 00166183
Jugal Sahu	Chief Financial Officer	ACA 205251
Mittal Mehta	Company Secretary	FCS 7848

Mumbai, May 12, 2017

Mumbai, May 12, 2017

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

	Notes	Year ended 31.03.17 ₹ in Million	Year ended 31.03.16 ₹ in Million
REVENUE :			
Revenue from operations	21	3,781.19	3,093.84
Less : Excise duty		250.89	173.08
		3,530.30	2,920.76
Other income	22	82.46	36.44
Total revenue		3,612.76	2,957.20
EXPENSES :			
Cost of raw materials consumed	23	1,519.16	1,161.01
(Increase) / Decrease in inventories of finished goods and work-in-progress	24	(25.83)	45.67
Employee benefits expense	25	660.94	561.66
Finance costs	26	9.00	6.88
Depreciation and Amortisation	11 & 12	82.33	81.19
Labour Charges		305.64	240.73
Other expenses	27	592.97	562.07
Total expenses		3,144.21	2,659.21
Profit before tax		468.55	297.99
Tax expenses			
Current tax		150.27	98.68
Deferred tax		(14.40)	(1.84)
Profit after tax		332.68	201.15
Earnings per equity share: Basic & diluted		22.76	13.76
Significant accounting policies	3		

The accompanying notes are an integral part of these financial statements.

As per our report of even date.

For Deloitte Haskins & Sells LLP
Chartered Accountants
Firm Registration No: 117366W/W-100018

Kartikeya Raval
Partner
M. No. 106189

Mumbai, May 12, 2017

For and on behalf of the Board

P. Krishnamurthy	Chairman	DIN: 00013565
Tarak Patel	Managing Director	DIN: 00166183
Jugal Sahu	Chief Financial Officer	ACA 205251
Mittal Mehta	Company Secretary	FCS 7848

Mumbai, May 12, 2017

STATEMENT OF CONSOLIDATED CASH FLOW FOR THE YEAR ENDED MARCH 31, 2017

	Year ended 31.03.17 ₹ in Million	Year ended 31.03.16 ₹ in Million
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	468.55	297.99
Adjustments for:		
Depreciation	82.33	81.19
Net (gain) / loss on sale & discard of fixed assets	(0.87)	(2.37)
Net (gain) / loss on sale of Current Investment	(43.43)	-
Net (gain) / loss on sale of Non-Current Investment	(10.75)	-
Interest income	(10.59)	(24.74)
Interest and financial charges	9.00	6.88
Dividend Income	(0.10)	(0.92)
Provision for doubtful debts, liquidated damages and advances	12.11	3.61
Unrealised foreign exchange fluctuation loss/(gain)	(8.27)	-
Operating profit before working capital changes	497.98	361.64
Adjustments for:		
Increase/ (Decrease) in Inventories	(113.90)	33.99
(Increase)/ Decrease in Trade receivable, Short term loan & advances and other assets	(393.68)	(103.44)
Increase/ (Decrease) in Trade payables, other current liabilities & Provisions	379.85	49.81
Cash generated from operations	370.25	342.00
Direct Taxes paid	(139.90)	(95.45)
Net cash from operating activities	230.35	246.55
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets, including intangible assets	(144.38)	(138.95)
Proceeds from sale of fixed assets	1.32	2.87
Purchase of current investments	(522.52)	(20.37)
Proceeds from sale of current investments	256.34	0.36
Proceeds from sale of Non current investments	11.27	-
Fixed deposits maturity proceeds from banks	170.50	121.32
Fixed deposits placed with banks	(3.30)	(170.50)
Interest received	10.59	24.74
Dividend received	0.10	0.92
Net cash used in investing activities	(220.08)	(179.61)
CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid	(9.00)	(6.88)
Dividend paid	(43.74)	(43.86)
Tax on distributed profits	(9.81)	(9.30)
Net cash used in financing activities	(62.55)	(60.04)
NET INCREASE / (DECREASE) IN CASH & CASH EQUIVALENTS	(52.28)	6.90
Cash and Cash equivalents, beginning of the year	363.48	346.71
Effect of Exchange Rate Changes [(Gain)/Loss]	(0.17)	9.87
Cash and Cash equivalents, end of the year	311.03	363.48
COMPONENTS OF CASH AND CASH EQUIVALENTS		
Cash and Cash Equivalent		
Balances with banks		
- In current accounts	310.34	310.56
- In deposit accounts (Less than three months maturity)	-	51.83
Cash on hand	0.69	1.09
Total	311.03	363.48
Other Bank Balances		
- In unpaid dividend accounts	2.16	2.28
Deposit accounts with maturity greater than three month but less than one year	3.30	170.50
Cash and bank balances at the end of the year	316.49	536.26
Notes:		
1. The Cashflow statement has been prepared under the 'Indirect Method' as set out in accounting standardised 3 on cash flow statements issued by the Institute of Chartered Accountant of India.		
2. The company has been sanctioned credit facilities for working capital of ₹ 200 million, of which facilities utilised as on March 31, 2017 were ₹ Nil.		

As per our report of even date.

For Deloitte Haskins & Sells LLP

Chartered Accountants

Firm Registration No: 117366W/W-100018

Kartikeya Raval

Partner

M. No. 106189

Mumbai, May 12, 2017

For and on behalf of the Board

P. Krishnamurthy

Tarak Patel

Jugal Sahu

Mittal Mehta

Chairman

Managing Director

Chief Financial Officer

Company Secretary

DIN: 00013565

DIN: 00166183

ACA 205251

FCS 7848

Mumbai, May 12, 2017

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

1. Basis of consolidation:

The consolidated financial statements relate to GMM Pfaudler Ltd., the holding company and its wholly owned subsidiaries (collectively referred to as Group). The consolidation of the accounts of the holding company with the subsidiaries is prepared in accordance with Accounting Standard (AS) 21 – 'Consolidated Financial Statements'. The financial statements of the parent company and its subsidiaries are combined on line-by-line basis by adding together like items of assets, liabilities, income and expenses. The intra-group balances and intra-group transactions and unrealized profits or losses are fully eliminated.

The company has considered its foreign subsidiaries as non-integral operations. In case of non-integral operations, revenue items are consolidated at the average rate prevailing during the year. All the assets and liabilities are converted at the rates prevailing at the end of the year. Exchange gain / losses arising on conversion are recognized under Foreign Currency Translation Reserve.

The subsidiary companies considered in the consolidated financial statements are:

Sr. No.	Name of Company	Country of Incorporation	% of Holding	
			Current Year	Previous Year
1	Karamsad Investments Ltd.	India	100%	100%
2	Karamsad Holdings Ltd.	India	100%	100%
3	GMM Mavag AG	Switzerland	100%	100%
4	Mavag AG (subsidiary of GMM Mavag AG)	Switzerland	100%	100%

The financial statements of the subsidiary companies used in the consolidation are drawn up to the same reporting date as of the Holding Company i.e. year ended March 31, 2017.

2. Basis of preparation:

The financial statements have been prepared in accordance with the generally accepted accounting principles in India. The Company has prepared these financial statements under the historical cost convention on an accrual basis to comply in all material respects with the Accounting Standards specified under section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and other accounting principles generally accepted in India and the relevant provisions of the Companies Act 2013. The accounting policies have been consistently applied by the Company. The Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.

The excess of cost to the Group of its investments in the subsidiary companies over its share of equity of the subsidiary companies, at the dates on which the investments in the subsidiary companies were made, is recognised as 'Goodwill' being an asset in the consolidated financial statements and is tested for impairment on annual basis. The Goodwill is determined separately for Investment made in each subsidiary company.

3. Significant accounting policies:

a) Use of estimates:

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires the management to make estimates and assumptions that affect the reported balances of assets and liabilities as of the date of the financial statements and reported amounts of income and expense during the period. Management believes that the estimates used in preparation of financial statements are prudent and reasonable. Actual results could differ from the estimates. Differences between the actual results and estimates are recognized in the period in which the results are known / materialized.

b) Fixed assets:

Fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes all expenses related to the acquisition and installation of fixed assets which comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use and other incidental expenses.

Machinery spares which can be used only in connection with an item of fixed asset and whose use is expected to be irregular are capitalised and depreciated over the useful life of the principal item of the relevant class of assets. Subsequent expenditure on fixed assets after its purchase / completion is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

Capital work in progress :

Projects under which tangible fixed assets are not yet ready for their intended use are carried at cost, comprising direct cost, related incidental expenses and attributable interest if any.

c) Goodwill Accounting

The company has considered its foreign subsidiaries as non-integral operations. In case of non-integral operations, revenue items are consolidated at the average rate prevailing during the year. All the assets and liabilities are converted at the rates prevailing at the end of the year. Exchange gain / losses arising on conversion are recognized under Foreign Currency Translation Reserve.

Goodwill arising on consolidation is not amortised but tested for impairment.

d) Depreciation and amortisation:

Depreciation:

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost less its estimated residual value.

Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.:

Name of assets	Useful life
A) Burning Scaffold and Pilot Plant (included under Plant & Machinery)	3 years
B) Telephones (included under Office Equipment)	3 years
C) Vehicles	6 years

Items costing less than ₹ 5000/- are fully depreciated in the year of put to use / purchase.

Leasehold land and leasehold improvements are amortized equally over the period of lease.

Amortisation:

Intangible assets are amortised over their estimated useful life on straight line method as follows :

Name of assets	Useful life
A) Computer software	3-6 years
B) Technical knowhow	3 years

e) Asset impairment:

The Company assesses at each reporting date using external and internal sources, whether there is an indication that an asset may be impaired. An impairment occurs where the carrying value exceeds the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. The impairment loss to be expensed is determined as the excess of the carrying amount over the higher of the asset's net sales price or present value as determined above.

Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor.

f) Investments:

Investments that are readily available and intended to be held for not more than one year from the date of acquisition, are classified as current investments. All other investments are classified as long term investments.

Non current investments including strategic investments are carried at cost. Provision for diminution, if any, in the value of each long- term investment is made to recognize a decline, other than of a temporary nature.

Current investments are stated at lower of cost or fair value and the resultant decline, if any, is charged to the Statement of Profit and Loss.

g) Inventories:

Inventories are stated at lower of cost and net realizable value. Cost is determined on the weighted average method and is net of CENVAT credits and after providing for obsolescence and other losses. Cost includes all charges in bringing the goods to the point of sale, including octroi and other levies, transit insurance and receiving charges. Cost of work-in-progress and finished goods include conversion cost and appropriate production overheads. Excise duty is provided on finished goods held in stock at the end of the year.

h) Foreign exchange transactions:

Transactions in foreign currency are recorded at rates prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currency and remaining outstanding are translated at the period end exchange rates and the resultant exchange gains / losses are recognized in the Statement of Profit and Loss. Non monetary foreign currency items are carried at cost and translated in Indian currency at the rate of exchange prevailing at the time of transactions.

i) Revenue recognition:

Sales of products and services are recognized on dispatch/delivery of the goods or when services are rendered, except large contracts, exceeding the Rupee equivalent of USD 1 million at the time of order receipt and the contract term of at least six months from contract signing through product delivery, which are recognized on percentage of completion basis. Sales are recorded net of trade discounts, sales tax and excise duties. The excise duty shown in the revenue from operation is to comply with presentation requirement of schedule III to the Companies Act 2013.

Excise duty shown as deduction from Sale represents the amount of excise duty collected on sales. The difference between excise duty elements in amounts of closing stock and opening stock, excise duty paid on samples and Inventory written off which is not recoverable from sale (if any) is shown under Other expenses.

Other income:

Dividend income is recognized when the right to receive the same is established.

Interest income is recognized on the time proportion method.

j) Warranty expenses:

Provision is made in the financial statements for the estimated liability on account of costs that may be incurred on products sold under warranty. The costs to be incurred for providing free service under warranty are determined based on past experience and are provided for in the year of sale.

k) Employee benefits:

Employee benefits include provident fund, superannuation fund, family pension fund, gratuity fund and compensated absences.

Defined contribution plans:

The Company's contribution to provident fund, family pension fund and superannuation fund are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

Defined benefit plans:

For defined benefit plans in the form of gratuity fund, compensated absences and pension obligation, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

l) Operating expenses:

Operating Expenses are charged to Statement of Profit and Loss on accrual basis.

m) Leases:

Lease arrangements where the risks and rewards incident to ownership of an asset substantially vest with the lessor, are recognized as operating leases. Operating lease expenses are recognized in the statement of Profit and Loss on straight line basis over the lease term.

n) Provisions and contingent liabilities:

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability is/not recognized but its existence is disclosed in the financial statements. Contingent assets are not recognised in the financial statements.

o) Taxation:

Tax expense comprise of current and deferred tax. Current income tax comprises taxes on income from operations in India and in foreign jurisdictions. Income tax payable in India is determined in accordance with the provisions of the Income Tax Act, 1961. Tax expense relating to foreign operations is determined in accordance with tax laws applicable in jurisdictions where such operations are domiciled.

Deferred tax is recognized on timing differences being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

In the event of unabsorbed depreciation and carry forward of losses, deferred tax assets are recognized only to the extent that there is virtual certainty that sufficient future taxable income will be available to realise such assets. In other situations, deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available to realise these assets. Deferred tax assets are reviewed at each balance sheet date for their realisability.

Advance taxes and provisions for current income taxes are presented in the balance sheet after off-setting advance taxes paid and income tax provisions arising in the same tax jurisdiction and the Company intends to settle the asset and liability on a net basis. The Company offsets deferred tax assets and deferred tax liabilities if it has a legally enforceable right and these relate to taxes on income levied by the same governing taxation laws.

p) Segment reporting:

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit / loss amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.

The accounting policies adopted for segment reporting are in line with the accounting policies of the company. Segment assets include all operating assets used by the business segments and consist principally of fixed assets, debtors and inventories. Segment liabilities include the operating liabilities that result from operating activities of the business segment. Assets and Liabilities that cannot be allocated between the segments are shown as part of unallocated corporate assets and liabilities respectively. Income / Expenses relating to the enterprise as a whole and not allocable on a reasonable basis to business segments are reflected as unallocated corporate income / expenses.

q) Earnings per share:

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in right issue, share split and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

r) Cash & cash equivalents (for purposes of cashflow statement):

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

s) Operating cycle:

All assets and liabilities have been classified as current or non-current as per the company's normal operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of product and the time between acquisition of assets for processing and their realization in cash and cash equivalents, the company has ascertained its operating cycle as 12 months for the purpose of current/non-current classification of assets and liabilities.

t) Research and development expenses:

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss unless a product's technical feasibility has been established, in which case such expenditure is capitalised. The amount capitalised comprises expenditure that can be directly attributed or allocated on a reasonable and consistent basis to creating, producing and making the asset ready for its intended use. Fixed assets utilised for research and development are capitalised and depreciated in accordance with the policies stated for Fixed Assets.

u) Cash flow statement:

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

	As at 31.03.17 ₹ in Million	As at 31.03.16 ₹ in Million
4. SHARE CAPITAL		
Authorised shares 25,000,000 (previous year 25,000,000) Equity shares of ₹ 2/- each	50.00	50.00
Issued, subscribed and paid-up shares 14,617,500 (previous year 14,617,500) equity shares of ₹ 2/- each fully paid up	29.23	29.23
TOTAL	29.23	29.23
a) Reconciliation of equity shares outstanding at the beginning and end of the reporting year:		
	As at 31.03.17	As at 31.03.16
Equity Shares	No. of shares ₹ In Million	No. of shares ₹ in Million
At the beginning of the year	14,617,500 29.23	14,617,500 29.23
Issued during the year	- -	- -
Outstanding as at the end of the year	14,617,500 29.23	14,617,500 29.23
b) Terms / rights attached to equity shares The company has only one class of equity shares having a par value ₹ 2 per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.		
c) Details of shareholders holding more than 5% shares in the company	As at 31.03.17	As at 31.03.16
	No. of shares % holding	No. of shares % holding
Pfaudler Inc (Holding Company)	7,372,475 50.44%	7,375,217 50.45%
Millars Machinery Company Private Limited	1,625,595 11.12%	1,625,595 11.12%
d) Buyback of shares, bonus shares and shares issued for consideration other than cash. The company has not bought back any shares, neither has it issued bonus shares nor has it issued shares for consideration other than cash in the past five years.		
e) Terms of any Securities convertible into equity/preference shares - Not Applicable.		
f) Calls Unpaid - Nil		
5. RESERVES AND SURPLUS		
Capital reserve Balance as per last balance sheet	0.02	0.02
Cash subsidy reserve Balance as per last balance sheet	0.69	0.69
Securities Premium Account Balance as per last balance sheet	149.28	149.28
Foreign Currency Translation Reserve Balance as per last balance sheet	149.56	133.58
Add : Foreign currency translation reserve	(14.93)	15.98
Closing balance	134.63	149.56
General reserve: Balance as per last balance sheet	231.02	229.99
Add: Transfer from statement of profit and loss	-	1.03
	231.02	231.02
Surplus in statement of profit and loss Balance as per last balance sheet	1,108.52	961.55
Add: Net profit for the year	332.68	201.15
Less : Appropriations		
Interim dividend	30.70	30.70
Final dividend	-	13.16
Tax on distributed profits	7.13	9.29
Transfer to general reserve	-	1.03
	1,403.37	1,108.52
	1,919.01	1,639.09

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

	As at 31.03.17 ₹ in Million	As at 31.03.16 ₹ in Million
6. DEFERRED TAX LIABILITY		
Deferred tax liabilities		
Depreciation on fixed assets	38.44	37.35
Warranty Provision	-	11.73
	38.44	49.08
Deferred tax assets		
Provision for doubtful debts	13.81	11.25
Provision for Employee Benefit	1.29	-
	15.10	11.25
Net deferred tax liabilities	23.34	37.83
7. LONG TERM PROVISIONS		
Provision for unexpired warranty	6.10	6.46
Provision for employee benefits	81.68	-
	87.78	6.46
8. TRADE PAYABLES		
- Dues to micro, small and medium enterprises	14.78	0.78
- Dues to others	531.28	306.07
	546.06	306.85
9. OTHER CURRENT LIABILITIES		
Advances from customers	474.45	439.62
Unclaimed dividend	2.16	2.28
Payable for capital expenditure	10.96	5.25
Employee benefits payable	66.11	45.26
Statutory dues payable	12.91	9.72
	566.59	502.13
The amount of Unclaimed Dividend reflects the position as at March 31, 2017. During the year, the company has transferred an amount of ₹ 0.31 Million (Previous year ₹ 0.25 Million) to the Investors' education and protection fund in accordance with the provisions of section 125 of the Companies Act, 2013.		
10. SHORT TERM PROVISIONS		
Provision for employee benefits	1.12	5.76
Provision for unexpired warranty	12.58	13.19
Provision for Income Tax (Net of advance payment of taxes ₹ 328.83 Million)	5.36	-
Provision for final dividend	-	13.17
Provision for tax on distributed profits	-	2.68
	19.06	34.81

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

11. TANGIBLE ASSETS

₹ in Million

CLASS OF ASSETS	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	As on 01.04.16	Additions	Deductions/ Adjustment	As on 31.03.17	Upto 01.04.16	For the Year	On Deductions	Upto 31.03.17	As on 31.03.17
Freehold land	2.32	-	-	2.32	-	-	-	-	2.32
Leasehold land	(2.32)	-	-	(2.32)	-	-	-	-	(2.32)
Leasehold Improvement	1.15	-	-	1.15	0.51	0.01	-	0.52	0.63
	(1.15)	-	-	(1.15)	(0.50)	(0.01)	-	(0.51)	(0.64)
	29.31	-	-	29.31	11.29	1.37	-	12.66	16.65
	(13.72)	(15.59)	-	(29.31)	(10.62)	(0.67)	-	(11.29)	(18.02)
Buildings	206.88	59.77	-	266.65	59.72	6.71	-	66.43	200.22
	(172.16)	(35.42)	(0.70)	(206.88)	(55.00)	(5.36)	(0.64)	(59.72)	(147.16)
Plant & machineries	637.01	83.57	4.31	716.27	472.90	45.32	4.31	513.91	202.36
	(588.55)	(59.97)	(11.51)	(637.01)	(441.82)	(42.42)	(11.34)	(472.90)	(164.11)
Office Equipment	54.74	10.90	1.58	64.06	44.80	5.24	1.56	48.48	15.58
	(55.39)	(5.64)	(6.29)	(54.74)	(46.12)	(4.89)	(6.21)	(44.80)	(9.94)
Furniture & Fixtures	33.25	0.81	0.39	33.67	22.82	2.35	0.39	24.78	8.89
	(28.23)	(5.80)	(0.78)	(33.25)	(21.27)	(2.31)	(0.76)	(22.82)	(10.43)
Vehicles	74.39	5.90	5.12	75.17	41.41	10.65	4.69	47.37	27.80
	(68.95)	(12.05)	(6.61)	(74.39)	(34.86)	(12.98)	(6.43)	(41.41)	(32.98)
Total	1,039.05	160.95	11.40	1,188.60	653.45	71.65	10.95	714.15	474.45
Previous Year Total	(930.47)	(134.47)	(25.89)	(1,039.05)	(610.19)	(68.64)	(25.38)	(653.45)	(385.60)

12. INTANGIBLE ASSETS

CLASS OF ASSETS	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	As on 01.04.16	Additions	Deductions/ Adjustment	As on 31.03.17	Upto 01.04.16	For the Year	On Deductions	Upto 31.03.17	As on 31.03.17
Computer software	85.73	6.63	-	92.36	59.67	9.65	-	69.32	23.04
	(76.82)	(9.57)	(0.66)	(85.73)	(48.80)	(11.52)	(0.65)	(59.67)	(26.06)
Technical Knowhow	3.09	-	-	3.09	2.06	1.03	-	3.09	-
	(3.09)	-	-	(3.09)	(1.03)	(1.03)	-	(2.06)	(1.03)
Total	88.82	6.63	-	95.45	61.73	10.68	-	72.41	23.04
Previous Year Total	(79.91)	(9.57)	(0.66)	(88.82)	(49.83)	(12.55)	(0.65)	(61.73)	(27.09)

Notes:

- There are no adjustment to fixed assets on account of borrowing cost and exchange differences during the year.
- The fixed assets of the foreign subsidiary have been consolidated at the written down value as on the date of acquisition as the particulars of the original cost and accumulated depreciation are not available.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

13. NON CURRENT INVESTMENTS

₹ in Million

	Face value	Number As at 31.03.17	Cost As at 31.03.17	Number As at 31.03.16	Cost As at 31.03.16
Shares in Co-operative Societies (unquoted)					
Karamsad Urban Co-operative Bank Ltd.	10	1200	-	1200	0.01
Charotar Gas Sahakari Mandli Ltd.	500	10	0.01	10	0.01
			0.01		0.02
Other Investments					
Equity Shares (quoted)					
Abbott India Ltd.	10	-	-	100	0.01
BASF India Ltd.	10	-	-	276	0.01
Bayer Cropscience Ltd.	10	-	-	50	0.01
Clariant Chemical India	10	-	-	50	0.00
Dharamshi Morarji Chemicals Co. Ltd.	10	-	-	100	0.00
Excel Crop Care Ltd.	5	-	-	112	-
Excel Industries Ltd.	5	-	-	112	0.01
Futura Polyster Ltd.	10	100	0.00*	100	0.00
Glaxo Smithkline Pharmaceuticals Ltd.	10	-	-	122	0.01
GHCL	10	100	0.01	100	0.00
Hico Products Ltd.	10	-	-	625	0.01
IDI Ltd.	10	66	0.00*	66	0.00
Innovssynth Investments Ltd. (As per arrangement with Futura)	10	-	-	45	-
Kansai Nerolac Paints Ltd.	10	-	-	6,660	0.01
Nestle India Ltd.	10	-	-	93	0.01
Novartis (India) Ltd.	5	-	-	70	0.01
Piramal Enterprise Ltd.	2	-	-	399	-
Piramal phytocare Ltd. (formerly Piramal Life Sciences Ltd.)	10	-	-	39	-
Piramal Glass Ltd.	10	-	-	19	-
Peninsula Land Ltd.	2	-	-	1,040	0.00
Pfizer Ltd.	10	-	-	170	0.01
Skyline Millars Ltd.	1	1,406,000	1.93	1,406,000	1.93
Shubh Shanti Services Ltd.	10	25	0.00	25	0.00
Tata Chemicals Ltd.	10	-	-	161	0.01
United Phosphorus Ltd.	2	-	-	7,500	0.41
			1.94		2.45
Government Securities (quoted)					
Indian Railway Finance Corporation Ltd. (Bonds)	1000	4,350	4.35	4,350	4.35
			4.35		4.35
Total Investments			6.30		6.82
Aggregate amount of quoted investment			6.29		6.80
Market Value of quoted investment			8.95		17.11
Aggregate amount of unquoted investment			0.01		0.02
* The Cost of Investment in the Futura Polyster Ltd. is ₹ 385/- and IDI Ltd. ₹ 300/-					

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

	As at 31.03.17 ₹ in Million	As at 31.03.16 ₹ in Million
14. LONG TERM LOANS AND ADVANCES		
(Unsecured)		
Capital advances	0.92	2.80
Loans and advances to related party (Refer Note:33)	1.19	-
Balances with indirect tax authorities	2.80	3.39
Security deposits (including ₹ 0.17 Million consider doubtful) (previous year ₹ 0.17 Million)) [Refer Note : 28]	28.80	44.78
Less : Provision for doubtful security deposits	0.17	0.17
	28.63	44.61
Advance payment of taxes	-	5.00
(Net of provision for taxation ₹ 210.44 Million)	33.54	55.80

	Face value Rupees	Number As At 31.03.17	Cost As At 31.03.17 ₹ in Million	Number As At 31.03.16	Cost As At 31.03.16 ₹ in Million
15. CURRENT INVESTMENT					
In units of mutual funds, unquoted (Valued at lower of cost and fair value)					
IDFC SSIF Medium Term Plan A Growth	10	-	-	1,379,698	27.00
Reliance Dynamic Bond Fund Growth	10	1,776,287	37.10	632,586	10.31
Birla Sun Life Govt. Securities long term growth	10	-	-	606,632	21.87
Reliance Short Term Fund Growth	10	-	-	1,387,389	31.16
HDFC High Interest Fund Dynamie plan-Growth	10	-	-	283,306	11.57
ICICI Prudential Income Regular Plan Growth	10	-	-	210,936	8.10
HDFC Corporate Debt Opportunities Fund - Regular - Growth	10	875,350	10.00	875,350	10.00
Birla Sun Life Corporate Bond Fund - Regular - Growth	10	6,033,447	70.30	986,329	10.00
Birla Sun Life Cash Manager Growth	10	2,911	1.09	1,072	0.37
ICICI Prudential Short term Growth	10	1,369,318	45.00	-	-
Tata Short Term Bond Fund-Growth	10	1,358,581	40.00	-	-
Birla Sun Life Short Term Opportunity fund	10	3,097,541	84.00	-	-
HDFC Short Term Plan	10	942,948	30.00	-	-
Reliance Corporate Bond Fund-Growth	10	5,777,592	75.70	-	-
L&T Income Opportunities Fund - Growth	10	2,507,165	46.80	-	-
			439.99		130.38
Aggregate amount of unquoted investments			439.99		130.38

	As at 31.03.17 ₹ in Million	As at 31.03.16 ₹ in Million
16. INVENTORIES		
(Valued at lower of cost or Net realisable value)		
Raw materials	318.90	237.80
Work-in-progress	449.73	415.85
Finished goods (Including in transit ₹ 6.39 Million) (Previous year ₹ 9.06 Million)	29.15	37.20
Stores and spares	24.69	17.72
	822.47	708.57

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

	As at 31.03.17 ₹ in Million	As at 31.03.16 ₹ in Million
17. TRADE RECEIVABLES		
(Unsecured)		
Outstanding for a period over six months		
Considered good	28.67	12.07
Considered doubtful	33.99	32.12
	62.66	44.19
Other debts		
Considered good	670.37	474.72
Considered doubtful	25.43	15.20
	695.80	489.92
Less : Provision for doubtful debts	59.42	47.32
	699.04	486.79
18. CASH AND BANK BALANCES		
Cash and cash equivalents		
Balances with banks		
- In current accounts	310.34	310.56
- In deposit accounts with maturity less than three months	-	51.83
Cash and stamps on hand	0.69	1.09
Other bank balances		
- In deposit accounts with maturity greater than three months but less than twelve month	3.30	170.50
- In unpaid dividend accounts - earmarked balances	2.16	2.28
	316.49	536.26
19. SHORT TERM LOANS AND ADVANCES		
(Unsecured, considered good unless otherwise stated)		
Considered Good :		
Loans and advances to related parties (Refer Note: 33)	92.87	6.08
Loans and advances to employees	1.36	2.99
Other Loans and advances	5.33	1.34
Balance with central excise authorities	10.06	10.20
Prepaid expenses	22.04	13.75
Advance payment to suppliers	11.41	5.28
	143.07	39.64
Considered Doubtful :		
Other loans and advances	0.52	0.52
Less: Provision for doubtful advances	0.52	0.52
	-	-
	143.07	39.64
20. OTHER CURRENT ASSETS		
Interest accrued on deposits with banks	0.48	1.94
Unbilled Revenue	96.42	-
Accrued income	1.11	12.92
	98.01	14.86

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

	Year ended 31.03.17 ₹ in Million	Year ended 31.03.16 ₹ in Million
21. REVENUE FROM OPERATIONS		
Revenue from sale of products	3,743.03	3,064.18
Other operating revenues	38.16	29.66
	3,781.19	3,093.84
Less: excise duty	250.89	173.08
	3,530.30	2,920.76
22. OTHER INCOME		
Interest Income (Gross)		
- Non - current investments	0.35	0.97
- Deposits with banks	10.25	17.35
- Others	5.54	6.42
Dividend Income		
- Non - current investments	0.10	0.91
- Current Investments	-	0.01
Net Gain/ (Loss) on Sale of Investments		
- Non-Current Investments	10.75	-
- Current Investments	43.43	-
Other non-operating income		
- Bad debts recovered	0.18	0.67
- Profit on sales of fixed assets	0.87	2.37
- Miscellaneous Income	10.17	4.08
Net gain on foreign exchange translations	0.82	3.66
	82.46	36.44
23. COST OF RAW MATERIALS CONSUMED		
Opening stock of raw materials	255.13	244.09
Add: Purchases during the year	1,607.61	1,172.05
	1,862.74	1,416.14
Less: Closing stock of raw materials	343.58	255.13
Total	1,519.16	1,161.01
24. CHANGE IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS		
Inventory of finished good at the beginning of the year	37.20	51.43
Inventory of work in progress at the beginning of the year	415.85	447.29
	453.05	498.72
Inventory of finished good at the closing of the year	29.15	37.20
Inventory of work in progress at the closing of the year	449.73	415.85
	478.88	453.05
Change in inventories of finished goods and work-in-progress	(25.83)	45.67
25. EMPLOYEE BENEFITS EXPENSE		
Salaries and Wages	511.09	490.11
Contribution to provident and other funds	139.01	60.46
Staff welfare expenses	10.84	11.09
	660.94	561.66

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

	Year ended 31.03.17 ₹ in Million	Year ended 31.03.16 ₹ in Million
26. FINANCE COSTS		
Interest on bank overdraft	3.77	0.70
Other financial charges	5.23	6.18
	9.00	6.88

27. OTHER EXPENSES		
Power & fuel	147.75	160.97
Consumption of stores & spares	102.94	89.98
Repairs to machinery	39.11	27.23
Repairs to buildings	4.49	5.04
Repairs - others	2.62	2.79
Rent	46.15	44.76
Insurance	9.54	8.81
Rates & taxes	3.26	4.12
Royalty	15.48	-
Travel & conveyance	39.35	36.87
Communication	8.69	8.81
Bad debts written off	3.80	0.69
Provision for doubtful debts and advances	5.43	2.69
Provision for warranty expenses	0.85	3.75
Advertisement and sales promotion	6.13	12.40
Commission	1.12	0.92
Legal and professional fees	33.52	29.42
Freight outward	43.38	36.64
Payments to auditors	6.16	7.14
Expense on CSR activities	7.80	2.19
Foreign exchange loss	-	16.46
Miscellaneous expenses	65.40	60.39
	592.97	562.07

28. LONG TERM LOANS AND ADVANCES

Security Deposits include ₹ 27.73 million (previous year ₹ 30.70 million) of security deposits paid to Ready Mix Concrete Limited (a entity in which Key Managerial Person have significant influence) for use of three additional factory sheds taken under lease by the Group from November 01, 2012.

	As at 31.03.17 ₹ in Million	As at 31.03.16 ₹ in Million
29. OPERATING LEASE		
The Group's significant leasing arrangements are in respect of operating leases for factory shed/premises and guest house. These lease agreements range up to 36 months from the end of the current financial year and are usually renewable by mutual consent on mutually agreeable terms.		
The total future minimum lease payments under operating lease are as under:		
(i) Total Minimum lease payments		
Payable within one year	41.05	49.19
Payable later than one year and not later than five year	43.03	53.73
Payable after five years	-	-
(ii) Lease payment recognised in statement of profit and loss for the year	46.15	44.76
Refer Note no 27		

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

	As at 31.03.17 ₹ in Million	As at 31.03.16 ₹ in Million
30. CONTINGENT LIABILITIES AND COMMITMENTS		
1) Contingent liabilities		
a) Claim against the Group not acknowledged as debts		
i) Dispute relating to excise, service tax and sales tax	16.91	19.66
ii) Matter decided in favour of the Group where the income tax department has preferred appeals.	61.14	34.06
iii) Disputed demands relating to tax against which the company has preferred appeals.	12.51	37.84
b) Guarantee issued by bank	294.36	225.68
2) Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for	11.62	35.99

31. DISCLOSURES RELATED TO EMPLOYEE BENEFITS		
Defined contribution plans		
Contribution to defined contribution plans, recognised as expense for the year is as under :		
	₹ in Million	
	31.03.17	31.03.16
Employer's contribution to provident fund	7.55	7.11
Employer's contribution to superannuation fund	3.63	5.10
Employer's contribution to pension scheme	4.73	4.45
Defined Benefits Plans		
The amounts recognized in the Group's financial statements as at the year end are as under:		
	₹ in Million	
Pension Scheme	31.03.17	
Assumptions :		
Discount rate	0.70%	
Salary increase	0.50%	
Inflation rate	0.50%	
Interest on old age account	0.70%	
Lump sum payments at retirement	30.00%	
Mortality rates	BVG 2015GT	
Disability rates	BVG 2015	
Reconciliation of Funded Status as at 31.03.2017		
Present value of funded obligation	526.24	
Plan assets at fair value	(444.56)	
Under / (Over) funding	81.68	
Present value of unfunded obligation	-	
Asset not available to Company	-	
Net Liability / (asset)	81.68	
Net Liability reduced due to risk sharing	22.98	
Major Asset Categories at 31.03.2017		
Qualified Insurance Policy	453.45	
Cash	(8.89)	
Total	444.56	
Components of the Defined Benefit Obligation at 31.03.2017		
Defined benefit obligation for active employee	432.89	
Defined benefit obligation for vested terminations	-	
Defined benefit obligation for vested pensioners	93.36	
Total	526.24	
Projected Contribution for next year	11.93	
Notes: During the current year, in accordance with the applicable law as its subsidiary Mavag AG, Switzerland, cumulative defined benefit obligations amounting to ₹ 81.68 million has been provided for in the Consolidated financial statements.		

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

	As at 31.03.17 ₹ in Million	As at 31.03.16 ₹ in Million	As at 31.03.17 ₹ in Million	As at 31.03.16 ₹ in Million
	Gratuity (Funded)		Compensated Absences (Funded)	
a Assumptions :				
Discount rate	7.52%	8.08%	8.08%	8.08%
Rate of return on plan assets	7.52%	8.08%	8.08%	8.08%
Salary escalation	6.0%	7.0%	7.0%	7.0%
Mortality	Indian Assured Lives Mortality 2006-08 Ultimate Table	Indian Assured Lives Mortality 2006-08 Ultimate Table	Indian Assured Lives Mortality 2006-08 Ultimate Table	Indian Assured Lives Mortality 2006-08 Ultimate Table
b Table showing changes in benefit obligation:				
Liability at the beginning of the year	45.31	61.60	16.60	17.48
Interest cost	3.66	4.96	1.34	1.41
Current service cost	3.33	3.44	2.21	2.27
Benefit paid	(4.12)	(24.08)	(3.13)	(5.37)
Actuarial (gain) / loss on obligations	(2.64)	(0.62)	(3.93)	0.81
Liability at the end of the year	45.53	45.31	13.09	16.60
c Change in plan assets:				
Fair value of plan assets at the beginning of the year	40.03	47.56	16.11	18.06
Expected return on plan assets	3.23	3.83	1.30	1.45
Contributions	5.57	12.99	0.88	2.05
Benefit paid	(4.12)	(24.08)	(1.39)	(5.37)
Actuarial gain / (loss) on plan assets	(0.30)	(0.26)	(0.15)	(0.08)
Fair value of plan assets at the end of the year	44.43	40.03	16.75	16.11
Total actuarial gain / (loss) to be recognized	(2.34)	(0.35)	(3.78)	0.89
d Actual return on plan assets:				
Expected return on plan assets	3.23	3.83	1.30	1.45
Actuarial gain / (loss) on plan assets	(0.30)	(0.26)	(0.15)	(0.08)
Actual return on plan assets	2.94	3.57	1.15	1.38
e Amount recognized in the balance sheet:				
Liability at the end of the year	45.54	45.31	(13.09)	(16.60)
Fair value of plan assets at the end of the year	44.42	40.03	16.75	16.11
Net (liability) / asset recognized in the balance sheet	(1.12)	(5.28)	3.66	(0.48)
f Expenses recognized in the income statement:				
Current service cost	3.33	3.44	2.21	2.27
Interest cost	0.43	1.13	0.04	(0.05)
Net actuarial (gain) / loss to be recognized	(2.34)	(0.35)	(3.78)	0.89
Expense recognized in profit & loss	1.41	4.22	(1.52)	3.11

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

	As at 31.03.17 ₹ in Million	As at 31.03.16 ₹ in Million	As at 31.03.17 ₹ in Million	As at 31.03.16 ₹ in Million
g Balance sheet reconciliation:				
Opening net liability	5.27	14.04	0.48	(0.58)
Expenses as above	1.41	4.22	(1.52)	3.11
Employers contribution	(5.57)	(12.99)	(2.62)	(2.05)
Amount recognized in balance sheet	1.12	5.28	(3.66)	0.48
h Other Details:				
Gratuity is payable at the rate of 15 days salary for each year of service.				
Salary escalation is considered as advised by the Group which is in line with the industry practice considering promotion and demand and supply of the employees.				
i Category of assets:				
Insurer managed funds	44.42	40.03	16.75	16.11
j Experience Adjustment:				
Actuarial (Gains)/Losses on obligations				
- Due to experience	(0.89)	(0.50)	(3.20)	0.86
Actuarial (Gains)/Losses on plan assets				
- Due to experience	(0.30)	(0.26)	(0.15)	(0.08)
k Projected contribution for next year:	4.82	7.63	-	2.70

	Year ended 31.03.16	Year ended 31.03.16
32. EARNING PER SHARE		
a) Net profit for the year available to equity shareholders after Tax in ₹ Million	332.68	201.15
b) Weighted average number of equity shares during the year	14,617,500	14,617,500
c) Face value of equity share in ₹	2	2
d) Basic and diluted earnings per share ₹	22.76	13.76

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

33. RELATED PARTY DISCLOSURES

(I) List of related parties

(a) Parties where control exists:

- | | | |
|------------------------------|---|--------------------------------|
| (i) Ultimate Holding Company | : | Pfaudler International S.a.r.l |
| (ii) Holding Company | : | Pfaudler Inc. |

- | | | |
|--------------------------|---|---|
| (b) Subsidiary Companies | : | Karamsad Holdings Ltd.
Karamsad Investments Ltd.
GMM Mavag AG
Mavag AG |
|--------------------------|---|---|

- | | | |
|-------------------------|---|---|
| (c) Fellow Subsidiaries | : | Pfaudler GMBH
Pfaudler Balfour Ltd.
Edlon PSI Inc.
Suzhou Pfaudler Glass Lined Equipment Co. Ltd.
Glass Steel Parts and Services
Pfaudler s.r.l.
Pfaudler Limited
Pfaudler Rochester, USA
Pfaudler Process Solution Group U.K. Limited
Pfaudler LtdA, Brazil |
|-------------------------|---|---|

- | | | |
|------------------------------|---|--|
| (d) Key management personnel | : | Mr. Tarak Patel - Managing Director
Mr. Ashok Patel - Executive Director (MAVAG AG)
Mr. Ashok Pillai - Chief Operating Officer
Mr. Jugal Sahu - Chief Financial Officer
Ms. Mittal Mehta - Company Secretary |
|------------------------------|---|--|

- | | | |
|--|---|---|
| (e) Relative of Key management personnel | : | Mr. Ashok Patel (Father of Mr. Tarak Patel)
Mrs. Urmi Patel (Mother of Mr. Tarak Patel)
Mrs. Uttara Gelhaus (Sister of Mr. Tarak Patel)
Mrs. Payal Patel (Wife of Mr. Tarak Patel) |
|--|---|---|

- | | | |
|--|---|---|
| (f) Enterprises over which key managerial personnel have significant influence | : | Skyline Millars Ltd.
Ready Mix Concrete Ltd.
Ashok J Patel - HUF
J V Patel & Co. |
|--|---|---|

33. RELATED PARTY DISCLOSURES (Continued)

(II) Transactions with related parties

₹ in Million

Transaction	Holding Company		Fellow Subsidiaries		Key Management Personnel		Relative of Key Management Personnel		Other Related Parties			
	For the year ended	31.03.16	For the year ended	31.03.17	For the year ended	31.03.16	For the year ended	31.03.17	For the year ended	31.03.16	For the year ended	31.03.17
	31.03.17	31.03.16	31.03.17	31.03.16	31.03.17	31.03.16	31.03.17	31.03.16	31.03.17	31.03.16	31.03.17	31.03.16
Purchase of goods	0.16	0.17	6.90	8.82	-	-	-	-	3.31	-	5.07	-
Sale of goods	4.17	-	35.92	6.15	-	-	-	-	-	-	-	-
Services received	0.17	-	0.35	0.59	-	-	-	-	0.65	-	1.90	-
Royalty	15.48	-	-	-	-	-	-	-	-	-	-	-
Lease rent paid	-	-	-	-	-	-	-	-	30.40	-	28.48	-
Remuneration	-	-	-	-	33.06	26.67	-	-	-	-	-	-
Dividend paid	22.12	22.13	-	-	0.52	0.52	3.99	4.14	-	-	-	-
Advance received	-	-	4.55	-	-	-	-	-	-	-	-	-
Loan Given	-	-	90.18	-	-	-	-	-	-	-	-	-
Repayment of loan	-	-	-	-	2.40	-	-	-	-	-	-	-
Balance outstanding#												
Payables	-	-	5.77	-	13.05	7.40	-	-	3.14	-	2.42	-
Receivables	-	-	107.41	-	4.13	6.61	-	-	-	-	-	-
Deposit outstanding	-	-	-	-	-	-	-	-	27.73	-	30.70	-

Balance outstanding are exclusive of unrealised foreign exchange gain / loss

RELATED PARTY DISCLOSURES (Continued)

33. (III) Significant related party transactions are as under:

Nature of transactions	Name of party	Year ended 31.03.17 ₹ in Million	Year ended 31.03.16 ₹ in Million
Purchase of goods	Pfaudler GMBH	4.94	6.28
	Pfaudler s.r.l.	1.61	1.44
	Oerlikon Textile India Pvt. Ltd.	3.27	5.07
Sale of goods	Pfaudler GMBH	8.90	4.90
	Suzoh Pfaudler Glass Lined Equipment Co. Ltd.	1.60	1.25
Services received	Ready Mix Concrete Ltd.	0.48	1.07
Lease rent paid	Ready Mix Concrete Ltd.	29.39	27.49
Royalty	Pfaudler Inc.	15.48	-
Remuneration paid	Mr. Tarak Patel	16.82	10.83
	Mr. Ashok Pillai	8.25	7.42
	Mr. Jugal Sahu	6.44	1.10
Dividend paid	Pfaudler Inc.	22.12	22.13
Repayment of Loan	Mr. Ashok Pillai	2.40	-
Loan Given	Pfaudler GMBH	90.18	-
Balances outstanding as on March 31, 2017			
Payables	Pfaudler s.r.l.	1.22	-
	Ready Mix Concrete Ltd.	2.00	2.08
	Oerlikon Textile India Pvt. Ltd.	1.14	0.26
Receivables	Pfaudler GMBH	97.56	-
	Pfaudler s.r.l.	9.85	-
Advance received against order	Pfaudler LtdA.	4.55	-
Deposit outstanding	Ready Mix Concrete Ltd.	27.73	30.70
	GMM Mavag AG	2.32	2.32
Key managerial personnel			
Receivable	Mr. Ashok Pillai	4.13	6.61
Payable	Mr. Tarak Patel	11.00	5.50
	Mr. Ashok Pillai	1.60	1.25

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

34. SEGMENT REPORTING

(a) Primary segment reporting by business segment

₹ in Million

Particulars	Chemical Processing Equipment		Mixing Systems		Filtration / Separation Equipment & Others		Total
Year Ended	31.03.17	31.03.16	31.03.17	31.03.16	31.03.17	31.03.16	31.03.16
Revenue :							
Total external sales	2,209.46	1,836.16	171.55	183.25	1,149.29	901.35	2,920.76
Segment Results:							
Profit / (loss) before tax and interest	423.82	298.83	14.29	11.47	76.29	35.88	346.18
Unallocated expense (net)	-	-	-	-	-	-	41.31
Less: Interest	-	-	-	-	-	-	6.88
Profit / (loss) before tax	-	-	-	-	-	-	297.99
Taxes	-	-	-	-	-	-	96.84
Net profit after tax	-	-	-	-	-	-	201.15
Segment assets	1,347.89	1,040.83	117.15	82.38	572.56	676.20	1,799.41
Unallocated assets	-	-	-	-	-	-	756.98
Total assets	-	-	-	-	-	-	2,556.39
Segment liabilities	637.82	384.59	62.72	50.50	481.57	412.71	847.80
Unallocated liabilities	-	-	-	-	-	-	40.28
Total liabilities	-	-	-	-	-	-	888.08
Capital expenditure	148.30	107.71	3.79	11.81	14.57	20.36	139.88
Unallocated capital expenditure	-	-	-	-	-	-	4.15
Depreciation	61.19	53.69	2.83	3.40	13.15	18.93	76.02
Unallocated depreciation	-	-	-	-	-	-	5.17

(b) Secondary segment reporting by geographical segment:

1. Revenue

₹ in Million

Particulars	Within India		Outside India		Total
Year Ended	31.03.17	31.03.16	31.03.17	31.03.16	31.03.16
Revenue	2,497.75	2,124.22	1,032.55	796.54	2,920.76
Segment Assets	2,276.27	1,742.95	914.80	813.44	2,556.39
Capital Expenditure	159.02	144.03	8.56	8.42	152.45

Notes: 1) The Business segments have been identified in line with the Accounting Standard 17 on "Segment Reporting", taking into account the nature of product, the nature of manufacturing process, the class of customers, the organization structure and the internal financial reporting system.

2) Segment revenue, results, assets and liabilities include amounts that are directly attributable to the respective segments. Amounts not directly attributable have been allocated to the segments on the best judgment of the management in the absence of detailed internal financial reporting system. Expenses not directly allocable to the segments are treated as "Unallocated Expenses".

35. ADDITIONAL INFORMATION, AS REQUIRED UNDER SCHEDULE III TO THE COMPANIES ACT, 2013, OF ENTERPRISES CONSOLIDATED AS SUBSIDIARIES

Sr. No.	Name of the Entity	Net Assets i.e. total assets minus total liabilities		Share in profit or loss	
		As % of consolidated net assets	Amount ₹ in Million	As a % of consolidated profit or loss	Amount ₹ in Million
	Holding Company				
	GMM PfauDler Limited	85.13	1,658.50	84.82	282.19
	Subsidiaries				
	Indian -				
1	Karamsad Holdings Ltd.	0.24	4.67	0.03	0.10
2	Karamsad Investments Ltd.	0.23	4.53	0.03	0.11
	Foreign -				
1	GMM Mavag AG	16.66	324.53	0.73	2.42
2	Mavag AG	19.82	386.16	19.03	63.30
	Consolidation Adjustment	-22.08	(430.15)	-4.64	(15.44)
	Total		1,948.24		332.68

36. UN-HEDGED FOREIGN CURRENCY EXPOSURES AS AT THE YEAR END

in Million

Currency	As at 31.03.17				As at 31.03.16			
	Receivable		Payable		Receivable		Payable	
	INR		INR		INR		INR	
US Dollar	0.12	7.25	(0.04)	(2.76)	0.19	12.65	(0.05)	(3.01)
Euro	0.29	20.07	(0.06)	(4.14)	0.23	16.65	0.00	0.11
CHF	-	-	(0.00)	(0.11)	0.04	2.83	-	-
JPY	-	-	0.20	0.11	-	-	0.97	0.57

37. CURRENT LIABILITIES - DISCLOSURE UNDER MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006

The amount of dues owed to Micro, Small and Medium Enterprises as on March 31, 2017 amounted to ₹ 2.46 Million (Previous year ₹ 0.74 Million). This amount has been outstanding for more than 45 days at the Balance Sheet date. The 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 Group. This has been relied upon by the auditors.

₹ in Million

	2016-17	2015-16
Principal amount due to suppliers and remaining unpaid under MSMED Act, 2006	2.46	0.74
Interest accrued and due and unpaid to suppliers under MSMED Act, on the above amount interest paid	0.11	0.04
Payment made to suppliers (Other than interest) beyond the appointed day, during the year	0.74	4.05
Interest due and payable to suppliers under MSMED Act, for payments already made for the period of delay	0.04	0.20
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act	0.43	0.32
Amount of further interest remaining due and payable in succeeding year	-	-

38. RESEARCH AND DEVELOPMENT EXPENSES

Break-up of research and development expenses included in statement of profit and loss under below heads:

₹ in Million

	Year ended 31.03.17	Year ended 31.03.16
Material cost	0.22	0.31
Employee benefits expenses	10.02	8.87
Other expenses:		
Labour charges paid to subcontractors	1.78	1.65
Depreciation	0.09	0.20
	12.11	11.03

39. DISCLOSURE IN RELATION TO SPECIFIED BANK NOTE HELD AND TRANSACTED DURING THE PERIOD FROM 8TH NOVEMBER 2016 TO 30TH DECEMBER 2016

₹ in Million

Sr. No.	Particular	Specified Bank Notes	Other Denomination Notes	Total
1.	Closing cash in hand as on 08.11.2016	0.19	0.15	0.34
2.	(+) Permitted receipts	-	0.40	0.40
3.	(-) Permitted payments	-	0.45	0.45
4.	(-) Amount deposited in banks	0.19	-	0.19
5.	Closing cash in hand as on 30.12.2016	-	0.10	0.10

40. INFORMATION IN ACCORDANCE WITH THE REQUIREMENT OF THE ACCOUNTING STANDARD 7 : CONSTRUCTION CONTRACT

₹ in Million

Sr. No.	Particular	Amount
1.	Contract revenue recognise as per percentage of completion method	96.42
2.	Contract cost incurred upto the reporting date	65.71
3.	Recognised profit (1-2)	30.71
4.	Progress billings	-
5.	Due from customers	96.42
6.	Advance from customer	(14.42)

41. GOODWILL ON CONSOLIDATION

₹ in Million

Sr. No.	Particulars	As at 31.03.17	As at 31.03.16
1.	Opening Balance	121.43	114.60
2.	Add: On acquisition of subsidiaries during the year	-	-
3.	Add/ less: Exchange difference during the year on translation of Goodwill of foreign subsidiaries	(6.71)	6.83
4.	Less: On disposal of subsidiaries during the year	-	-
5.	Less: Accumulated impairment	-	-
	Total	114.72	121.43
	Goodwill arising on the acquisition of a foreign entity is translated at the closing rate.		

42. PREVIOUS YEARS FIGURES HAVE BEEN REGROUPED/RECLASSIFIED WHEREVER NECESSARY.

ROUTE MAP – VENUE OF AGM



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SALES & SERVICE OFFICES

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GMM Pfaudler

Defining the standard

CIN No. L29199GJ1962PLC001171

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