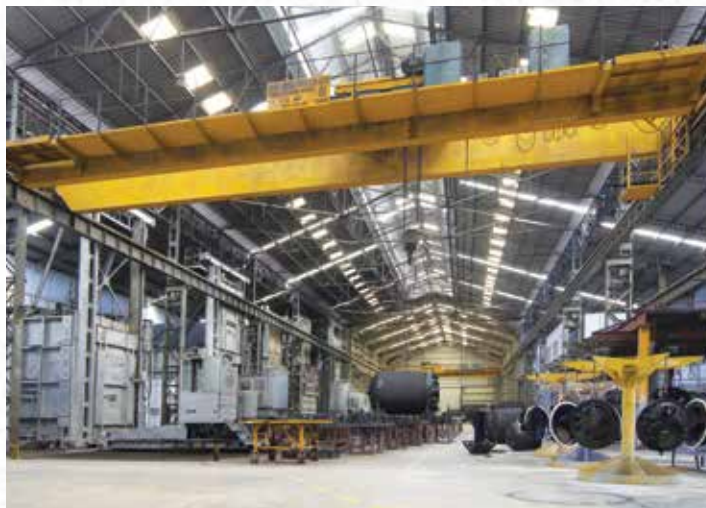


2015 2016 ANNUAL REPORT



GMM PFAUDLER LIMITED



Dear Shareholders,

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

We closed the year with a revenue of ₹ 2,296 million which was an increase of 2.5% over the previous year, our Profit After Tax increased by 7% to close at ₹ 184 million. In spite of the subdued economic environment our company managed to grow revenue and improve profitability. Our first quarter results were below our expectations, but as the year progressed we continued to improve every quarter and ended the year with a strong 4th quarter.

One of our key focus areas for the year was a company wide cost reduction initiative. Besides working on reducing procurement, subcontract, power & fuel and employee costs we have also revamped our procurement processes. By adding resources and creating multifunctional negotiation teams, we aim to reduce our costs even further. We are also working to improve our manufacturing efficiency by reducing waste, simplifying manufacturing processes and implementing best practices. Cost reduction is a long-term initiative for our company with new objectives and goals being set every year.

Another key initiative that we have been focusing on is Key Account Management. Through this initiative, we aim to improve revenues by being closer to our customers and increasing customer spend through cross-selling, relationship management and improved service & support.

To exploit the opportunities available to our company, we created a 5 year Strategic Plan – Mission 2020 which outlines the direction that our company will take to grow profitably and create value for all our stakeholders. Mission 2020 focuses on several aspects of the business including revenue and profitability targets with specific key result areas assigned to each division and to individuals. All the employees of our company are in the Mission 2020 journey together and we believe that by working together as a team and being accountable for our actions, we can achieve our goals.

Our company is in a position to leverage its healthy backlog, trusted brand and strong balance sheet to grow, but as we embark on our journey of growth, we should be careful not to lose sight of profitability. Even though it is a tough balancing act, I am confident that we can improve profitability in the coming period.

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 towards Mission 2020 we look forward to your continued support.

Best Regards,

Tarak Patel
Managing Director

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
 Argus Partners

BANKERS

State Bank of India
 Axis Bank Ltd.
 Citibank N.A.

REGISTERED OFFICE & WORKS

Vithal Udyognagar,
 Anand - Sojitra Road,
 Karamsad – 388 325, Gujarat.
 Tel.: +91 2692 661700 / 230416 / 230516
 Fax: +91 2692 661888 / 236467
 Email: worksko@gmmpfaunder.com

REGISTRAR & TRANSFER AGENTS

Link Intime India Pvt. Ltd.
 C-13, Pannalal Silk Mills Compound,
 L.B.S. Marg, Bhadup (West),
 Mumbai – 400 078, Maharashtra.
 Tel.: +91 22 25946970
 Fax: +91 22 25946969
 Email: rnt.helpdesk@linkintime.com

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BOARD OF DIRECTORS

Brief Profile



Mr. P Krishnamurthy

Mr. Krishnamurthy has over 25 years of experience in Corporate Management and Strategy, Restructuring, M&A, Internal Business and Joint Ventures, Financial Management & Banking including managing and supervising business units in India and abroad. He has served as Vice Chairman of JM Morgan Stanley, Director of JM Financial and Director of IL & FS Asset Management.

He is on the Board of Mumbai SEZ Limited, Urban Infrastructure Venture Capital Limited, Apodis Hotels & Resorts Limited, Repro India Limited and SICOM Limited.

Mr. Krishnamurthy, 67 years, has a B.Com (Hons.) degree and is an all India Rank Holder at the Institute of Chartered Accountants of India.



Mr. Tarak Patel

Mr. Tarak Patel has been appointed as Managing Director of the Company effective June 1, 2015. He has served as Executive Director of the Company since 2007.

He is on the Board of Skyline Millars Limited and Ready Mix Concrete Limited.

Mr. Patel, 40 years, has a BA in Economics from the University of Rochester, USA and a MBA jointly conferred by Columbia Business School, London Business School and University of Hong Kong (HKU) Business School.



Mr. Ashok Patel

Mr. Ashok Patel has over 45 years of experience in the capital goods industry. He has been serving as Director of GMM Pfaudler Limited since 1972 and was a Managing Director of the Company from 1988 to 2015.

He is currently the Executive Chairman of Company's subsidiary Mavag AG. He is on the Board of Skyline Millars Limited, Ready Mix Concrete Limited, Karamsad Holdings Limited and Karamsad Investments Limited.

Mr. Patel, 72 years, has a B. Sc degree from the University of Manchester Institute of Science & Technology, UK and a MBA from the Columbia University, USA.



Dr. S. Sivaram

Dr. S. Sivaram is a Polymer Chemist by profession, mentor and science manager of distinction. He is a former director of the National Chemical Laboratory, Pune. Currently is a fellow of the Indian Institute of Science Education and Research (IISER), Pune. He has authored two hundred and ten papers in peer-reviewed journals, edited two books and authored one book. He has forty-nine issued US and European patents and fifty-two Indian patents to his credit. Dr. Sivaram is a highly decorated Scientist with numerous awards to his credit. He was conferred Padma Shri by the President of India in 2006.

Dr. Sivaram serves on the Board of Apcotex Industries Limited, Asian Paints Limited, Deepak Nitrite Limited and Supreme Petrochem Limited.

Dr. Sivaram, 69 years, is an alumnus of IIT-Kanpur (MSc. 1967). He has a PhD in Chemistry from Purdue University, W. Lafayette, Indiana, USA.

BOARD OF DIRECTORS

Brief Profile



Dr. Amrita Patel

Dr. Amrita Patel, is the former Chairperson of National Dairy Development Board (NDDDB) and was responsible for the implementation of national diary programme, Operation Flood-the largest programme in the world using food aid for development.

Dr. Patel has played a leading role in advocacy of environment protection and stability. She is strongly committed to healthcare services for rural people and women in particular. Dr. Patel is currently Chairperson of Charutar Arogya Mandal, Karamsad, Foundation of Ecology Security, Anand and Sardar Patel Renewable Energy Research Institute, Vallabh Vidya Nagar. Dr. Patel is a Trustee of Sir Dorabji Tata Trust and Sardar Patel Trust. She is on the Board of Society for Promotion of Wastelands Development, New Delhi.

Dr. Patel, 72 years, BVSc & AH, has been conferred the Padma Bhushan and numerous other awards and honorary degrees.



Mr. Thomas Kehl

Mr. Thomas Kehl is the Chairman on the Board of Pfaudler Inc. Before joining Pfaudler, Mr. Thomas Kehl was the President and CEO of Coperion Group. Prior to this position he was responsible for Coperion's Compounding Machines and Service business. His extensive experience in the industry includes two years as CEO of Freudenberg Nonwovens and several executive positions within the Hoechst Group and their subsidiaries. His international experience includes five years in various management positions in the USA

Mr. Kehl, 56 years, holds a degree in Marketing and General Management from The University for Applied Sciences Mainz.



Mr. Tom Alzin

Tom Alzin is a Director at Deutsche Beteiligungs AG (DBAG), a leading German private equity Company. He has been with DBAG since 2004. He currently sits on the Boards of FDG Group and Pfaudler Process Solutions Group.

Mr. Alzin, 36 years, studied business administration at HEC Lausanne, Switzerland, and the London School of Economics, United Kingdom.



Mr. Khurshed
Thanawalla

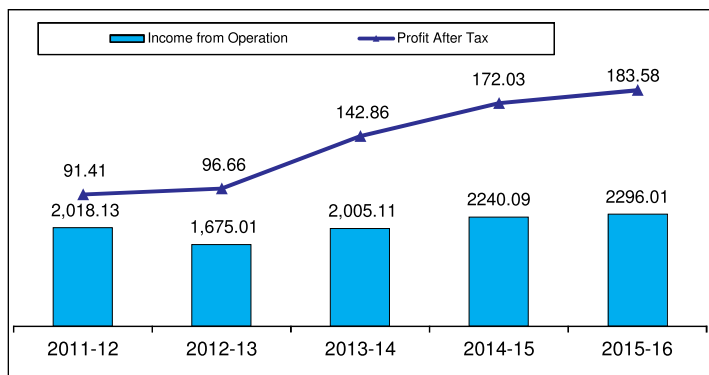
Mr. Khurshed Thanawalla is the Country Representative – India for Oerlikon Group.

He serves on the Board of Stovec Industries Ltd.

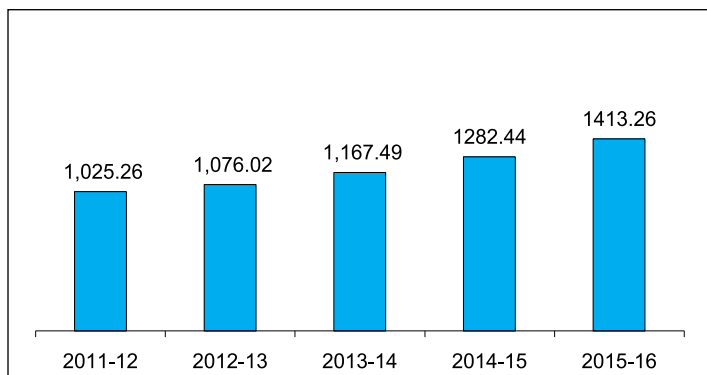
Mr. Thanawalla, 73 years, is a Fellow of the Institute of Chartered Securities and Administrators of London and the British Institute of Management. He is the associates of the Textile Institute, UK.

FIVE YEAR FINANCIAL HIGHLIGHTS 2011-2012 TO 2015-2016

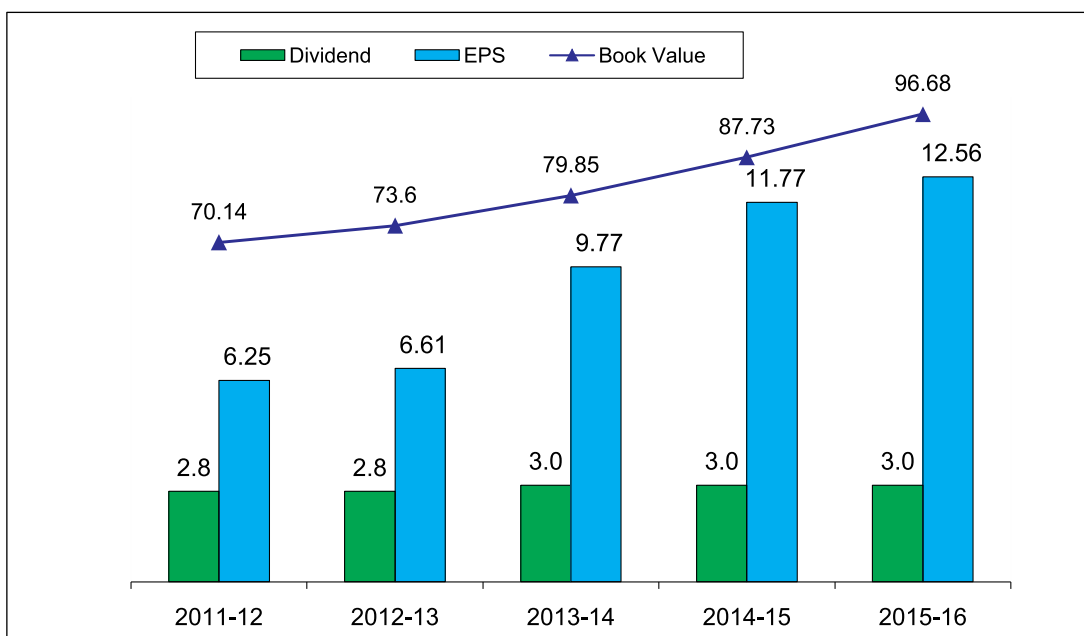
Income from Operation & Profit After Tax (₹ in Millions)



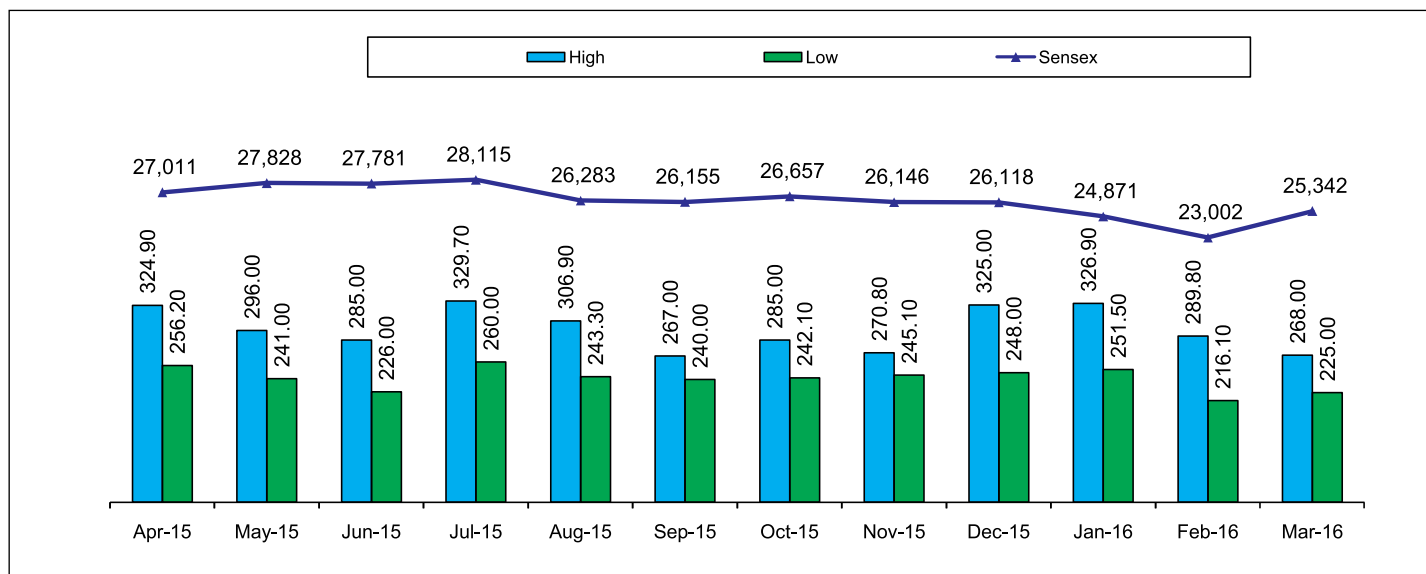
Networth (₹ in Millions)



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



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



NOTICE:

NOTICE is hereby given that the Fifty Third Annual General Meeting of GMM Pfudler Limited ("the Company") will be held on Friday, September 23, 2016 at 12.00 noon at Sardar Vallabhbhai Patel and Veer Vithalbhai 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, 2016, together with the Reports of the Board of Directors and Auditors thereon.
2. To confirm the payment of three interim dividends paid during the financial year ended March 31, 2016 and to declare final dividend for the financial year ended March 31, 2016.
3. To appoint a Director in place of Mr. Khurshed Thanawalla (holding Director Identification Number 00201749), who retires by rotation in terms of Section 152(6) of the Companies Act, 2013 and being eligible offers himself for re-appointment.
4. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 ("the Rules") (including any Statutory modification(s) or re-enactment thereof for the time being in force), M/s. Deloitte Haskins & Sells LLP, Chartered Accountants (ICAI Firm Registration No. 117366W), who have offered themselves for re-appointment and have confirmed their eligibility to be appointed as Statutory Auditors in terms of provisions of Section 141 of the Act, and Rule 4 of the Rules, be and are hereby re-appointed as Statutory Auditors of the Company and to hold the office from the conclusion of this Annual General Meeting until the conclusion of the 57th Annual General Meeting of the Company on such remuneration as may be agreed upon by the Audit Committee and the Board of Directors in consultation with the said Auditors."

SPECIAL BUSINESS:

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions, if any, 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 remuneration of ₹ 125,000 plus service tax as applicable and reimbursement of out-of-pocket expenses, as approved by the Board of Directors of the Company, payable to M/s. Dalwadi & Associates, Cost Accountants, (ICWA Registration No. 8996) for conducting cost audit of the Company for the financial year 2016-17, be and is hereby ratified."

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. PROXY TO BE EFFECTIVE MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

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. 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.
- iii. The Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013, relating to the Special Business to be transacted at the Meeting is annexed hereto.
- iv. Details pursuant to Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2016 ("the Listing Regulations") in respect of Director retiring by rotation and being reappointed is given in the Report on Corporate Governance forming part of this Annual Report.
- v. Auditor's appointment requires Special Resolution:

M/s. Deloitte, Haskins & Sells LLP, Chartered Accountants were appointed as the Statutory Auditors of the Company for the financial year 2015-16 at the 52nd Annual General Meeting of the Company. Pursuant to the provisions of Section 139 of the Companies Act, 2013, the Statutory Auditors should be appointed for a term of five consecutive years. It is therefore proposed to consider the continuation of the term of M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, as the Statutory Auditors of the Company for the remaining period of 4 years i.e. from the conclusion of this 53rd Annual General Meeting up to the conclusion of 57th Annual General Meeting, subject to ratification by Members at each Annual General Meeting.

The Company has received a confirmation from M/s. Deloitte Haskins & Sells LLP, regarding their eligibility and willingness to continue as Statutory Auditors. The necessary resolution in respect of the continuation of the term has been included in the AGM Notice for your approval. 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.

- vi. The Register of Beneficial Owners, Register of Members and Share Transfer Books of the Company will remain closed from Saturday, September 17, 2016 to Friday, September 23, 2016 (both days inclusive).
- vii. Final dividend of ₹ 0.90 per Equity Share of ₹ 2 each, as recommended by the Board of Directors, if approved by the Members at this Annual General Meeting, will be paid to the Members whose name appears on the Register of Members as on September 17, 2016 and to the Beneficial Owners of shares as on September 23, 2016, as per details furnished by the Depositories for this purpose.
- 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 Transferred 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"). The details of dividend paid for the financial year 2009-10 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
15-Oct-2009	2nd Interim Dividend (2009-10)	₹ 0.70	21-Oct-2016
25-Jan-2010	3rd Interim Dividend (2009-10)	₹ 0.70	31-Jan-2017
26-Apr-2010	4th Interim Dividend (2009-10)	₹ 0.70	2-May-2017
27-Jul-2010	1st Interim Dividend (2010-11)	₹ 0.70	2-Aug-2017

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.gmmpfaunder.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 replies at the Meeting.
- xii. Annual Report for the financial year 2015-16 along with the Notice of 53rd 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.

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.gmmpfaunder.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 16, 2016.

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

Commencement of e-voting	From 10 a.m. (IST) on September 20, 2016
End of e-voting	Upto 5 p.m. (IST) on September 22, 2016

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 a 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 scrutinize 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 (AGM). 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 2, 2016

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.5

The Board, based on the recommendation of the Audit Committee, approved the appointment of M/s. Dalwadi & Associates, Cost Accountants (ICWA Registration No. 8996) as Cost Auditors for conducting the Cost Audit of the Company for the financial year 2016-17 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. 5.

The Board recommends the resolution set forth in Item No. 5 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 2, 2016

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

BOARD'S REPORT

To the Members:

The Directors have pleasure in presenting the Fifty Third Annual Report along with the Audited Financial Statement of the Company for the year ended March 31, 2016.

1. SUMMARY OF THE FINANCIAL RESULTS (STANDALONE):

₹ in Million

	Year ended 31.03.16	Year ended 31.03.15
Sales and Other Operating Income	2,296.01	2,240.09
Profit before tax	278.07	261.04
Profit after tax	183.58	172.03
Surplus brought forward	891.95	794.20
Amount available for appropriation	1075.53	966.23
Appropriations:		
Interim Dividends	30.70	30.70
Final Dividend	13.16	13.16
Tax on distributed profit	8.90	8.50
	52.76	52.36
Transfer to General Reserve	-	17.20
Depreciation on assets whose remaining useful life is nil, recognized in retained earning	-	4.72
Surplus Carried Forward to Profit & Loss Account	1022.77	891.95
	1075.53	966.23
Per share data (₹)		
Face value of Equity Share	2.00	2.00
Dividend per share	3.00	3.00
Market Price of Shares		
High	329.70	376.90
Low	216.10	102.60
Close on March 31	251.90	285.70
Earnings Per share	12.56	11.77

The Company's Sales & Other Operating income for the financial year ended March 31, 2016 was ₹ 2,296.01 million as compared to ₹ 2,240.09 million in the previous year registering a growth of 2.5%.

Profit before tax for the financial year increased by 6.5% to ₹ 278.07 million from ₹ 261.04 million in the previous year. Profit after tax increased by 6.7% to ₹ 183.58 million from ₹ 172.03 million in the previous year.

2. DIVIDEND:

During the year under review, the Board of Directors approved payment of 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 ₹ 6.24 million).

Based on the performance of the Company for the year and in view of the track record of the Company, the Board of Directors is pleased to recommend a final dividend of ₹ 0.90 per equity shares amounting to ₹ 13.16 million (excluding dividend tax of ₹ 2.67 million), subject to approval of the Shareholders at the Annual General Meeting.

The aggregate amount of interim dividends paid during the year and the final dividend recommended for the year amounts to ₹ 3.00 per share i.e. ₹ 43.86 million (excluding dividend tax of ₹ 8.90 million).

3. 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 Companies for the year ended March 31, 2016 is set out as '**Annexure A**' forming a part of this Report.

4. MANAGEMENT DISCUSSION AND ANALYSIS:

Management Discussion & Analysis Report for the year under review as required under Regulation 24 of the Listing Regulations is presented in a separate section forming a part of this Report.

5. 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 Report on CSR activities as required under Companies (Corporate Social Responsibility) Rules, 2014, including a brief outline of the Company's CSR Policy, total amount to be spent under CSR for the financial year, amount unspent and the reason for the unspent amount, is set out at '**Annexure B**' forming a part of this Report.

6. 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 making the 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 for their approval and before the Board for their consideration and noting.

All related party transactions that were entered into by the Company during the financial year were in the ordinary course of business and on an 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 41 to the Financial Statements.

7. 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 on the Company's website under the Investors Section at www.gmmpfaudler.com.

8. DIRECTORS AND KEY MANAGERIAL PERSONNEL:

Mr. Jugal Sahu has been appointed as the Chief Financial Officer of the Company w.e.f. January 19, 2016.

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 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.

The present composition of the Board is in compliance with the provisions of Section 149 of the Companies Act, 2013.

Pursuant to the provisions of Section 152 of the Companies Act, 2013, Mr. Khurshed Thanawalla 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.

9. DIRECTOR'S 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 March 31, 2016, the Board of Directors hereby confirm that:

- a. in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b. 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, 2016 and of the profit / loss of the Company for that year;
- c. 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;
- d. the annual accounts of the Company have been prepared on a going concern basis;
- e. 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;
- f. proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

10. MEETINGS OF THE BOARD:

Five (5) Meetings were held during the financial year ended March 31, 2016. The details of the Board Meetings with regard to their dates and attendance of each of the Directors thereat have been provided in the Report on Corporate Governance forming a part of this Report.

11. FAMILIARIZATION PROGRAMME FOR INDEPENDENT DIRECTORS:

The Company proactively keeps its Directors informed of the activities of the Company its management and operations and provides an overall industry perspective as well as issues being faced by the industry. The Policy on Familiarization Programme adopted by the Board and details of various familiarization programmes conducted during the year ended March 31, 2016 are available on the Company's website under the Investors Section at www.gmmpfaudler.com.

12. AUDIT COMMITTEE:

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

13. NOMINATION, REMUNERATION AND EVALUATION POLICY:

The Board of Directors 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.

14. 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:

(a) For Independent Directors:

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

(b) 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.

15. 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 2015-16.

16. 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.

17. 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.

18. PARTICULARS OF LOANS, INVESTMENTS AND GUARANTEES:

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. No corporate guarantees have been given during the financial year.

19. AUDITORS:

a) Statutory Auditors

M/s. Deloitte, Haskins & Sells LLP, Chartered Accountants were appointed as the Statutory Auditors of the Company for the financial year 2015-16 at the 52nd Annual General Meeting of the Company. Pursuant to the provisions of Section 139 of the Companies Act, 2013, the Statutory Auditors should be appointed for a term of five consecutive years. It is therefore proposed to consider the continuation of the term of M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, as the Statutory Auditors of the Company for the remaining period of 4 years i.e. from the conclusion of this 53rd Annual General Meeting up to the conclusion of 57th Annual General Meeting, subject to ratification by Shareholders at each Annual General Meeting.

The Company has received a confirmation from M/s. Deloitte Haskins & Sells LLP, regarding their eligibility and willingness to continue as Statutory Auditors. The necessary resolution in respect of the continuation of the term has been included in the AGM Notice for your approval.

The Auditors Report for the financial year ended March 31, 2016 report does not contain any reservation, qualification or adverse remark.

b) Cost Auditors

Pursuant to the provisions of Section 148 of the Companies Act, 2013 read with Companies (Cost Records and Audit) Rules, 2014, the cost accounting records maintained by the Company in respect of its manufacturing activities are required to be audited by a Cost Auditor. As per the recommendation of the Audit Committee, the Board of Directors at their meeting held on May 10, 2016, has appointed M/s. Dalwadi & Associates, Cost Accountants as the Cost Auditors of the Company for the financial year 2016-17.

As required under the Companies Act, 2013, the remuneration payable to the Cost Auditor is required to be placed before the Members in a general meeting for their ratification. Accordingly, a resolution seeking Members' ratification for the remuneration payable to M/s. Dalwadi & Associates, Cost Auditors is included in the notice convening the Annual General Meeting of the Company.

c) Internal Auditors

During the year under review, M/s. PAM & Associates, Chartered Accountants have resigned as Internal Auditors of the Company w.e.f. August 31, 2015. As per the recommendation of the Audit Committee, the Board of Directors has appointed M/s. Kalyaniwalla & Mistry, Chartered Accountants as Internal Auditors of the Company.

d) Secretarial Audit

Provisions of Section 204 of the Companies Act, 2013 and Rules made there under, the Board of Directors has appointed M/s. Rathi and Associates, Practicing Company Secretaries for conducting Secretarial Audit of the Company for the financial year 2015-16.

Secretarial Audit Report is set out at '**Annexure D**' forming a part of this Report. The Secretarial Auditors Report for the financial year ended March 31, 2016 does not contain any reservation, qualification or adverse remark.

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

Except as disclosed elsewhere in this report, no material changes and commitments which could affect the Company's financial position have occurred between the end of the financial year of the Company and date of this Report.

21. 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.

22. 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 is set out at '**Annexure F**' forming a part of this Report.

23. EXTRACT OF ANNUAL RETURN:

Extract of the Annual Return for the financial year ended March 31, 2016 as provided under Section 92(3) of the Companies Act, 2013 Act is set out at '**Annexure G**' forming a part of this Report.

24. GENERAL:

- i) The Company has not issued any shares with differential rights and hence no information as per provisions of Section 43(a)(ii) of the Companies Act, 2013 read with Rule 4(4) of the Companies (Share Capital and Debenture) Rules, 2014 is furnished.
- ii) The Company has not issued any sweat equity shares during the year under review and hence no information as per provisions of Section 54(1)(d) of the Companies Act, 2013 read with Rule 8(13) of the Companies (Share Capital and Debenture) Rules, 2014 is furnished.
- iii) The Company has not issued any equity shares under Employees Stock Option Scheme during the year under review and hence no information as per provisions of Section 62(1)(b) of the Companies Act, 2013 read with Rule 12(9) of the Companies (Share Capital and Debenture) Rules, 2014 is furnished.
- iv) During the year under review, there were no instances of non-exercising of voting rights in respect of shares purchased directly by employees under a scheme pursuant to Section 67(3) of the Companies Act, 2013 read with Rule 16(4) of Companies (Share Capital and Debentures) Rules, 2014 is furnished.
- v) During the year under review, 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 thereunder.
- vi) During the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

ACKNOWLEDGEMENT:

The Board of Directors of the Company acknowledge with gratitude the support received from the shareholders, bankers, customers, suppliers and business partners. The Directors recognize and appreciate the efforts of all employees that contributed to the performance 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 2, 2016

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

'ANNEXURE A' TO DIRECTOR'S REPORT

PERFORMANCE OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE COMPANIES

(Information in respect of each subsidiary / Associate Companies / Joint Venture Companies.

As on financial year ended on March 31, 2016

₹ In Millions

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, 68.70	CHF, 68.70
3	Share capital	3.50	2.60	343.50	103.05
4	Reserves and Surplus	1.07	1.83	(2.44)	245.24
5	Total Assets	4.58	4.44	344.21	691.35
6	Total Liabilities	0.01	0.01	3.14	343.06
7	Investments	-	-	343.50	-
8	Turnover	-	-	1.72	669.12
9	Profit before taxation	0.27	0.22	1.54	11.88
10	Provision for taxation	0.06	0.04	-	2.32
11	Profit after taxation	0.21	0.18	1.54	9.58
12	Proposed Dividend	-	-	-	-
13	% of shareholding	100%	100%	100%	100%

For and on behalf of the Board of Directors

P. Krishnamurthy
Chairman
DIN : 00013565

Tarak Patel
Managing Director
DIN : 00166183

Place: Mumbai
Date: August 2, 2016

'ANNEXURE B' TO DIRECTOR'S REPORT

ANNUAL REPORT ON 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 the below keystones:

- 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 allow individual employees to contribute in the various programs.
- d. 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 our CSR activities as it has been carrying out over the years in the areas of education and healthcare. In particular, the Company will undertake CSR activities as specified in Schedule VII to the Companies Act, 2013 (including any amendments thereto).

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. Tarak Patel - Member
- Mr. Ashok Patel - Member
- Dr. Amrita 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 : ₹ 202.95 million.

- 4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above) ₹ 4.06 million.**

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

(a) Total amount spent for the financial year: ₹ 2.18 million

(b) Amount unspent, if any: ₹ 3.46 million

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

₹ in Millions

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
1	Maintenance of facilities	Ensuring environmental sustainability	Karamsad, Anand, Gujarat	0.48	0.48	0.48	Through implementing agency - Sardar Patel Trust.
2	Vocational Skill Development	Promoting education and enhancing vocational skills	Karamsad, Anand, Gujarat	0.20	0.20	0.20	Through implementing agency – J V Patel ITI
3	Promoting rural healthcare	Promoting healthcare including preventive healthcare	Karamsad, Anand, Gujarat	2.23	1.50	1.50	Through implementing agency - Charutar Arogya Mandal for project "Sparsh".
			Total	2.91	2.18	2.18	

6. 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 identified various projects aimed at promoting rural health, education and enhancing vocational skills in Anand District of Gujarat where the Company's registered office is situated. The Company plans to spend the unspent CSR amount in these projects by the end of the financial year 2016-17.

7. 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 2, 2016

'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.

This Policy is in compliance with provisions of Section 178 of the Companies Act, 2013 read with the applicable Rules thereto 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 has regard to:

- 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

- At least 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 the 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 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 shall 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 its 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 define corporate objectives & plans
- communication of expectations & concerns clearly with subordinates
- obtain adequate, relevant & timely information from external sources.
- review & approval 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 2, 2016

'ANNEXURE D' TO DIRECTOR'S REPORT

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31.03.2016

[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 Pfaunder Limited

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 Pfaunder 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 March 31, 2016, 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 Pfaunder Limited ("the Company") as given in Annexure I, for the Financial Year ended on March 31, 2016, 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, 1992 (effective upto May 14, 2015) and the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (with effect from May 15, 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 to the Company 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 Listing Agreements entered into by the Company with Stock Exchange(s) (effective upto November 30, 2015) and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (effective from December 1, 2015);

During the financial year under report, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the fact that M/s. Deloitte, Haskins & Sells LLP, Chartered Accountants were appointed as the Statutory Auditors of the Company for the Financial Year 2015-16 at the 52nd Annual General Meeting of the Company held on September 28, 2015 and the said Auditors are proposed to be re-appointed for further term of four years at the ensuing 53rd Annual General Meeting.

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. The changes in the composition of the Board of Directors that took place during the year under review were carried out in compliance with the provisions of the Act.

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.

Majority decision is carried through while the dissenting Members' views, if any, are captured and recorded as part of the minutes.

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
COP NO. 3030

Place: Mumbai
Date: May 10, 2016

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, 2015.
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 on Related Parties Transactions, Policies on Material Subsidiaries, Whistle Blower Policy, Corporate Social Responsibility Policy, Annual Evaluation Policy, Risk Management Policy, Nomination & Remuneration Policy, Code of Conduct for Directors and Senior Management Executives, Code for prevention of insider trading.
6. Statutory Registers viz.
 - Register of Directors & KMP
 - Register of Directors' Shareholding
 - Register of Contracts with Related party and contracts and Bodies etc. in which directors are interested
 - Register of Renewed and Duplicate Share Certificate
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 Listing Agreement and SAST Regulations during the financial year under report.

ANNEXURE – II

To
The Board of Directors of
GMM Pfudler Limited

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 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
COP NO. 3030

Place: Mumbai
Date: May 10, 2016

'ANNEXURE E' TO DIRECTOR'S 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 old air conditioners with energy efficient 5 Star rated air conditioners.
2. Installed 6.72 KW of LED lighting to replace 26.4 KW of mercury vapor lamps.
3. Optimized utilization of natural gas furnaces to reduce production cost and energy footprint.
4. Installed Variable Frequency Drives (VFD) in overhead cranes and welding rotators to reduce power consumption.
5. Upgraded 5 welding machines to inverter based technology to reduce power consumption.
6. Retrofitted both 50 KW furnaces with new generation insulation material and heating elements to reduce heat losses and improve heating.

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

The Company owns and maintains Wind Mills with a total generating capacity of 1.8 MW. The windmills generate about 2 million units per annum.

(c) Capital investment on energy conservation equipments: ₹ 3.86 million

(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 three years reckoned from the beginning of the 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 31.03.16	Year ended 31.03.15
Capital Expenditure	-	-
Recurring Expenditure	11.03	9.01
Total	11.03	9.01
Total R & D Expenditure as % of Total Turnover	0.48%	0.40%

(C) Foreign exchange earnings and Outgo:

₹ in Million

Particulars	Year ended 31.03.16	Year ended 31.03.15
Actual Foreign Exchange earnings	166.93	350.87
Actual Foreign Exchange Outgo	85.83	103.65

For and on behalf of the Board of Directors

P. Krishnamurthy
Chairman
DIN : 00013565

Tarak Patel
Managing Director
DIN : 00166183

Place: Mumbai
Date: August 2, 2016

‘ANNEXURE F’ TO DIRECTOR’S 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 2015-16:**

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. Thomas Kehl - Non-Executive Director (appointed w.e.f. May 19, 2015) #	N.A.	N.A.
Mr. Khurshed Thanawalla - Non-Executive Director (appointed w.e.f. June 30, 2015) *	N.A.	N.A.
Mr. Tom Alzin - Non-Executive Director (appointed w.e.f. July 7, 2015) #	N.A.	N.A.
Mr. Tarak Patel (Appointed as Managing Director w.e.f. June 1, 2015)	N.A.	N.A.
Mr. Ashok Patel (Resigned as Managing Director and appointed as Non Executive Director w.e.f. May 31, 2015)	N.A.	-
Mr. Ashok Pillai, Chief Operating Officer	17%	15.20
Mr. Jugal Sahu, Chief Financial Officer (appointed w.e.f. January 19, 2016)	Nil	-
Mr. Amar Nath Mohanty, Chief Financial Officer (resigned w.e.f. October 26, 2015)	18%	10.90
Ms. Mittal Mehta, Company Secretary & Compliance Officer	9%	3.00

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

Sitting fee waiver given.

2. **The percentage increase in the median remuneration of employees in the financial year: 15.8%**
3. **The number of permanent employees on the rolls of the Company: 327**
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. 2015-16 was 4.3%, whereas the decrease in the managerial remuneration for the same financial year was 6.7%. This computation is based on the reported employees cost for the financial year 2015-16 as compared to the previous financial year.

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 2015-16:

Name	Designation	Remuneration ₹ In million	Qualifications	Experience (in years)	Joining date	Age (in years)	Last employment
Mr. Tarak Patel	Managing Director (appointed w.e.f. 01/06/2015)	11.04 per annum	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	15	15/01/2001	40	-

Notes: (i) The employment of Mr. Tarak Patel is contractual.

(ii) Mr. Tarak Patel (along with his 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 2, 2016

'ANNEXURE G' TO DIRECTOR'S REPORT

EXTRACT OF ANNUAL RETURN AS ON FINANCIAL YEAR ENDED ON MARCH 31, 2016

[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 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-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai – 400 078 Tel: +91 22 2594 6970 Fax: +91 22 2594 6969 Email: rnt.helpdesk@linkintime.com

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 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	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.	7,372,475	-	7,372,475	50.44	7,374,307	910	7,375,217	50.46	0.02
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
Sub-total (A)(2):	7,372,475	-	7,372,475	50.44	7,374,307	910	7,375,217	50.46	0.02
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	10,963,125	-	10,963,125	75.00	10,964,957	910	10,965,867	75.02	+0.02
B. Public Shareholding									
(1) Institutions									
a) Mutual Funds	157,869	-	157,869	1.08	252,299	-	252,299	1.73	0.65
b) Banks / FI	433	225	658	-	433	225	658	-	-
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) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):	212,750	225	212,975	1.45	307,180	225	307,405	2.10	+0.65
(2)Non-Institutions									
a) Bodies Corp.									
i) Indian	469,770	75	469,845	3.21	471,480	75	471,555	3.23	+0.02
ii) Overseas	-	-	-	-	-	-	-	-	-

b) Individuals									
i) Individual share-holders holding nominal share capital upto ₹ 1 lakh	2,281,114	278,420	2,559,534	17.51	2,150,968	270,240	2,421,208	16.56	-0.95
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	176,919	118,125	295,044	2.02	207,197	118,125	325,322	2.22	+0.20
c) Any Other (Clearing member)	37,843	-	37,843	0.26	34,174	-	34,174	0.23	-0.03
c-i) Any Other (Trust)	20,732	-	20,732	0.14	20,732	-	20,732	0.14	-
c-ii) Any Other (Non Resident Indians)	57,617	785	58,402	0.40	70,452	785	71,237	0.49	+0.09
Sub-total(B)(2):	3,043,995	397,405	3,441,400	23.54	2,955,003	389,225	3,344,228	22.87	-0.67
Total Public Shareholding (B)=(B)(1)+(B)(2)	3,256,745	397,630	3,654,375	25.00	3,262,183	389,450	3,651,633	24.98	-0.02
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	14,197,440	420,060	14,617,500	100.00	14,227,140	390,360	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	Pfudler Inc.	7,372,475	50.44	-	7,375,217	50.46	-	+0.2
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	-	406,875	2.78	-	-
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	-	4,010	0.03	-	-
13	Ms. Palomita Patel	1,200	0.01	-	1,200	0.01	-	-
	Total	10,963,125	75.00		10,965,867	75.02	-	+0.2

c) CHANGE IN PROMOTERS' SHAREHOLDING:

There is no change in the shareholding of any promoters except for Pfaudler Inc. 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	7,372,475	50.44	7,372,475	50.44
	Add 23.04.2015 Open Offer	(2,742)	0.02	7,375,217	50.46
	At the End of the year	N.A.	N.A.	7,375,217	50.46

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 - 2015		Transactions during the year		Cumulative shareholding at the end of the year 2016	
		No. of Shares Held	% of Total Shares of the Company	Date of	No. of Shares	No of Shares Held	% of Total Shares of the
1	Chandler & Price (I) Pvt. Ltd.	351,555	2.40	-	-	351,555	2.40
2	Kotak Emerging Equity Scheme	157,869	1.08	-	-	157,869	1.08
	Transfer	-	-	24.04.2015	7,360	165,229	1.13
	Transfer	-	-	08.05.2015	3,151	168,380	1.15
	Transfer	-	-	15.05.2015	2,799	171,179	1.17
	Transfer	-	-	22.05.2015	8,000	179,179	1.22
	Transfer	-	-	29.05.2015	1,854	181,033	1.24
	Transfer	-	-	05.06.2015	6,307	187,340	1.28
	Transfer	-	-	12.06.2015	16,828	204,168	1.40
	Transfer	-	-	19.06.2015	2,555	206,723	1.41
	Transfer	-	-	26.06.2015	2,330	209,053	1.43
	Transfer	-	-	31.07.2015	2,393	211,446	1.45
	Transfer	-	-	07.08.2015	15,000	226,446	1.55
	Transfer	-	-	21.08.2015	3,789	230,235	1.58
	Transfer	-	-	13.11.2015	8,000	238,235	1.63
	Transfer	-	-	27.11.2015	802	239,037	1.63
	Transfer	-	-	04.12.2015	1,962	240,999	1.65
	At the end of the year	-	-	-	-	240,999	1.65
3	Mr. Sumant Patel	118,125	0.81	-	-	118,125	0.81
4	Mr. Danesh Irani	80,227	0.55	-	-	80,227	0.55
	Transfer	-	-	19.02.2016	2,000	82,227	0.56
5	Ms. Kashmiri Irani	53,000	0.36	-	-	53,000	0.36
	Transfer	-	-	12.02.2016	6,137	59,137	0.40
	Transfer	-	-	19.02.2016	863	60,000	0.41

	Transfer	-	-	26.02.2016	50	60,050	0.41
	Transfer	-	-	04.03.2016	2500	62,550	0.43
	At the end of the year	-	-	-	-	62550	0.4279
6	Mr. Boman Irani	59,919	0.41	-	-	59,919	0.41
	Transfer	-	-	04.03.2016	2501	62,420	0.43
	At the end of the year	-	-	-	-	62,420	0.43
7	The Oriental Insurance Company Limited	54,448	0.37	-	-	54,448	0.37
8	Mr. Yashovardhan Shah	-	-	-	-	-	-
	At the end of the year	-	-	-	-	39,000	0.27
9	Mr. Bharat Patel	33,750	0.23	-	-	33,750	0.23
10	Ms. Shilpa Shah	21,001	0.14	-	-	21,001	0.14
	Transfer	-	-	26.06.2015	2000	23,001	0.16
	Transfer	-	-	30.06.2015	2050	25,051	0.17
	Transfer	-	-	25.09.2015	25051	50,102	0.34
	Transfer	-	-	30.09.2015	(22551)	27,551	0.19
	Transfer	-	-	06.11.2015	3100	30,651	0.21
11	Ms. Javalika Shah	30,055	0.21	-	-	30,055	0.21
12	Ms. Kiran Coelho	25,000	0.17	-	-	25,000	0.17

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	3.408	498,120	3.408
	At the End of the year (or on the date of separation, if separated during the year) (31.03.2016)	N.A.	N.A.	498,120	3.408
2	Mr. Tarak Patel	173,960	1.190	173,960	1.190
	At the End of the year (or on the date of separation, if separated during the year) (31.03.2016)	N.A.	N.A.	173,960	1.190
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) (31.03.2016)	N.A.	N.A.	375	
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) (31.03.2016)	N.A.	N.A.	750	
5	Mr. Amar Nath Mohanty	125	0.000	125	0.000
	At the End of the year (or on the date of separation, if separated during the year) (31.03.2015)	N.A.	N.A.	125	N.A.

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 Managing Director, Whole-time Directors and / or Manager:

₹ in millions

Sr. No.	Particulars of Remuneration	Name of MD / WTD / Manager		Total Amount
		Mr. Ashok Patel (resigned w.e.f. upto 31.05.2015)	Mr. Tarak Patel *	
1	Gross salary	1.33	3.81	5.14
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	0.23	1.04	1.27
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	0.65	0.65
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	0.04	0.04
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit	-	-	-
	- others, specify	-	-	-
5	Others – Performance Bonus	-	5.50	5.50
	Total (A)	1.56	11.04	12.60
	Ceiling as per the Act – ₹ 14.61 million (being 5% of the net profit of the Company calculated as per Section 198 of the Companies Act, 2013.)			

* includes 2 months salary as Executive Director and 10 months salary as Managing Director of the Company.

B. REMUNERATION TO OTHER DIRECTORS:

₹ in millions

Sr. No.	Particulars of Remuneration	Name of Directors	Total Amount
1.	Independent Directors		
	• Fee for attending board / committee meetings	Mr. P. Krishnamurthy	0.70
		Dr. S. Sivaram	0.50
		Dr. Amrita Patel	0.48
	• Commission		-
	• Others, please specify		-
	Total (1)		1.68
2.	Other Non-Executive Directors		
	• Fee for attending board / committee meetings	Mr. Ashok Patel	0.17
		Mr. Khurshed Thanawalla	0.15
	• Commission		-
	• Others, please specify		-
	Total (2)		0.32
	Total (B) = (1 + 2)		2.00
	Non Executive Directors were paid sitting fees for attending the meetings of the Board and Committees thereof during the financial year 2015-16, which were within the limits prescribed under the Companies Act, 2013.		
	Total Managerial Remuneration (A + B)		₹ 14.60 million

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD / MANAGER / WTD

₹ in millions

Sr. No.	Particulars of Remuneration	Key Managerial Personnel				
		Mr. Ashok Pillai (COO)	Mr. Amar Nath Mohanty (CFO) (resigned w.e.f 26.10.2015)	Mr. Jugal Sahu (CFO) (appointed w.e.f. 19.01.2016)	Ms. Mittal Mehta (CS)	Total Amount
1	Gross salary	4.38	1.82	2.81	1.03	10.04
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	0.87	0.42	0.10	0.18	1.57
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.42	0.22	0.05	0.09	0.78
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	0.10	-	-	-	0.10
2	Stock Option	-	-	-	-	-
3	Sweat Equity	-	-	-	-	-
4	Commission	-	-	-	-	-
	- as % of profit	-	-	-	-	-
	- others, specify	-	-	-	-	-
5	Others (Performance Bonus)	1.25	-	-	0.10	1.35
	Total	7.02	2.46	2.96	1.40	13.84

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 2, 2016

MANAGEMENT DISCUSSION AND ANALYSIS

a) INDUSTRY OUTLOOK:

The Indian economy is expected to grow at a CAGR of 7-8% over the next 5 years backed by strong domestic demand. With recent Government initiatives such as 'Make in India' and a favorable monsoon, the growth could be even higher. According to IBEF, FDI in India witnessed an increase of 29% and reached US\$ 40 billion during April 2015 - March 2016 as compared to US\$ 30.93 billion in the same period last year. India is poised to become the third-largest economy of the world by 2030.

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 the Company - 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 for these industries include:

- India's cost of production is significantly lower than that of the West which gives us a competitive advantage.
- By 2020, India is expected to be among the top three markets for pharmaceutical products based on incremental growth and sixth largest market globally in absolute size.
- 523 Indian Pharmaceutical manufacturing facilities registered with the US FDA (highest for any country outside the US).
- Drugs worth an estimated US\$ 250 Bn are to go off-patent by 2016 resulting in increased production of generic drugs.
- Indian Chemical industry is 6th largest producer in the World and 3rd largest producer in Asia.
- 100% FDI allowed in the Chemical industry. This is expected to trigger new investments.
- Increased consumer spending and urbanization will drive growth in metros and rural areas.

b) COMPANY OVERVIEW:

Established in the year 1962, GMM Pfaudler Limited ("GMM" or "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 is a well-established Company with a strong brand and customer goodwill. The Company is currently the market leader in glass-lined equipment, storage vessels and alloy steel equipment. Over the years, the Company has diversified its product portfolio to include Tailor Made Process Equipment, Mixing Systems, Engineered Systems and Filtration & Drying Equipment to grow revenue and reduce the cyclicity of our business.

GMM currently employs 327 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 39 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 2015-16, the Company recorded a 2.5% growth in revenue from operations from ₹ 2,240.09 in the previous year to ₹ 2,296.01 million.

Profit before tax for the year stood at ₹ 278.07 million, an increase of 6.5% compared to the previous year.

The Company initiated a cost reduction program and an operational efficiency program to improve profitability. Both programs are ongoing with new goals being set every year.

d) BUSINESS LINES:

GMM has 5 business verticals:

- Glass Lined Equipment (GL)
- Tailor Made Process Equipment (TMPE)
- Mixing Systems (MS)
- Engineered Systems (ES)
- Filtration & Drying (F&D)

- **Glass Lined Equipment (GL):**

The GL vertical accounted for 70% of the Company's total revenue. GMM is the market leader in this segment and during the year maintained its leadership position. GMM focuses on the premium and value segments of the market by differentiating its products on the basis of quality, size, technology, after sales service and delivery timelines.

The Company is increasing its focus on the export market by creating agent networks in the Middle East, Africa, South East Asia and Eastern European markets. However, due to the global economic slowdown the growth in exports has been slow.

- **Tailor Made Process Equipment (TMPE):**

GMM has been focusing on growing its TMPE business as we believe it can be a high growth and profitable business for the Company. The domestic market is large and growing with an increasing demand for qualified manufacturer. GMM has created a significant competitive advantage in this segment by leveraging its brand, strong engineering capabilities, multiple code accreditations and proven track record of manufacturing complex equipment.

- **Mixing Systems (MS):**

As Pharmaceutical, Agrochemical and Specialty Chemical Companies in India look at innovative mixing solutions to improve productivity, GMM is in a position to exploit this opportunity. GMM will continue to leverage its brand, expertise and experience to expand the customer base and target new industry segments like Paints, Resins, Inks, Biotech, Food Processing, Petrochemicals and Pulp & Paper to grow this business.

- **Engineered Systems (ES):**

GMM has extensive experience in the designing and manufacturing complete Modular Skids built around our GL and F&D equipment. More and more Pharmaceutical and Biotech companies are moving towards automated modular process skids, which have contributed to the growth in this business line.

- **Filtration & Drying (F&D):**

The F&D business is a logical extension of our GL business as our target customers are common. To improve profitability in this business line, GMM plans to target critical applications, such as high potency and sterile applications, where GMM has a competitive advantage. This business line has seen significant growth over the last few years and will continue to target the domestic and export markets to grow this business even further.

e) OPPORTUNITIES & THREATS:

7.2% 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.

f) 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 and investments in foreign subsidiary Companies. Due to increasing volatility in almost all major foreign currencies, the export realization is 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.

g) 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.

h) HUMAN RESOURCES & INDUSTRIAL RELATIONS:

The Company firmly believes that its employees are the key to driving performance and developing competitive advantage. The Company nurtures a strong performance driven culture where employees are rewarded for performance. Our incentive systems are robust and transparent and are aimed to bring the best out of our employees.

Training workshops and seminars are regularly conducted for workers, staff and managers 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.

On March 31, 2016 the Company's total permanent employee strength was 327, against 344 as on March 31, 2015.

i) 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, 2016 on the compliance by the Company of 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 and is a combination of voluntary practices and compliance with laws and regulations. The Corporate Governance Code has also been incorporated in Regulation 71 of the Listing 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 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 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 31.03.2016 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, 2015)		
Mr. P. Krishnamurthy (Chairman of the Board)	Non-Executive, Independent Director	5	Yes	5	4
Mr. Tarak Patel * (appointed as Managing Director w.e.f. June 1, 2015)	Executive Director	5	Yes	2	2
Mr. Ashok Patel * (Resigned as Managing Director but continuing to be Non Executive Director w.e.f. May 31, 2015)	Non-Executive Director	4	Yes	4	Nil
Dr. S. Sivaram	Non-Executive, Independent Director	5	Yes	4	Nil
Dr. Amrita Patel	Non-Executive, Independent Director	5	Yes	Nil	Nil
Mr. Thomas Kehl # (appointed w.e.f. May 19, 2015)	Non-Executive Director	5	Yes	Nil	Nil
Mr. Khurshed Thanawalla # (appointed w.e.f. June 30, 2015)	Non-Executive Director	3	No	1	2
Mr. Tom Alzin # (appointed w.e.f. July 7, 2015)	Non-Executive Director	3	Yes.	Nil	Nil

* Indian Promoters.

Representing Foreign Promoters viz., Pfaudler Inc.

- Notes :**
1. The Directorships held by the Directors include directorships in public companies. However, it does not include directorships in companies registered under Section 8 of the Companies Act, 2013.
 2. In accordance with Clause 49 of the Listing Agreement, 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, 5 Board Meetings were held on the following dates:
May 19, 2015; July 30, 2015; September 28, 2015; November 5, 2015 and February 3, 2016.
 - d) Details of the Directors seeking re-appointment at the forthcoming Annual General Meeting:
Mr. Khurshed Thanawalla is retiring by rotation at the ensuing Annual General Meeting and is eligible for re-appointment. The profile of Mr. Khurshed Thanawalla is given below:
Mr. Khurshed Thanawalla aged 73 years, was appointed as Non Executive Director representing Foreign Promoters on 30.06.2015. Mr. Thanawalla holds a fellowship of the institute of Chartered Secretaries and administrators, London and is also an Associate of the Textile Institute, UK and Associate of the British Institute of Management. Mr. Khurshed Thanawalla is the country representative – India for Oerlikon Group. He serves on the Board of Stovec Industries Ltd.
Mr. Thanawalla does not hold any share in the Company.
 - e) Mr. Tarak Patel is the son of Mr. Ashok Patel. None of the other Directors have any inter-se relation among themselves
 - f) In case of appointment / resignation of Directors, the Company has notified the BSE Limited, as required under the Listing Regulations.

3. Meeting of Independent Directors

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 19, 2015.

4. Audit Committee:

The Composition, Role, terms of reference as well as Powers of the Audit Committee of 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 Director 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 on four occasions viz. May 19, 2015, July 30, 2015, November 5, 2015, and February 3, 2016. 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	4

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 clause 49(III)(E) of the Listing Agreement:
 - (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) All Related Party Transactions shall require prior approval of the Audit Committee. However, the Audit Committee may grant omnibus approval for 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 ₹ 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 clause 49(V)(B) of the Listing Agreement;
- 25) To formulate a policy for determining 'material subsidiaries' in accordance with clause 49(V)(D) of the Listing Agreement keeping in mind the following factors as provided under the Listing Agreement for further approval of the Board;
- 26) To recommend a proper system for storage, retrieval, display or printout of the electronic records, as the Audit Committee may deem appropriate;
- 27) To be present at the annual general meeting through the Chairman of the Audit Committee to answer the shareholder queries; and
- 28) To carry out any other function as may be specified by the Board from time to time.

The Terms and Powers of the Audit Committee are in compliance with the requirements of Companies Act, 2013 and Clause 49 of the Listing Agreement.

5. 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 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 on four occasions viz. May 19, 2015, July 30, 2015, November 5, 2015, and February 3, 2016. 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	3
Dr. S. Sivaram *	Non-Executive and Independent Director	4	1
Dr. Amrita Patel *	Non-Executive and Independent Director	4	1

appointed as member w.e.f July 30, 2015

* ceased to be members w.e.f. from July 30, 2015.

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

The Shareholders & Investors Grievance committee inter-alia reviews quarterly reports of Registrar & Transfer Agent regarding various types of complaints / requests received, resolved and pending, 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 2015-16, is given below:

Particulars	Number
Pending at the beginning of the year under review	-
Received during the year under review	25
Resolved during the year under review	25
Pending at the end of the year under review	-

6. 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.

Composition:

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

The Nomination and Remuneration Committee met on three occasions viz. May 19, 2015, July 30, 2015 and November 5, 2015. 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	3	3
Mr. P. Krishnamurthy	Non-Executive and Independent Director	3	3
Mr. Ashok Patel	Non-Executive Director	3	1
Mr. Thomas Kehl #	Non-Executive and Independent Director	3	1
Dr. Amrita Patel *	Non-Executive and Independent Director	3	1

appointed as member w.e.f. July 30, 2015

* ceased to be a member w.e.f. July 30, 2015

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 devise a policy on Board diversity;
 7. To recommend to the Board, the plans for orderly succession for appointments to the Board and to senior management of the Company;
 8. The Chairperson of the Nomination and Remuneration Committee or in his/her absence any other member of the committee duly authorized by him/her in this behalf to attend the general meetings of the Company and answer queries of shareholders (if any); and
 9. To consider any other matters as may be requested by the Board.

Remuneration and Shareholding of Directors:

Remuneration of the Managing Director and Executive Director is recommended by the Nomination and Remuneration Committee, fixed by the Board and approved by the shareholders. Their remuneration for the year ended March 31, 2016 was as under:

₹ in Millions

Sr. No.	Particulars	Ashok Patel (resigned as Managing Director w.e.f. 31.05.2015)	Tarak Patel *
1.	Salary and allowances	1.33	3.81
2.	Provident Fund & other funds	0.23	1.04
3.	Perquisites	-	0.69
4.	Performance Bonus	-	5.50
	Total	1.56	11.04

* includes 2 months salary as Executive Director and 10 months salary as Managing Director of the Company.

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, 2016 are as follows:

₹ in Millions

Director	Sitting Fees
Mr. P. Krishnamurthy	0.70
Dr. S. Sivaram	0.50
Dr. Amrita Patel	0.47
Mr. Ashok Patel	0.17
Mr. Khurshed Thanawalla	0.15
Total	2.00

Non-Executive Directors on the Board of the Company were paid sitting fees for the period April 1, 2015 to March 31, 2016 as under:

- ₹ 50,000 as sitting fees for each meeting of the Board of Directors and
- ₹ 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 holds 375 shares of the Company.

7. 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 one occasion viz. May 8, 2015, November 5, 2015 and January 19, 2016. 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	3	3
Mr. Ashok Patel	Non-Executive Director	3	2
Mr. Tarak Patel	Executive Director	3	3
Dr. Amrita Patel *	Non-Executive and Independent Director	3	2

* appointed as a member w.e.f. July 30, 2015.

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;
- 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.

8. Independent Directors Meeting:

During the year one meeting of the Independent Directors was held on May 19, 2015 inter alia, to discuss:

- a) Evaluation of the performance of non-independent directors and the Board of Directors as a whole;
- b) Evaluation of performance of the Chairman of the Company, taking into account the views of the Executive and Non-Executive Chairman.
- c) 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.

9. 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
2012-13	50 th	September 17, 2013	10.00 a.m.	Sardar Vallabhbhai Patel and Veer Vithalbhai Patel Memorial, Anand - Sojitra Road, Karamsad - 388 325, Gujarat	2
2013-14	51 st	September 30, 2014	10.00 a.m.	"	2
2014-15	52 nd	September 28, 2015	10.00 a.m.	"	5

All resolutions including the special resolutions at the Annual General Meetings held on September 17, 2013 were passed by way of show of hands. No postal ballots were used for voting at these Meetings.

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

No Extraordinary General Meetings (EGM) of Company were held during the year under review.

10. Disclosures:

- a) Details on transactions with related parties, viz. Promoters, Directors or the Management, their subsidiaries or relatives potentially conflicting with Company's interest are given / appended in Schedule 41 of 'Notes Forming Parts of the Accounts'. Except payment of sitting fees there has been no pecuniary transaction with any of the Non-Executive Directors of the Company.
- b) There has been no non-compliance, penalties or strictures imposed on the Company by the Stock Exchange, SEBI or any statutory authority for non-compliance of any matter related to the capital market during the last three years excepting one case in the financial year 2013-14 from SEBI. SEBI had issued a notice dated November 28, 2013 for alleged violation of Regulation 8(3) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 for the years 2002 to 2010 for delayed filing of shareholdings of promoters group in the format prescribed by SEBI.
The Company had filed a consent application with the High Power Committee, appointed by SEBI and the matter has been disposed off by SEBI vide their consent order dated June 27, 2014 after payment of fees of ₹ 1,192,125 as consent order fees.
- c) The Company has a process in place that meets the objectives of the whistle blower policy. In the opinion of the Board, there are no cases, where a person was denied access to the grievance process set up by the Company.
- d) The Company has complied with the mandatory requirements of the Corporate Governance Clause of Listing Agreement / Regulations as applicable from time to time.

11. 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.

12. General Shareholder Information:

- a) Annual General Meeting: 53rd Annual General Meeting of the Company will be held on Friday, September 23, 2016 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 2016 to March 2017
- c) Financial Calendar (Tentative):

Financial reporting for:	
Quarter ended June 30, 2016	1 st week of August, 2016
Quarter ended September 30, 2016	2 nd week of November, 2016
Quarter ended December 31, 2016	1 st week of February, 2017
Quarter ended March 31, 2017	2 nd week of May, 2017
Annual General Meeting for the year ended March 31, 2017	4 th week of September, 2017

- d) Date of Book Closure: Saturday, September 17, 2016 to Friday, September 23, 2016 (Both days inclusive)
- e) Dividend Payment Date: On or before October 17, 2016
- f) Listing of Stock Exchange: BSE Limited
- g) Stock Code: 505255
- h) Dematerialization: ISIN Number INE541A01023
- i) Registrar & Transfer Agents: Link Intime India Private Limited, C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai 400 078 Phone 2596 3838, Fax 2594 6969 Contact Person: Ms. Evelin Subalatha Email: rnt.helpdesk@linkintime.co.in
- j) 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.

k) Stock Market Price for the year:

Month	Market Price (₹)		BSE – Sensex	
	High	Low	High	Low
April, 2015	324.90	256.20	29,094.61	26,897.54
May, 2015	296.00	241.00	28,071.16	26,423.99
June, 2015	285.00	226.00	27,968.75	26,307.07
July, 2015	329.70	260.00	28,578.33	27,416.39
August, 2015	306.90	243.30	28,417.59	25,298.42
September, 2015	267.00	240.00	26,471.82	24,833.54
October, 2015	285.00	242.10	27,618.14	26,168.71
November, 2015	270.80	245.10	26,824.30	25,451.42
December, 2015	325.00	248.00	26,256.42	24,867.73
January, 2016	326.90	251.50	26,197.27	23,839.76
February, 2016	289.80	216.10	25,002.32	22,494.61
March, 2016	268.00	225.00	25,479.62	23,133.18

l) Shareholding Pattern as on March 31, 2016:

Category	No. of shares	Percent
Foreign Promoters - Pfaudler Inc.	7,375,217	50.45
Indian Promoters Group	3,590,650	24.56
NRI/OCB	71,237	0.49
Financial Institutions, Nationalized Banks, Insurance Companies & Mutual Funds	307,405	2.10
Domestic Companies, Clearing Members, Trusts	526,462	3.60
Individuals	2,746,529	18.80
Total	14,617,500	100.00

m) Distribution of Shareholding as on March 31, 2016:

Sr. No.	Slab of shareholding		Shareholders		Shares	
	No. of Equity shares held From	To	Nos.	%	Nos.	%
1.	1	500	5099	83.80	670,366	4.59
2.	501	1000	509	8.36	410,616	2.81
3.	1001	2000	242	3.98	361,349	2.47
4.	2001	3000	71	1.17	180,848	1.24
5.	3001	4000	42	0.69	149,622	1.02
6.	4001	5000	30	0.49	138,046	0.94
7.	5001	10000	53	0.87	386,128	2.64
8.	10001	Above	39	0.64	12,320,525	84.29
		Total	6,085	100.00	14,617,500	100.00

n) Dematerialization:

As on March 31, 2016, 97.33% of the Company's total shares representing 14,227,140 shares are held in dematerialized form and the balance 390,360 representing 2.67% 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-13, Pannalal Silk Mills Compound,
L. B. S. Marg, Bhandup (West),
Mumbai 400 078
Tel.: 022-25946970,
Fax: 022- 2594 6969.
Contact Person: Ms. Evelin Subalatha
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 Pfaunder Limited as applicable to them for the year ended March 31, 2016.

For GMM Pfaunder Limited

Tarak Patel
Managing Director
DIN: 00166183

Place : Mumbai
Date : August 2, 2016

**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),

The Managing Director and CFO have certified to the Board that:

- a) They have reviewed the Financial Statements and the Cash Flow Statement for the year ended March 31, 2016 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) There 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) They 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) They 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 10, 2016

To the Members,
GMM Pfaudler Limited,

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

1. We have examined the compliance of conditions of Corporate Governance by GMM PFAUDLER LIMITED ("the Company"), for the year ended on March 31, 2016, as stipulated in:
 - Clause 49 (excluding clause 49(VII)(E)) of the Listing Agreements of the Company with stock exchange(s) for the period from April 1, 2015 to November 30, 2015.
 - Clause 49(VII)(E) of the Listing Agreements of the Company with the stock exchange(s) for the period from April 1, 2015 to September 1, 2015.
 - Regulation 23(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations) for the period from September 2, 2015 to March 31, 2016 and
 - Regulations 17 to 27 (excluding regulation 23(4)) and clauses (b) to (i) of regulation 46(2) and para C, D and E of Schedule V of the Listing Regulations for the period from December 1, 2015 to March 31, 2016.
2. The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to 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.
3. We have examined the relevant records of the Company in accordance with the Generally Accepted Auditing Standards in India, to the extent relevant, and as per the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India.
4. In our opinion and to the best of our information and according to our examination of the relevant records and the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement and regulation 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C, D and E of Schedule V of the Listing Regulations for the respective periods of applicability as specified under paragraph 1 above, during the year ended March 31, 2016.
5. 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: May 10, 2016

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 March 31, 2016, 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, as applicable.

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 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.

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 and the Order under Section 143 (11) of the Act.

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 financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained 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 March 31, 2016, 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, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - 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, as applicable.
 - e) On the basis of the written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 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, 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 financial statements.
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
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 10, 2016

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, 2016 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, 2016, 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 10, 2016

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. Material discrepancies noticed on physical verification during the year have been properly dealt with in the books of account. 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 deposit during the year.
- (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, 2016 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, Customs Duty, Excise Duty, and Value Added Tax which have not been deposited as on March 31, 2016 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 millions	Amount Unpaid ₹ in millions
Income Tax Act, 1961	Income Tax	Income Tax Appellate Tribunal, Ahmedabad	AY 2006-07, 2007-08, 2008-09 & 2010-11	29.92	29.92
Income Tax Act, 1961	Income Tax	The Commissioner of Income Tax (Appeals)	AY 2009-10, 2011-12, 2012-13 & 2013-14	41.98	41.98
Central Sales Tax 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	3.05	2.89
Finance Act, 1994	Service Tax	The Commissioner (Appeals)	Various years from FY 2010-11 to FY 2015-16	10.38	9.99

- (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 CARO 2016 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 CARO 2016 Order is not applicable.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, 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 CARO 2016 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 CARO 2016 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 10, 2016

BALANCE SHEET AS AT MARCH 31, 2016

	Note	As at 31.03.16 ₹ in Millions	As at 31.03.15 ₹ in Millions
I. EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	4	29.23	29.23
Reserves and surplus	5	1,384.03	1,253.21
		1,413.26	1,282.44
Non-current liabilities			
Deferred tax liabilities (Net)	6	25.11	26.94
Current liabilities			
Trade payables	7		
(A) Total outstanding dues of micro enterprises and small enterprises		0.78	4.25
(B) Total outstanding dues of creditors other than micro enterprises and small enterprises		249.49	278.43
Other current liabilities	8	236.76	266.74
Short term provisions	9	34.79	40.77
		521.82	590.19
Total		1,960.19	1,899.57
II. ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	10	369.70	303.18
Intangible assets	11	25.91	24.75
Capital work-in-progress		43.15	48.25
		438.76	376.18
Non-current investments	12	226.82	226.82
Long term loans and advances	13	55.89	56.65
		721.47	659.65
Current assets			
Current investments	14	130.38	110.37
Inventories	15	495.15	565.55
Trade receivables	16	316.80	213.10
Cash and bank balances	17	251.58	299.03
Short term loans and advances	18	41.88	47.03
Other current assets	19	2.93	4.84
		1,238.72	1,239.92
Total		1,960.19	1,899.57
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 10, 2016

For and on behalf of the Board

P. Krishnamurthy

Chairman

DIN: 00013565

Tarak Patel

Managing Director

DIN: 00166183

Dr. S. Sivaram

Director

DIN: 00009900

Khurshed Thanawalla

Director

DIN: 00201749

Jugal Sahu

Chief Financial Officer

ACA 205251

Mittal Mehta

Company Secretary

FCS 7848

Mumbai, May 10, 2016

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2016

	Note	Year ended 31.03.16 ₹ in Millions	Year ended 31.03.15 ₹ in Millions
REVENUE			
Revenue from operations	20	2,469.09	2,383.08
Less: Excise duty		173.08	142.99
		2,296.01	2,240.09
Other income	21	32.42	33.50
Total revenue		2,328.43	2,273.59
EXPENSES			
Cost of raw materials consumed	22	929.41	961.51
(Increase)/Decrease in inventories of finished goods and work-in-progress	23	83.49	18.29
Employee benefits expense	24	280.55	273.62
Finance costs	25	6.87	5.18
Depreciation	10 & 11	67.38	80.86
Other expenses	26	682.66	673.09
Total expenses		2,050.36	2,012.55
Profit before tax		278.07	261.04
Tax expenses:			
Current tax		96.31	95.60
Deferred tax		(1.82)	(6.59)
Profit after tax		183.58	172.03
Earnings per equity share: Basic & Diluted		12.56	11.77
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 10, 2016

For and on behalf of the Board

P. Krishnamurthy

Tarak Patel

Dr. S. Sivaram

Khurshed Thanawalla

Jugal Sahu

Mittal Mehta

Chairman

Managing Director

Director

Director

Chief Financial Officer

Company Secretary

DIN: 00013565

DIN: 00166183

DIN: 00009900

DIN: 00201749

ACA 205251

FCS 7848

Mumbai, May 10, 2016

STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2016

	Year ended 31.03.16 ₹ in Millions	Year ended 31.03.15 ₹ in Millions
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	278.07	261.04
Adjustments for		
Depreciation	67.38	80.86
Net (gain) / loss on sale & discarding of fixed assets	(2.37)	(10.81)
Interest income	(20.72)	(17.08)
Interest and financial charges	6.87	5.18
Dividend income	(0.92)	(0.11)
Provision for doubtful debts, liquidated damages and advances	3.41	(14.26)
Provision for diminution in value of current investments	–	(0.71)
Unrealised foreign exchange fluctuation loss / (gain)	(0.14)	1.15
Operating profit before working capital changes	331.58	305.26
Adjustments for :		
(Increase) / Decrease in inventories	70.40	20.76
(Increase) / Decrease in trade receivable, short term loans & advances and other assets	(102.42)	114.81
Increase / (Decrease) in trade payables, other current liabilities & provisions	(68.46)	(60.44)
Cash generated from operations	231.11	380.39
Direct taxes paid	(93.05)	(109.69)
Net cash from operating activities	138.05	270.70
	A	
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets, including intangible assets	(130.47)	(82.39)
Proceeds from sale of fixed assets	2.87	12.10
Purchase of current investments	(20.37)	–
Proceeds from sale of current investments	0.36	–
Fixed deposits maturity proceeds from banks (net)	112.00	20.20
Fixed deposits placed with banks (net)	(162.93)	(112.00)
Interest received	20.72	15.65
Dividend received	0.92	0.11
Net cash used in investing activities	(176.90)	(146.33)
	B	
CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid	(6.87)	(5.18)
Dividend paid	(43.76)	(43.74)
Tax on distributed profits	(8.90)	(8.06)
Net cash used in financing activities	(59.53)	(56.98)
	C	
NET INCREASE / (DECREASE) IN CASH & CASH EQUIVALENTS	(98.38)	67.39
	A+B+C	
Cash and cash equivalents at the beginning of the year	187.03	119.65
Cash and cash equivalents at the end of the year	88.65	187.03
COMPONENTS OF CASH AND BANK BALANCES		
<i>Cash and cash equivalent</i>		
Balances with banks		
– In current accounts	34.21	44.58
– In deposit accounts (less than three months maturity)	51.83	139.42
Cash on hand	0.33	0.84
<i>Other bank balances</i>		
– In unpaid dividend accounts	2.28	2.19
	88.65	187.03
Deposit account with maturity greater than three months but less than one year	162.93	112.00
Cash and bank balances at the end of the year	251.58	299.03

The Company has been sanctioned credit facilities for working capital of ₹ 200 million, of which facilities utilised as on March 31, 2016 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 10, 2016

For and on behalf of the Board

P. Krishnamurthy

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DIN: 00013565

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Khurshed Thanawalla

Director

DIN: 00201749

Jugal Sahu

Chief Financial Officer

ACA 205251

Mittal Mehta

Company Secretary

FCS 7848

Mumbai, May 10, 2016

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

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 the manufacture of 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 (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.

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 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. 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 and 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

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.

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 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 and fair value and the resultant decline, if any, is charged to revenue.

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 expressed 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 different 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. Product 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 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 und deterred 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.

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) Service tax input credit:

Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is reasonable certainty in availing / utilising the credits.

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 FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

	As at 31.03.16 ₹ in Millions		As at 31.03.15 ₹ in Millions	
4. SHARE CAPITAL				
Authorised				
25,000,000 (Previous year 25,000,000) Equity shares of ₹ 2/- each	50.00		50.00	
Issued, subscribed and paid-up				
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 equity shares	31.03.16		31.03.15	
	No. of shares	₹ in Millions	No. of shares	₹ in Millions
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	31.03.16		31.03.15	
	No. of shares	% holding	No. of shares	% holding
Pfudler Inc (Holding Company)	7,375,217	50.45%	7,372,475	50.44%
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.			
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	
General reserve:				
Balance as per last balance sheet	211.27		194.07	
Add: Transfer from statement of profit and loss	-		17.20	
	211.27		211.27	
Surplus in statement of profit and loss				
Balance as per last balance sheet	891.95		794.20	
Add: Net profit for the year	183.58		172.03	
Less : Depreciation on assets whose remaining useful life is nil, recognised in retained earnings (Net of deferred tax)	-		4.72	
Less: Appropriations				
Interim dividend	30.70		30.70	
Final dividend	13.16		13.16	
Tax on distributed profits	8.90		8.50	
Transfer to general reserve	-		17.20	
	1,022.77		891.95	
	1,384.03		1,253.21	

	As at 31.03.16 ₹ in Millions	As at 31.03.15 ₹ in Millions
6. DEFERRED TAX LIABILITY		
Deferred tax liabilities		
Depreciation on fixed assets	37.34	38.30
Deferred tax assets		
Provision for doubtful debts / advances	12.23	11.36
Net deferred tax liabilities	25.11	26.94
7. TRADE PAYABLES		
- Dues to micro, small and medium enterprises (refer note 28)	0.78	4.25
- Dues to others	249.49	278.43
	250.27	282.68
8. OTHER CURRENT LIABILITIES		
Advances from customers	179.50	226.55
Unclaimed dividend	2.28	2.19
Employee benefits payable	45.26	30.86
Statutory dues payable	9.72	7.15
	236.76	266.75
<p>The amount of unclaimed dividend reflects the position as at March 31, 2016. During the year, the Company has transferred an amount of ₹ 0.25 Millions (previous year ₹ 0.24 Millions) to the Investor Education and Protection Fund in accordance with the provisions of section 125 of the Companies Act, 2013.</p>		
9. SHORT TERM PROVISIONS		
Provision for employee benefits	5.76	14.04
Provision for unexpired warranty	13.19	10.89
Provision for final dividend	13.16	13.16
Provision for tax on distributed profits	2.68	2.68
	34.79	40.77

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

10. TANGIBLE ASSETS

₹ in Millions

ASSETS	GROSS BLOCK			DEPRECIATION			NET BLOCK				
	As on 01.04.15	Additions	Deductions	As on 31.03.16	Upto 01.04.15	For the Year	Adjustment to Reserve	On Deductions	Upto 31.03.16	As on 31.03.16	As on 31.03.15
Freehold land	2.32	-	-	2.32	-	-	-	-	-	2.32	2.32
Leasehold land	1.16	-	-	1.16	0.50	0.01	-	-	0.51	0.65	0.66
Lease Improvement	13.72	15.59	-	29.31	10.62	0.67	-	-	11.29	18.02	3.10
Buildings	172.19	35.42	0.70	206.91	55.00	5.36	-	0.63	59.73	147.18	117.19
Plant & machinery	534.53	55.25	11.41	578.37	397.18	38.69	-	11.23	424.64	153.73	137.35
Office equipment	55.39	5.64	6.29	54.74	46.12	4.89	-	6.21	44.80	9.94	9.27
Furniture & fixtures	25.56	5.78	0.76	30.58	19.57	2.10	-	0.76	20.91	9.67	5.99
Vehicles	52.14	8.57	6.61	54.10	24.84	7.50	-	6.43	25.91	28.19	27.30
Total	857.01	126.25	25.77	957.49	553.83	59.22	-	25.26	587.79	369.70	303.18
Previous Year Total	842.54	43.94	29.47	857.01	500.84	74.07	7.09	28.17	553.83	303.18	-

11. INTANGIBLE ASSETS

ASSETS	GROSS BLOCK			DEPRECIATION			NET BLOCK				
	As on 01.04.15	Additions	Deductions	As on 31.03.16	Upto 01.04.15	For the Year	Adjustment to Reserve	On Deductions	Upto 31.03.16	As on 31.03.16	As on 31.03.15
Computer software	37.46	9.33	0.66	46.13	14.77	7.13	-	0.65	21.25	24.88	22.69
Technical knowhow	3.09	-	-	3.09	1.03	1.03	-	-	2.06	1.03	2.06
Total	40.55	9.33	0.66	49.22	15.80	8.16	-	0.65	23.31	25.91	24.75
Previous Year Total	33.94	6.61	-	40.55	9.01	6.79	-	-	15.80	24.75	-

Notes:

- There are no adjustment to fixed assets on account of borrowing cost and exchange differences during the year.
- Adjustment under Depreciation in previous year represents the carrying amount of fixed asset on the date of schedule II coming into effect, namely April 1, 2014 whose remaining useful life is Nil, being recognized in the opening balance of retained earnings.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

12. NON CURRENT INVESTMENTS

₹ in Millions

	Face value	Number As At 31.03.16	Cost As At 31.03.16	Number As At 31.03.15	Cost As At 31.03.15
TRADE INVESTMENTS - FULLY PAID (VALUED AT COST)					
(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	1,200	0.01
Charotar Gas Sahakari Mandli Ltd.	500	10	0.01	10	0.01
			<u>0.02</u>		<u>0.02</u>
OTHER INVESTMENTS - FULLY PAID (VALUED AT COST)					
(c) Equity Shares (quoted)					
Abbott India Ltd.	10	100	0.01	100	0.01
BASF India Ltd.	10	276	0.01	276	0.01
Bayer Cropscience Ltd.	10	50	0.01	50	-
Clariant Chemical India	10	50	-	50	-
Dharamshi Morarji Chemicals Co. Ltd.	10	100	-	100	-
Excel Crop Care Ltd.	5	112	-	112	-
Excel Industries Ltd.	5	112	0.01	112	0.01
Futura Polyester Ltd.	10	100	-	100	-
Glaxo Smithkline Pharmaceuticals Ltd.	10	122	0.01	122	0.01
GHCL Ltd.	10	100	-	100	-
Hico Products Ltd.	10	625	0.01	625	0.01
IDI Ltd.	10	66	-	66	-
Innovsynth Investments Ltd. (As per arrangement with Futura)	10	45	-	45	-
Kansai Nerolac Paints Ltd.	1	6,660	0.01	6,660	0.01
Nestle India Ltd.	10	93	0.01	93	0.01
Novartis (India) Ltd.	5	70	0.01	70	0.01
Piramal Enterprise Ltd.	2	399	-	399	-
Piramal Phytocare Ltd. (Formerly Piramal Life Science Ltd.)	10	39	-	39	-
Piramal Glass Ltd.	10	19	-	19	-
Peninsula Land Ltd.	2	1,040	-	1,040	-
Pfizer Ltd.	10	170	0.01	135	0.01
Skyline Millars Ltd.	1	1,406,000	1.93	1,406,000	1.93
Shubh Shanti Services Ltd.	10	25	-	25	-
SI Group - India Ltd.	10	-	-	50	0.01
Tata Chemicals Ltd.	10	161	0.01	161	0.01
United Phosphorus Ltd.	2	7,500	0.41	7,500	0.41
			<u>2.45</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><u>226.82</u></u>		<u><u>226.82</u></u>
Aggregate amount of quoted investment			6.80		6.80
Market Value of quoted investment			17.11		16.88
Aggregate amount of unquoted investment			220.02		220.02

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

	As at 31.03.16 ₹ in Millions	As at 31.03.15 ₹ in Millions
13 LONG TERM LOANS AND ADVANCES (Unsecured)		
Capital advances	2.80	0.65
Balances with indirect tax & utilites authorities	3.39	3.33
Security deposits (including ₹ 0.17 Million consider doubtful) [refer note 27]	44.78	44.49
Less : Provision for doubtful security deposits	0.17	0.17
	<u>44.61</u>	<u>44.32</u>
Advance payment of taxes	5.09	8.35
(Net of provision for taxation ₹ 210.44 Million)	<u>55.89</u>	<u>56.65</u>

	Face value ₹	Number As At 31.03.16	Cost As At 31.03.16 ₹ in Millions	Number As At 31.03.15	Cost As At 31.03.15 ₹ in Millions
14 CURRENT INVESTMENT					
In units of mutual funds, unquoted (Valued at lower of cost and fair value)					
HDFC Cash Management Fund					
- Treasury Advantage Plan - Retail - Weekly Dividend	10	-	-	36,246	0.36
IDFC SSIF Medium Term Plan A Growth	10	1,379,698	27.00	1,379,698	27.00
Reliance Dynamic Bond Fund Growth	10	632,586	10.31	632,586	10.31
Birla Sun Life Govt. Securities long term growth	10	606,632	21.87	606,632	21.87
Reliance Short Term Fund Growth	10	1,387,389	31.16	1,387,389	31.16
HDFC High Interest Fund Dynamie plan - Growth	10	283,306	11.57	283,306	11.57
ICICI Prud.In.Regular Plan Growth	10	210,936	8.10	210,936	8.10
HDFC Corporate Debt Opportunities Fund - Regular - Growth	10	875,350	10.00	-	-
Birla Sun Life Corporate Bond Fund - Regular - Growth	10	986,329	10.00	-	-
Birla Sun Life Cash Manager Growth	10	1,072	0.37	-	-
			<u>130.38</u>		<u>110.37</u>
Provision for diminution in value of investments			-		-
Aggregate amount of unquoted investments			<u>130.38</u>		<u>110.37</u>
Aggregate provision for dimension in investments			-		-

	As at 31.03.16 ₹ in Millions	As at 31.03.15 ₹ in Millions
15. INVENTORIES (Valued at lower of cost or net realisable value)		
Raw materials	220.62	205.40
Work-in-progress	219.61	288.87
Finished goods (Including in transit ₹ 9.06 Million Previous year ₹ 8.40 Million)	37.20	51.43
Stores and spares	17.72	19.85
	<u>495.15</u>	<u>565.55</u>

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

	As at 31.03.16 ₹ in Millions	As at 31.03.15 ₹ in Millions
16. TRADE RECEIVABLES		
(Unsecured)		
Outstanding for a period over six months		
Considered good	12.07	24.60
Considered doubtful	32.11	34.89
	44.18	59.49
Other debts		
Considered good	305.48	188.50
Considered doubtful	13.05	7.61
	318.53	196.11
Less : Provision for doubtful debts	45.91	42.50
	316.80	213.10
17. CASH AND BANK BALANCES		
Cash and cash equivalents		
Balances with banks		
- In current accounts	34.21	44.58
- In deposit accounts with maturity less than three months	51.83	139.42
Cash and stamps on hand	0.33	0.84
Other bank balances		
- In deposit accounts with maturity greater than three months but less than twelve month	162.93	112.00
- In unpaid dividend accounts - earmarked balances	2.28	2.19
	251.58	299.03
18. SHORT TERM LOANS AND ADVANCES		
(Unsecured, considered good unless otherwise stated)		
Considered good :		
Loans and advances to related parties (Refer Note:42)	8.32	10.90
Loans and advances to employees	2.99	2.66
Other loans and advances	1.34	1.64
Balance with central excise authorities	10.20	14.33
Prepaid expenses	13.75	11.13
Advance payment to suppliers	5.28	6.37
	41.88	47.03
Considered doubtful :		
Other loans and advances	0.52	0.52
Less: Provision for doubtful advances	0.52	0.52
	-	-
	41.88	47.03
19. OTHER CURRENT ASSETS		
Interest accrued on deposits with banks	1.85	2.48
Accrued income	1.08	2.36
	2.93	4.84
20. REVENUE FROM OPERATIONS		
Revenue from sale of products	2,439.93	2,350.25
Other operating revenues	29.16	32.83
	2,469.09	2,383.08
Less: Excise duty	173.08	142.99
Total	2,296.01	2,240.09
For details refer note 32		

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

	Year ended 31.03.16 ₹ in Millions	Year ended 31.03.15 ₹ in Millions
21. OTHER INCOME		
Interest income (Gross)		
- Non - current investments	0.35	0.30
- Deposits with banks	17.35	15.14
- Others	3.02	1.63
Dividend income		
- Non - current investments	0.91	0.02
- Current investments	0.01	0.09
Other non-operating income		
- Bad debts recovered	0.67	0.52
- Profit on sales of fixed assets	2.37	10.81
- Miscellaneous income	4.08	3.34
Net gain on foreign exchange translations	3.66	1.65
	32.42	33.50
22. COST OF RAW MATERIALS CONSUMED		
Opening stock of raw materials	225.25	227.71
Add: Purchases during the year	942.50	959.05
	1,167.75	1,186.76
Less: Closing stock of raw materials	238.34	225.25
	929.41	961.51
For details refer Note 33		
23. (INCREASE) / DECREASE IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS		
Inventory of finished good at the beginning of the year	51.43	59.37
Inventory of finished good at the closing of the year	37.20	51.43
	14.23	7.94
Inventory of work in progress at the beginning of the year	288.87	299.22
Inventory of work in progress at the closing of the year	219.61	288.87
	69.26	10.35
24. EMPLOYEE BENEFITS EXPENSE		
Salaries and wages	247.51	229.28
Contribution to provident and other funds	21.95	31.87
Staff welfare expenses	11.09	12.47
	280.55	273.62
25. FINANCE COSTS		
Interest on bank overdraft	0.69	0.29
Other financial charges	6.18	4.89
	6.87	5.18

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

	Year ended 31.03.16 ₹ in Millions	Year ended 31.03.15 ₹ in Millions
26. OTHER EXPENSES		
Labour charges paid to subcontractors	193.51	179.90
Power & fuel	155.29	162.23
Consumption of stores & spares	89.98	89.46
Repairs to machinery	23.92	26.34
Repairs to buildings	2.91	3.07
Repairs - others	1.17	2.91
Rent	29.82	25.92
Insurance	7.25	6.28
Rates & taxes	4.12	4.54
Royalty	-	5.53
Travel & conveyance	28.62	33.52
Communication	7.54	6.96
Bad debts written off	0.69	6.35
Provision for doubtful debts and advances	2.57	(12.14)
Provision for warranty expenses	3.75	2.95
Advertisement and sales promotion	11.87	5.71
Commission	0.92	5.06
Legal and professional fees	28.99	19.49
Freight outward	36.64	44.61
Provision for diminution in value of investment	-	(0.71)
Payments to Auditors (refer note 39)	2.70	3.33
Expense on CSR activities	2.19	2.03
Miscellaneous expenses	48.21	49.75
	682.66	673.09

27. LONG TERM LOANS AND ADVANCES

Security Deposits include ₹ 30.70 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 1, 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, 2016 amounted to ₹ 0.74 Millions (previous year ₹ 4.05 Millions). 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 Millions	
	2015-16	2014-15
Principal amount due to suppliers and remaining unpaid under MSMED Act, 2006	0.74	4.05
Interest accrued and due and unpaid to suppliers under MSMED Act, on the above amount interest paid	0.04	0.20
Payment made to suppliers (Other than interest) beyond the appointed day, during the year	4.05	-
Interest due and payable to suppliers under MSMED Act, for payments already made for the period of delay	0.20	0.28
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act	0.32	0.28
Amount of further interest remaining due and payable in succeeding year	-	-

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

	As at 31.03.16 ₹ in Millions	As at 31.03.15 ₹ in Millions
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 60 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	27.55	25.92
Payable later than one year and not later than five year	53.73	79.04
Payable after five years	-	-
(ii) Lease payment recognised in Statement of Profit and Loss for the year	29.82	25.92

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	19.66	12.99
ii) Matter decided in favour of the company where the income tax department has preferred appeals.	34.06	5.84
iii) Disputed demands relating to tax against which the Company has preferred appeals.	37.84	65.72
Note: Against the above, the Company has paid ₹ 2.03 Millions. 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	225.68	206.14
2) Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for	35.99	8.28

Items	Units	₹ in Millions			
		As at 31.03.16		As at 31.03.15	
		Qty	Value	Qty	Value
1. Enameled acid & alkali and chemical equipment	Litres (in '000)	156.12	26.75	110.57	26.87
2. Mild steel and stainless steel equipment	MT	17.16	8.06	60.93	20.67
3. Others		-	2.39	-	3.89
			<u>37.20</u>		<u>51.43</u>

Items	Units	₹ in Millions			
		Year ended 31.03.16		Year ended 31.03.15	
		Qty	Value	Qty	Value
1. Enameled acid & alkali and chemical equipment	Litres (in '000)	5,265	1,345.12	5,234	1,397.28
2. Mild steel and stainless steel equipment	MT	446	687.30	351	634.97
3. Fusion seamed products and Isostatic moulded products - Dip pipes and sparger	Nos.	272	13.70	157	9.21
4. Others		-	249.89	-	198.63
			<u>2,296.01</u>		<u>2,240.09</u>

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

33. DETAILS OF RAW MATERIALS CONSUMED		₹ in Millions			
Items	Units	Year ended 31.03.16		Year ended 31.03.15	
		Qty	Value	Qty	Value
MS Plate	MT	5,769	239.37	5,989	292.50
Stainless Steel Plate	MT	446	78.99	351	70.68
Pipes	Meters	68,789	43.50	25,054	30.75
Teflon Powder	KG	25,602	15.02	29,124	18.46
Motors	Nos.	1,079	38.17	982	37.68
Gears	Nos.	1,127	63.42	1,086	60.46
Mechanical Seals	Nos.	873	63.97	836	66.95
Accessories			93.20		94.08
Others			293.77		289.95
			<u>929.41</u>		<u>961.51</u>

34. IMPORTED AND INDIGENOUS RAW MATERIALS AND SPARES CONSUMED		₹ in Millions			
Items		Year ended 31.03.16		Year ended 31.03.15	
		Percent	Value	Percent	Value
Raw materials (including components)					
- Imported (at landed cost)		4.8%	44.50	7.8%	74.63
- Indigenous		95.2%	884.91	92.2%	886.88
		<u>100.0%</u>	<u>929.41</u>	<u>100.0%</u>	<u>961.51</u>
Stores and spare parts					
- Imported (at landed cost)		0.6%	0.54	0.2%	0.15
- Indigenous		99.4%	89.44	99.8%	89.31
		<u>100.0%</u>	<u>89.98</u>	<u>100.0%</u>	<u>89.46</u>

35. VALUE OF IMPORTS ON CIF BASIS	Year ended 31.03.16	Year ended 31.03.15
	₹ in Millions	₹ in Millions
Raw material and components	45.09	77.96
Stores and spares	0.62	0.76
Capital Goods	26.81	0.00
	<u>72.52</u>	<u>78.72</u>

36. EXPENDITURE IN FOREIGN CURRENCY		
Royalty	-	5.53
Foreign travel	5.48	6.33
Technical services, consultancy, commission, etc.	7.53	13.07
	<u>13.01</u>	<u>24.93</u>

37. DIVIDEND REMITTED IN FOREIGN CURRENCY	FY 2015-16	FY 2014-15
Period to which it relates		
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	-
Final Dividend for 2013-14 on 76,14,947 shares of ₹ 2/- each	-	6.85
1st Interim Dividend for 2014-15 on 76,14,947 shares of ₹ 2/- each	-	5.33
2nd Interim Dividend for 2014-15 on 76,14,947 shares of ₹ 2/- each	-	5.33
3rd Interim Dividend for 2014-15 on 73,72,475 shares of ₹ 2/- each	-	5.16
Number of (non-resident) shareholders	1	1

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

	Year ended 31.03.16 ₹ in Millions	Year ended 31.03.15 ₹ in Millions
38. EARNINGS IN FOREIGN CURRENCY		
FOB value exports	166.93	342.27
Sale of fixed assets	-	8.60
	<u>166.93</u>	<u>350.87</u>

39. PAYMENTS TO AUDITORS		
As Auditor		
Audit fees	1.43	1.42
Limited review fees	0.68	0.68
Consolidation	0.20	0.20
Tax audit fees	0.20	0.20
Other services		
– Certification	0.09	0.40
– Company law matter	-	0.30
Reimbursement of out-of-pocket expenses	0.10	0.13
	<u>2.70</u>	<u>3.33</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 Millions	
	31.03.16	31.03.15
Employer's contribution to provident fund	7.11	8.55
Employer's contribution to superannuation fund	5.10	4.78
Employer's contribution to pension scheme	4.45	3.50

Defined Benefit Plans

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

	₹ in Millions			
	Gratuity (Funded)		Compensated Absences (Funded)	
	31.03.16	31.03.15	31.03.16	31.03.15
a Assumptions :				
Discount rate	8.08%	8.05%	8.08%	8.05%
Rate of return on plan assets	8.08%	8.05%	8.08%	8.05%
Salary escalation	7.0%	7.0%	7.0%	7.0%
	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	61.60	59.10	17.48	13.63
Interest cost	4.96	5.55	1.41	1.28
Current service cost	3.44	3.00	2.27	1.85
Benefit paid	(24.08)	(15.53)	(5.37)	(1.87)
Actuarial (gain) / loss on obligations	(0.62)	9.48	0.81	2.59
Liability at the end of the year	<u>45.31</u>	<u>61.60</u>	<u>16.60</u>	<u>17.48</u>

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

	31.03.16	31.03.15	31.03.16	31.03.15
c Change in plan assets:				
Fair value of plan assets at the beginning of the year	47.56	51.57	18.06	-
Expected return on plan assets	3.83	4.49	1.45	-
Contributions	12.99	7.51	2.05	0.14
Benefit Paid	(24.08)	(15.53)	(5.37)	(1.87)
Actuarial gain / (loss) on plan assets	(0.26)	(0.49)	(0.08)	19.79
Fair value of plan assets at the end of the year	40.03	47.56	16.11	18.06
Total actuarial gain / (loss) to be recognized	(0.35)	9.97	0.89	(17.20)
d Actual return on plan assets:				
Expected return on plan assets	3.83	4.49	1.45	-
Actuarial gain / (loss) on plan assets	(0.26)	(0.49)	(0.08)	19.79
Actual return on plan assets	3.57	4.00	1.38	19.79
e Amount recognized in the balance sheet:				
Liability at the end of the year	45.31	61.60	(16.60)	(17.48)
Fair value of plan assets at the end of the year	40.03	47.56	16.11	18.06
Net (liability) / asset recognized in the balance sheet	(5.28)	(14.04)	(0.48)	0.58
f Expenses recognized in the income statement:				
Current service cost	3.44	3.00	2.27	1.85
Interest cost	1.13	5.55	(0.05)	1.28
Expected return on plan assets	-	(4.49)	-	-
Net actuarial (gain) / loss to be recognized	(0.35)	9.97	0.89	(17.20)
Expense recognized in profit & loss	4.22	14.04	3.11	(14.06)
g Balance sheet reconciliation:				
Opening net liability	14.04	7.52	(0.58)	13.62
Expenses as above	4.23	14.03	3.11	(14.06)
Employers contribution	(12.99)	(7.51)	(2.05)	(0.14)
Amount recognized in balance sheet	5.28	14.04	0.48	(0.58)
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	40.03	47.56	16.11	18.06

	Year ended 31.03.16	Year ended 31.03.15
41. EARNING PER SHARE		
a) Net profit for the year available to equity shareholders after Tax in ₹ Millions	183.58	172.03
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 (₹)	12.56	11.77

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

42. RELATED PARTY DISCLOSURES

(I) List of Related parties

(a) Parties where control exists:

(i) Ultimate Holding Company: : Pfaudler S.a r.l. Luxembourg

(ii) Holding Company: : Pfaudler Inc.

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

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

(d) Key management personnel : Mr. Ashok Patel - Managing Director (Upto May 31, 2015)
Mr. Tarak Patel - Managing Director (with effect From June 1, 2015)
Mr. Ashok Pillai - Chief Operating Officer
Mr. Amar Nath Mohanty - Chief Financial Officer (Upto October 26, 2015)
Mr. Jugal Sahu - Chief Financial Officer (with effect from January 19, 2016)
Ms. Mittal Mehta - Company Secretary

(e) Relative of Key management personnel : Mrs. Urmi Patel (wife of Mr. Ashok Patel)
Mrs. Uttara Gelhaus (Daughter of Mr. Ashok Patel)
Mrs. Payal Patel (wife of Mr. Tarak Patel)

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

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

42. RELATED PARTY DISCLOSURES (Continued)

(II) Transactions with related parties

₹ in Millions

Transaction	Ultimate Holding Company		Holding Company		Subsidiary Companies		Fellow Subsidiaries		Key Management Personnel		Relative of Key Management Personnel		Other Related Parties	
	31.03.16	31.03.15	31.03.16	31.03.15	31.03.16	31.03.15	31.03.16	31.03.15	31.03.16	31.03.15	31.03.16	31.03.15	31.03.16	31.03.15
Purchase of goods	-	-	0.17	-	6.03	4.52	8.82	24.16	-	-	-	-	5.07	-
Sale of goods	-	-	-	11.06	24.50	31.24	6.15	51.40	-	-	-	-	-	-
Receiving of services	0.03	-	-	-	-	-	0.56	-	-	-	-	-	1.90	18.87
Reimbursement of expenditure	-	-	-	-	1.73	-	-	-	-	-	-	-	-	-
Providing of services	-	-	-	-	-	-	-	0.96	-	-	-	-	-	-
Royalty	-	-	-	5.53	-	-	-	-	-	-	-	-	-	-
Lease rent paid	-	-	-	-	-	-	-	-	-	-	-	-	28.48	24.93
Remuneration paid	-	-	-	-	-	-	-	-	19.27	26.80	-	-	-	-
Dividend paid	-	-	22.13	22.67	-	-	-	-	3.61	3.61	1.05	0.90	-	-
Advance given	-	-	-	-	-	-	-	-	-	6.00	-	-	-	-
Advance to subsidiaries received back	-	-	-	-	1.36	0.96	-	-	-	-	-	-	-	-
Commission received on services provided	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Commission paid on services received	-	-	-	-	-	-	-	1.27	-	-	-	-	-	-
Balance outstanding														
Payables	-	-	-	47.12	-	-	-	1.01	5.50	1.63	-	-	2.42	2.43
Receivables*	-	-	-	-	5.13	3.69	-	4.53	6.61	7.22	-	-	-	-
Deposit outstanding	-	-	-	-	-	-	-	-	-	-	-	-	30.70	30.70

* Includes current year ₹ 2.81 Millions (previous year NIL) on account of trade receivables.

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

Nature of transactions	Name of the party	Year ended 31.03.16 ₹ in Millions	Year ended 31.03.15 ₹ in Millions	
Purchase of goods	Mavag AG	6.03	4.52	
	Pfaunder Werke GMBH	6.28	20.27	
	Oerlikon Textile India Pvt.Ltd.	5.07	-	
Sale of goods	Mavag AG	24.50	31.24	
	Pfaunder Werke GMBH	4.90	35.91	
	Suzoh Pfaunder Glass Lined Equipment Co. Ltd.	1.25	-	
	Tycon Technoglass	-	11.83	
	Pfaunder Inc.	-	11.06	
Receiving Services	Ready Mix Concrete Ltd.	1.07	17.87	
	Skyline Millars Ltd.	0.83	1.00	
	Mavag AG	1.73	-	
Providing Services	Chemineer	-	0.96	
Lease rent paid	Ready Mix Concrete Ltd.	27.49	23.92	
Royalty Pfaunder Inc.		-	5.53	
Remuneration paid	Mr. Ashok Patel	1.56	11.20	
	Mr. Ashok Pillai	7.42	5.98	
	Mr. Tarak Patel	5.28	4.19	
	Mr. Jugal Sahu	1.10	-	
	Mr. Amar Nath Mohanty	2.50	4.16	
Dividend paid	Pfaunder Inc.	22.13	22.68	
	Mr. Ashok Patel	3.09	3.09	
Advance given	Mr. Ashok Pillai	6.00	6.00	
Balances outstanding as on March 31, 2016	Payables	Pfaunder Inc.	-	47.12
		Ready Mix Concrete Ltd.	2.08	2.17
		Oerlikon Textile India Pvt.Ltd.	0.26	-
Receivables	Mavag AG	2.81	-	
Deposit outstanding	Ready Mix Concrete Ltd.	30.70	30.70	
	GMM Mavag AG	2.32	3.69	
Key Managerial Personal	Receivable	Mr. Ashok Pillai	6.61	6.00
		Payable Mr. Tarak Patel	5.50	-

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

43. SEGMENT REPORTING

(a) Primary segment reporting by business segment:

₹ in Millions

Particulars	Chemical Processing Equipment			Mixing Systems			Filtration / Separation Equipment & Others			Total
	31.03.16	31.03.15	31.03.16	31.03.15	31.03.16	31.03.15	31.03.16	31.03.15	31.03.16	
Revenue :										
Total external sales	1,836.16	1,828.05	183.25	164.44	276.60	247.60	2,296.01	2,240.09		
Segment results:										
Profit / (loss) before tax and interest	298.83	267.98	11.47	18.72	18.61	20.43	328.91	307.13		
Unallocated expense (Net)	-	-	-	-	-	-	43.97	40.90		
Less: Interest	-	-	-	-	-	-	6.87	5.18		
Profit / (loss) before tax	-	-	-	-	-	-	278.07	261.05		
Taxes	-	-	-	-	-	-	94.49	89.01		
Net profit after tax	-	-	-	-	-	-	183.58	172.03		
Segment assets	1,040.84	934.55	82.38	71.13	138.45	160.53	1,261.67	1,166.21		
Unallocated assets	-	-	-	-	-	-	698.52	733.36		
Total assets	-	-	-	-	-	-	1,960.19	1,899.57		
Segment liabilities	384.59	457.03	50.50	45.80	68.62	69.31	503.71	572.14		
Unallocated liabilities	-	-	-	-	-	-	43.22	44.94		
Total liabilities	-	-	-	-	-	-	546.93	617.08		
Capital expenditure	107.71	33.30	11.81	0.00	11.90	2.11	131.42	35.41		
Unallocated capital expenditure	-	-	-	-	-	-	4.16	15.15		
Depreciation	53.69	66.46	3.40	3.62	5.13	5.45	62.22	75.53		
Unallocated depreciation	-	-	-	-	-	-	5.17	5.33		

(b) Secondary segment reporting by geographical segment:

₹ in Millions

Particulars	Within India		Outside India		Total
	31.03.16	31.03.15	31.03.16	31.03.15	
Year Ended	31.03.16	31.03.15	31.03.16	31.03.15	31.03.15
Revenue	2,124.23	1,898.84	171.79	341.25	2,296.01

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 ₹ 5.64 million.

Sector Activity Identified	CSR Project	Location Agency	Implementing	Budget ₹ in Millions	Amount spent ₹ in Millions
Hospital / Rural Healthcare	Contribution for promoting rural healthcare	Karamsad, Gujarat	Charutar Arogya Mandal	1.50	1.50
Skill Development	Contribution to JV Patel ITI school	Karamsad, Gujarat	JV Patel ITI	0.20	0.20
Environment Sustainability	Contribution to Sardar Patel Trust	Karamsad, Gujarat	Sardar Patel Trust	0.49	0.49
			Total	2.19	2.19

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

in Millions

Currency	As at 31.03.16				As at 31.03.15			
	Receivable		Payable		Receivable		Payable	
		INR		INR		INR		INR
US Dollar	0.19	12.65	(0.05)	(3.01)	0.23	15.60	0.01	0.43
Euro	0.23	16.65	0.00	0.11	0.04	2.74	0.03	2.00
CHF	0.04	2.83	-	-	-	-	0.00	0.31
JPY	-	-	0.97	0.57	0.00	-	3.21	1.66

46. RESEARCH AND DEVELOPMENT EXPENSES

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

₹ in Millions

	Year ended 31.03.16	Year ended 31.03.15
Material Cost	0.31	0.40
Employee benefits expenses	8.87	7.56
Other expenses:		
Labour charges paid to subcontractors	1.65	0.79
Depreciation	0.20	0.26
	11.03	9.01

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 Millions

	As at 31.03.16	As at 31.03.15
Mr. Ashok Pillai	6.00	6.00

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

TEN YEAR FINANCIAL HIGHLIGHTS

₹ in Millions

Description	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07
OPERATING RESULTS										
Income from Operations	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	1,149.49
Other Income	32.42	33.50	29.27	52.30	28.80	26.16	27.02	35.22	53.70	29.19
Profit before Depreciation, Interest & Tax	352.32	347.08	298.03	195.33	190.91	205.84	207.16	203.18	267.15	225.85
Depreciation	67.38	80.86	70.81	55.93	49.10	34.74	33.34	32.61	27.40	23.83
Interest	6.87	5.18	10.55	7.28	11.65	8.81	6.56	13.05	16.72	12.20
Profit before Tax	278.07	261.04	216.67	132.12	130.16	162.29	167.25	157.52	223.03	189.81
Profit after Tax	183.58	172.03	142.86	96.66	91.41	110.18	114.43	102.27	155.58	120.86
Dividends	43.86	43.86	43.85	40.93	40.93	40.93	40.93	40.93	40.93	35.08
Dividend per share (₹)	3.00	3.00	3.00	2.80	2.80	2.80	2.80	2.80	2.80	*2.40
Earning per share (₹)	12.56	11.77	9.77	6.61	6.25	7.54	7.56	7.00	10.64	*8.27
Book value per share (₹)	96.68	87.73	79.85	73.60	70.14	67.19	62.90	58.62	54.89	*47.52
FINANCIAL SUMMARY										
ASSETS EMPLOYED										
Fixed Assets (net)	438.76	376.18	383.00	421.79	409.68	346.09	288.25	299.64	298.04	264.06
Investments	357.20	337.19	336.46	330.24	295.87	283.24	119.48	111.98	89.55	192.91
Net Working Capital	617.30	567.07	448.03	323.99	319.71	396.12	511.72	445.14	521.59	364.76
Total	1,413.26	1,282.44	1,167.49	1,076.02	1,025.26	1,025.45	919.45	856.76	909.19	821.73
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	1,384.03	1,253.21	1,138.26	1,046.79	996.03	952.51	890.22	827.53	773.14	665.44
Loan Funds	-	-	-	-	-	43.71	-	-	106.81	127.06
Total	1,413.26	1,282.44	1,167.49	1,076.02	1,025.26	1,025.45	919.45	856.76	909.19	821.73

*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 March 31, 2016, 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, as applicable. 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. While conducting the 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 sub-paragraph (a) of the 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, 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 March 31, 2016, and their consolidated profit / loss and their consolidated cash flows for the year ended on that date.

Other Matters

- a) We did not audit the financial statements of the subsidiaries whose financial statements reflect total assets of ₹ 701.03 million as at March 31, 2016, total revenues of ₹ 661.83 million and net cash flows amounting to ₹ 105.42 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 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 the other auditors and the financial statements / financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, 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 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, as applicable.
 - e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2016 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2016 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 Report in “**Annexure A**”, which is based on the auditors’ reports of the Holding company and its subsidiary companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the internal financial controls over financial reporting of the Holding company and its subsidiary companies incorporated in India.
 - 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, 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. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any.
 - 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.

For Deloitte Haskins & Sells LLP

Chartered Accountants

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

Kartikeya Raval

(Membership No. 106189)

Place : Mumbai

Date: May 10, 2016

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”)

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2016, 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 Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the 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 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.

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, 2016, 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 10, 2016

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2016

	Notes	As at 31.03.16 ₹ in Millions	As at 31.03.15 ₹ in Millions
I. EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	4	29.23	29.23
Reserves and surplus	5	1,639.09	1,475.11
		1,668.32	1,504.34
Non-current liabilities			
Deferred tax liabilities (Net)	6	37.83	38.97
Current liabilities			
Trade payables	7		
(A) Total outstanding dues of micro enterprises and small enterprises		0.78	4.25
(B) Total outstanding dues of creditors other than micro enterprises and small enterprises		311.32	353.02
Other current liabilities	8	496.88	396.21
Short term provisions	9	41.26	46.87
		850.24	800.35
Total		2,556.39	2,343.66
II. ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	10	385.60	320.30
Intangible assets	11	27.09	30.07
Capital work-in-progress		43.15	48.24
		455.84	398.61
Goodwill on consolidation		121.43	114.60
Non-current investments	12	6.82	6.82
Long term loans and advances	13	55.80	56.53
		639.89	576.56
Current assets			
Current investments	14	130.38	110.37
Inventories	15	708.57	742.56
Trade receivables	16	486.79	380.22
Cash and bank balances	17	536.26	470.22
Short term loans and advances	18	39.64	43.36
Other current assets	19	14.86	20.37
		1,916.50	1,767.10
Total		2,556.39	2,343.66
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 10, 2016

For and on behalf of the Board

P. Krishnamurthy

Chairman

DIN: 00013565

Tarak Patel

Managing Director

DIN: 00166183

Dr. S. Sivaram

Director

DIN: 00009900

Khurshed Thanawalla

Director

DIN: 00201749

Jugal Sahu

Chief Financial Officer

ACA 205251

Mittal Mehta

Company Secretary

FCS 7848

Mumbai, May 10, 2016

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2016

	Notes	Year ended 31.03.16 ₹ in Millions	Year ended 31.03.15 ₹ in Millions
REVENUE :			
Revenue from operations	20	3,093.84	3,219.27
Less : Excise duty		173.08	142.99
		2,920.76	3,076.28
Other income	21	36.44	25.88
Total revenue		2,957.20	3,102.16
EXPENSES :			
Cost of raw materials consumed	22	1,161.01	1,254.64
(Increase) / Decrease in inventories of finished goods and work-in-progress	23	45.67	84.55
Employee benefits expense	24	561.66	555.48
Finance costs	25	6.88	5.20
Depreciation	10 & 11	81.19	98.27
Other expenses	26	802.80	822.17
Total expenses		2,659.21	2,820.31
Profit before tax		297.99	281.85
Tax expenses			
Current tax		98.68	98.03
Deferred tax		(1.84)	(4.85)
Profit after tax		201.15	188.67
Earnings per equity share: Basic & diluted		13.76	12.91
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 10, 2016

For and on behalf of the Board

P. Krishnamurthy

Chairman

DIN: 00013565

Tarak Patel

Managing Director

DIN: 00166183

Dr. S. Sivaram

Director

DIN: 00009900

Khurshed Thanawalla

Director

DIN: 00201749

Jugal Sahu

Chief Financial Officer

ACA 205251

Mittal Mehta

Company Secretary

FCS 7848

Mumbai, May 10, 2016

STATEMENT OF CONSOLIDATED CASH FLOW FOR THE YEAR ENDED MARCH 31, 2016

	Year ended 31.03.16 ₹ in Millions	Year ended 31.03.15 ₹ in Millions
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	297.99	281.85
Adjustments for		
Depreciation	81.19	98.27
Net (gain) / loss on sale & discard of fixed assets	(2.37)	(2.21)
Interest income	(24.74)	(17.89)
Interest and financial charges	6.88	5.20
Dividend income	(0.92)	(1.93)
Provision for doubtful debts, liquidated damages and advances	3.61	(14.49)
Provision for diminution in value of current investments	-	(0.71)
Unrealised foreign exchange fluctuation loss / (gain)	-	1.15
Operating profit before working capital changes	361.64	349.25
Adjustments for :		
Increase / (Decrease) in inventories	33.99	108.49
(Increase) / Decrease in trade receivable, short term loan & advances and other assets	(103.44)	61.36
Increase / (Decrease) in trade payables, other current liabilities & provisions	49.81	(105.70)
Cash generated from operations	342.00	413.39
Direct taxes paid	(95.45)	(112.01)
Net cash from operating activities	246.55	301.38
	A	
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets, including intangible assets	(138.95)	(77.74)
Proceeds from sale of fixed assets	2.87	3.51
Purchase of current investments	(20.37)	-
Proceeds from sale of current investments	0.36	-
Fixed deposits maturity proceeds from banks (net)	121.32	28.25
Fixed deposits placed with banks (net)	(170.50)	(121.32)
Interest received	24.74	16.34
Dividend received	0.92	1.93
Net cash used in investing activities	(179.61)	(149.03)
	B	
CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid	(6.88)	(5.20)
Dividend paid	(43.77)	(43.73)
Tax on distributed profits	(9.30)	(8.97)
Net cash used in financing activities	(59.95)	(57.90)
	C	
NET INCREASE / (DECREASE) IN CASH & CASH EQUIVALENTS	6.99	94.45
	A+B+C	
Cash and cash equivalents, beginning of the year	348.90	271.19
Effect of exchange rate changes [(Gain) / Loss]	9.87	(16.74)
Cash and cash equivalents, end of the year	365.76	348.90
COMPONENTS OF CASH AND CASH EQUIVALENTS		
Cash and cash equivalent		
Balances with banks		
- In current accounts	310.56	205.65
- In deposit accounts (Less than three months maturity)	51.83	139.42
Cash on hand	1.09	1.64
Other Bank Balances		
- In unpaid dividend accounts	2.28	2.19
Total	365.76	348.90
Deposit accounts with maturity greater than three month but less than one year	170.50	121.32
Cash and bank balances at the end of the year	536.26	470.22
The company has been sanctioned credit facilities for working capital of ₹ 200 million, of which facilities utilised as on March 31, 2016 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 10, 2016

For and on behalf of the Board

P. Krishnamurthy

Chairman

DIN: 00013565

Tarak Patel

Managing Director

DIN: 00166183

Dr. S. Sivaram

Director

DIN: 00009900

Khurshed Thanawalla

Director

DIN: 00201749

Jugal Sahu

Chief Financial Officer

ACA 205251

Mittal Mehta

Company Secretary

FCS 7848

Mumbai, May 10, 2016

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

1. Basis of consolidation:

The consolidated financial statements relate to GMM Pfaunder 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, 2016.

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 transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.

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) 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

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.

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 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 and fair value and the resultant decline, if any, is charged to revenue.

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 expressed 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 different 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.

i) Product 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.

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 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.

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) 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:

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) Service tax input credit:

Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is reasonable certainty in availing / utilising the credits.

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, 2016

	As at 31.03.16 ₹ in Millions	As at 31.03.15 ₹ in Millions
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 equity shares:		
	As at 31.03.16	
	No. of shares	₹ In Millions
At the beginning of the year	14,617,500	29.23
Issued during the year	-	-
Outstanding as at the end of the year	14,617,500	29.23
	As at 31.03.15	
	No. of shares	₹ in Millions
	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 31.03.16	
	No. of shares	% holding
Pfudler Inc (Holding Company)	7,375,217	50.45%
Millars Machinery Company Private Limited	1,625,595	11.12%
	As at 31.03.15	
	No. of shares	% holding
	7,372,475	50.44%
	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
Share premium account Balance as per last balance sheet	149.28	149.28
Balance as per last balance sheet	133.58	150.88
Add : Foreign exchange translation reserve	15.98	(17.30)
Closing balance	149.56	133.58
General reserve:		
Balance as per last balance sheet	229.99	212.79
Add: Transfer from statement of profit and loss	1.03	17.20
	231.02	229.99
Surplus in statement of profit and loss		
Balance as per last balance sheet	961.55	846.77
Add: Net profit for the year	201.15	188.67
Add: Transfer from inventory reserve	-	1.30
Less : Depreciation on assets whose remaining useful life is nil, recognised in retained earnings (Net of deferred tax)	-	4.72
Less : Appropriations		
Interim dividend	30.70	30.70
Final dividend	13.16	13.16
Tax on distributed profits	9.29	9.42
Transfer to general reserve	1.03	17.20
	1,108.52	961.55
	1,639.09	1,475.11

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

	As at 31.03.16 ₹ in Millions	As at 31.03.15 ₹ in Millions
6. DEFERRED TAX LIABILITY		
Deferred tax liabilities		
Depreciation on fixed assets	37.35	38.30
Warranty provision	11.73	12.03
	49.08	50.33
Deferred tax assets		
Provision for doubtful debts / advances	11.25	11.36
	11.25	11.36
Net deferred tax liabilities	37.83	38.97
7. TRADE PAYABLES		
- Dues to micro, small and medium enterprises	0.78	4.25
- Dues to others	311.32	353.02
	312.10	357.27
8. OTHER CURRENT LIABILITIES		
Advances from customers	439.62	356.01
Unclaimed dividend	2.28	2.19
Employee benefits payable	45.26	30.86
Statutory dues payable	9.72	7.15
	496.88	396.21
<p>The amount of unclaimed dividend reflects the position as at March 31, 2016. During the year, the Company has transferred an amount of ₹ 0.25 Millions (previous year ₹ 0.24 Millions) to the Investor Education and Protection Fund in accordance with the provisions of section 125 of the Companies Act, 2013.</p>		
9. SHORT TERM PROVISIONS		
Provision for employee benefits - gratuity	5.76	14.04
Provision for unexpired warranty	19.65	16.98
Provision for final dividend	13.17	13.17
Provision for tax on distributed profits	2.68	2.68
	41.26	46.87

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

10. TANGIBLE ASSETS

₹ in Millions

ASSETS	GROSS BLOCK			DEPRECIATION			NET BLOCK				
	As on 01.04.15	Additions	Deductions	As on 31.03.16	Upto 01.04.15	For the Year	Adjustment to Reserve	On Deductions	Upto 31.03.16	As on 31.03.16	As on 31.03.15
Freehold land	2.32	-	-	2.32	-	-	-	-	-	2.32	2.32
Leasehold land	1.15	-	-	1.15	0.50	0.01	-	-	0.51	0.64	0.65
Lease improvement	13.72	15.59	-	29.31	10.62	0.67	-	-	11.29	18.02	3.10
Buildings	172.16	35.42	0.70	206.88	55.00	5.36	-	0.64	59.72	147.16	117.16
Plant & machinery	588.55	59.97	11.51	637.01	441.82	42.42	-	11.34	472.90	164.11	146.74
Office equipment	55.39	5.64	6.29	54.74	46.12	4.89	-	6.21	44.80	9.94	9.28
Furniture & fixtures	28.23	5.80	0.78	33.25	21.27	2.31	-	0.76	22.82	10.43	6.96
Vehicles	68.95	12.05	6.61	74.39	34.86	12.98	-	6.43	41.41	32.98	34.09
Total	930.47	134.47	25.89	1,039.05	610.19	68.64	-	25.38	653.45	385.60	320.30
Previous year total	915.97	43.97	29.47	930.47	545.13	86.15	7.09	28.18	610.19	320.30	

11. INTANGIBLE ASSETS

ASSETS	GROSS BLOCK			DEPRECIATION			NET BLOCK				
	As on 01.04.15	Additions	Deductions	As on 31.03.16	Upto 01.04.15	For the Year	Adjustment to Reserve	On Deductions	Upto 31.03.16	As on 31.03.16	As on 31.03.15
Computer software	76.82	9.57	0.66	85.73	48.80	11.52	-	0.65	59.67	26.06	28.01
Technical knowhow	3.09	-	-	3.09	1.03	1.03	-	-	2.06	1.03	2.06
Total	79.91	9.57	0.66	88.82	49.83	12.55	-	0.65	61.73	27.09	30.07
Previous year total	73.23	6.68	-	79.91	37.71	12.12	-	-	49.83	30.07	

Notes:

- There are no adjustment to fixed assets on account of borrowing cost and exchange differences during the year.
- Adjustment under Depreciation represents the carrying amount of fixed asset on the date of schedule II coming into effect, namely April 1, 2014 whose remaining useful life is Nil, being recognized in the opening balance of retained earnings.
- 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. The value of fixed assets in the foreign subsidiary not being significant, there is no material impact on account of depreciation on the consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

12. NON CURRENT INVESTMENTS (FULLY PAID) (VALUED AT COST UNLESS STATED OTHERWISE)

₹ in Millions

	Face value	Number As at 31.03.16	Cost As at 31.03.16	Number As at 31.03.15	Cost As at 31.03.15
Trade Investments-Fully Paid (Valued at Cost)					
Shares in Co-operative Societies (unquoted)					
Karamsad Urban Co-op. Bank Ltd.	10	1,200	0.01	1,200	0.01
Charotar Gas Sahakari Mandli Ltd.	500	10	0.01	10	0.01
			0.02		0.02
Other Investments- Fully Paid (Valued at Cost)					
Equity Shares (quoted)					
Abbott India Ltd.	10	100	0.01	100	0.01
BASF India Ltd.	10	276	0.01	276	0.01
Bayer Cropscience Ltd.	10	50	0.01	50	-
Clariant Chemical India	10	50	-	50	-
Dharamshi Morarji Chemicals Co. Ltd.	10	100	-	100	-
Excel Crop Care Ltd.	5	112	-	112	-
Excel Industries Ltd.	5	112	0.01	112	0.01
Futura Polyester Ltd.	10	100	-	100	-
Glaxo Smithkline Pharmaceuticals Ltd.	10	122	0.01	122	0.01
GHCL Ltd.	10	100	-	100	-
Hico Products Ltd.	10	625	0.01	625	0.01
IDI Ltd.	10	66	-	66	-
Innovssynth Investments Ltd. (As per arrangement with Futura)	10	45	-	45	-
Kansai Nerolac Paints Ltd.	10	6,660	0.01	6,660	0.01
Nestle India Ltd.	10	93	0.01	93	0.01
Novartis (India) Ltd.	5	70	0.01	70	0.01
Piramal Enteprise Ltd.	2	399	-	399	-
Piramal Phytocare Ltd. (formerly Piramal Life Sciences Ltd.)	10	39	-	39	-
Piramal Glass Ltd.	10	19	-	19	-
Peninsula Land Ltd.	2	1,040	-	1,040	-
Pfizer Ltd.	10	170	0.01	170	0.01
Skyline Millars Ltd.	1	1,406,000	1.93	1,406,000	1.93
Shubh Shanti Services Ltd.	10	25	-	25	-
SI Group - India Ltd.	10	-	-	50	0.01
Tata Chemicals Ltd.	10	161	0.01	161	0.01
United Phosphorus Ltd.	2	7,500	0.41	7,500	0.41
			2.45		2.45
Government Securities (quoted)					
Indian Railway Finance Corp. Bonds	1000	4,350	4.35	4,350	4.35
			4.35		4.35
Total Investments					
Aggregate amount of quoted investment			6.80		6.80
Market Value of quoted investment			17.11		16.88
Aggregate amount of unquoted investment			0.02		0.02

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

	As at 31.03.16 ₹ in Millions	As at 31.03.15 ₹ in Millions
13. LONG TERM LOANS AND ADVANCES		
(Unsecured)		
Capital advances	2.80	0.65
Balances with indirect tax & utilities authorities	3.39	3.33
Security deposits (including ₹ 0.17 Million consider doubtful) [Refer Note : 27]	44.78	44.49
Less : Provision for doubtful security deposits	0.17	0.17
	<u>44.61</u>	<u>44.32</u>
Advance payment of taxes	5.00	8.23
(Net of provision for taxation ₹ 210.44 Million)	<u>55.80</u>	<u>56.53</u>

	Face value Rupees	Number As At 31.03.16 ₹ in Millions	Cost As At 31.03.16 ₹ in Millions	Number As At 31.03.15 ₹ in Millions	Cost As At 31.03.15 ₹ in Millions
14. CURRENT INVESTMENT					
In units of mutual funds, unquoted (Valued at lower of cost and fair value)					
HDFC Cash Management Fund - Treasury Advantage Plan					
- Retail - Weekly Dividend	10	-	-	36,246	0.36
IDFC SSIF Medium Term Plan A Growth	10	1,379,698	27.00	1,379,698	27.00
Reliance Dynamic Bond Fund Growth	10	632,586	10.31	632,586	10.31
Birla Sun Life Govt. Securities long term growth	10	606,632	21.87	606,632	21.87
Reliance Short Term Fund Growth	10	1,387,389	31.16	1,387,389	31.16
HDFC High Interest Fund Dynamie plan-Growth	10	283,306	11.57	283,306	11.57
ICICI Prud.In.Regular Plan Growth	10	210,936	8.10	210,936	8.10
HDFC Corporate Debt Opportunities Fund - Regular - Growth	10	875,350	10.00	-	-
Birla Sun Life Corporate Bond Fund - Regular - Growth	10	986,329	10.00	-	-
Birla Sun Life Cash Manager Growth	10	1,072	0.37	-	-
			<u>130.38</u>		110.37
Provision for diminution in value of investments			-		-
			<u>130.38</u>		<u>110.37</u>
Aggregate amount of unquoted investments			<u>130.38</u>		<u>110.37</u>
Aggregate provision for diminution in investments			-		-

	As at 31.03.16 ₹ in Millions	As at 31.03.15 ₹ in Millions
15. INVENTORIES		
(Valued at lower of cost or Net realisable value)		
Raw materials	237.80	224.00
Work-in-progress	415.85	447.29
Finished goods (Including in transit ₹ 9.06 Million Previous year ₹ 8.40 Million)	37.20	51.43
Stores and spares	17.72	19.84
	<u>708.57</u>	<u>742.56</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

	As at 31.03.16 ₹ in Millions	As at 31.03.15 ₹ in Millions
16. TRADE RECEIVABLES		
(Unsecured)		
Outstanding for a period over six months		
Considered good	12.07	26.06
Considered doubtful	32.12	35.22
	44.19	61.28
Other debts		
Considered good	475.51	354.15
Considered doubtful	14.41	8.50
	489.92	362.65
Less : Provision for doubtful debts	47.32	43.71
	486.79	380.22
17. CASH AND BANK BALANCES		
Cash and cash equivalents		
Balances with banks		
- In current accounts	310.56	205.65
- In deposit accounts with maturity less than three months	51.83	139.42
Cash and stamps on hand	1.09	1.64
Other bank balances		
- In deposit accounts with maturity greater than three months but less than twelve month	170.50	121.32
- In unpaid dividend accounts - earmarked balances	2.28	2.19
	536.26	470.22
18. SHORT TERM LOANS AND ADVANCES		
(Unsecured, considered good unless otherwise stated)		
Considered Good :		
Loans and advances to related parties (Refer Note: 32)	6.08	7.22
Loans and advances to employees	2.99	2.66
Other Loans and advances	1.34	1.65
Balance with central excise authorities	10.20	14.33
Prepaid expenses	13.75	11.13
Advance payment to suppliers	5.28	6.37
	39.64	43.36
Considered Doubtful :		
Other loans and advances	0.52	0.52
Less: Provision for doubtful advances	0.52	0.52
	-	-
	39.64	43.36
19. OTHER CURRENT ASSETS		
Interest accrued on deposits with banks	1.94	2.60
Accrued income	12.92	17.77
	14.86	20.37

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

	Year ended 31.03.16 ₹ in Millions	Year ended 31.03.15 ₹ in Millions
20. REVENUE FROM OPERATIONS		
Revenue from sale of products	3,064.18	3,185.71
Other operating revenues	29.66	33.56
	3,093.84	3,219.27
Less: excise duty	173.08	142.99
	2,920.76	3,076.28
21. OTHER INCOME		
Interest Income (Gross)		
- Non - current investments	0.97	1.11
- Deposits with banks	17.35	15.14
- Others	6.42	1.63
Dividend Income		
- Non - current investments	0.91	1.84
- Current Investments	0.01	0.09
Other non-operating income		
- Bad debts recovered	0.67	0.52
- Profit on sales of fixed assets	2.37	2.21
- Miscellaneous Income	4.08	3.34
Net gain on foreign exchange translations	3.66	-
	36.44	25.88
22. COST OF RAW MATERIALS CONSUMED		
Opening stock of raw materials	244.09	290.89
Add: Purchases during the year	1,172.05	1,207.84
	1,416.14	1,498.73
Less: Closing stock of raw materials	255.13	244.09
	1,161.01	1,254.64
23. (INCREASE) / DECREASE IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS		
Inventory of finished good at the beginning of the year	51.43	59.37
Inventory of finished good at the closing of the year	37.20	51.43
	14.23	7.94
Inventory of work in progress at the beginning of the year	447.29	489.96
Inventory of work in progress at the closing of the year	415.85	413.35
	31.44	76.61
24. EMPLOYEE BENEFITS EXPENSE		
Salaries and Wages	490.11	472.55
Contribution to provident and other funds	60.46	70.46
Staff welfare expenses	11.09	12.47
	561.66	555.48

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

	Year ended 31.03.16 ₹ in Millions	Year ended 31.03.15 ₹ in Millions
25. FINANCE COSTS		
Interest on bank overdraft	0.70	0.31
Other financial charges	6.18	4.89
	6.88	5.20
26. OTHER EXPENSES		
Labour charges paid to subcontractors	240.73	244.99
Power & fuel	160.97	168.09
Consumption of stores & spares	89.98	89.46
Repairs to machinery	27.23	33.42
Repairs to buildings	5.04	4.80
Repairs - others	2.79	4.52
Rent	44.76	39.32
Insurance	8.81	7.37
Rates & taxes	4.12	4.54
Royalty	-	5.53
Travel & conveyance	36.87	45.72
Communication	8.81	8.14
Bad debts written off	0.69	6.35
Provision for doubtful debts and advances	2.69	(12.31)
Provision for warranty expenses	3.75	2.69
Advertisement and sales promotion	12.40	9.17
Commission	0.92	5.06
Legal and professional fees	29.42	19.55
Freight outward	36.64	44.61
Provision for diminution in value of Investment	-	(0.71)
Payments to auditors	7.14	8.34
Expense on CSR activities	2.19	2.03
Foreign exchange loss	16.46	19.65
Miscellaneous expenses	60.39	61.84
	802.80	822.17
27. LONG TERM LOANS AND ADVANCES		
<p>Security Deposits include ₹ 30.70 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 factorysheds taken under lease by Company from November 1, 2012.</p>		

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

	As at 31.03.16 ₹ in Millions	As at 31.03.15 ₹ in Millions		
28. 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 60 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	49.19	46.92		
Payable later than one year and not later than five year	53.73	79.04		
Payable after five years	-	-		
(ii) Lease payment recognised in statement of profit and loss for the year	44.76	39.52		
29. 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	19.66	12.99		
ii) Matter decided in favour of the company where the income tax department has preferred appeals.	34.06	5.84		
iii) Disputed demands relating to tax against which the company has preferred appeals.	37.84	65.72		
Note: Against the above, the Company has paid ₹ 2.03 Millions. 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	225.68	206.14		
2) Commitments				
Estimated amount of contracts remaining to be executed on capital account and not provided for	35.99	8.28		
30. 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 Millions			
	31.03.16	31.03.15		
Employer's contribution to provident fund	7.11	8.55		
Employer's contribution to superannuation fund	5.10	4.78		
Employer's contribution to pension scheme	42.96	43.03		
Defined Benefits Plans				
The amounts recognized in the Company's financial statements as at the year end are as under:				
	₹ in Millions			
	Gratuity (Funded)		Compensated Absences (Funded)	
	31.03.16	31.03.15	31.03.16	31.03.15
a Assumptions :				
Discount rate	8.08%	8.05%	8.08%	8.05%
Rate of return on plan assets	8.08%	8.05%	8.08%	8.05%
Salary escalation	7.0%	7.0%	7.0%	7.0%

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

	As at 31.03.16 ₹ in Millions	As at 31.03.15 ₹ in Millions	As at 31.03.16 ₹ in Millions	As at 31.03.15 ₹ in Millions
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	61.60	59.10	17.48	13.63
Interest cost	4.96	5.55	1.41	1.28
Current service cost	3.44	3.00	2.27	1.85
Benefit paid	(24.08)	(15.53)	(5.37)	(1.87)
Actuarial (gain) / loss on obligations	(0.62)	9.48	0.81	2.59
Liability at the end of the year	45.31	61.60	16.60	17.48
c Change in plan assets:				
Fair value of plan assets at the beginning of the year	47.55	51.57	18.06	-
Expected return on plan assets	3.83	4.49	1.45	-
Contributions	12.99	7.51	2.05	0.14
Benefit paid	(24.08)	(15.53)	(5.37)	(1.87)
Actuarial gain / (loss) on plan assets	(0.26)	(0.49)	(0.08)	19.79
Fair value of plan assets at the end of the year	40.03	47.55	16.11	18.06
Total actuarial gain / (loss) to be recognized	(0.35)	9.97	0.89	(17.20)
d Actual return on plan assets:				
Expected return on plan assets	3.83	4.49	1.45	-
Actuarial gain / (loss) on plan assets	(0.26)	(0.49)	(0.08)	19.79
Actual return on plan assets	3.57	4.00	1.38	19.79
e Amount recognized in the balance sheet:				
Liability at the end of the year	45.31	61.60	(16.60)	(17.48)
Fair value of plan assets at the end of the year	40.03	47.56	16.11	18.06
Net (liability) / asset recognized in the balance sheet	(5.28)	(14.04)	(0.48)	0.58
f Expenses recognized in the income statement:				
Current service cost	3.44	3.00	2.27	1.85
Interest cost	1.13	5.55	(0.05)	1.28
Expected return on plan assets	-	(4.49)	-	-
Net actuarial (gain) / loss to be recognized	(0.35)	9.97	0.89	(17.20)
Expense recognized in profit & loss	4.22	14.04	3.11	(14.06)
g Balance sheet reconciliation:				
Opening net liability	14.04	7.52	(0.58)	13.62
Expenses as above	4.23	14.03	3.11	(14.06)
Employers contribution	(12.99)	(7.51)	(2.05)	(0.14)
Amount recognized in balance sheet	5.28	14.04	0.48	(0.58)
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 promotion and demand and supply of the employees.				
i Category of assets:				
Insurer managed funds	40.03	47.56	16.11	18.06

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

31. EARNING PER SHARE	Year ended 31.03.16	Year ended 31.03.15
a) Net profit for the year available to equity shareholders after Tax in ₹ Millions	201.15	188.67
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 (₹)	13.76	12.91

32. RELATED PARTY DISCLOSURES

(I) List of related parties

(a) Parties where control exists:

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

(b) Fellow Subsidiaries

- : Pfaudler Werke GMBH
- Pfaudler Balfour Limited
- Edlon PSI Inc.
- Suzhou Pfaudler Glass Lined Equipment Co. Limited
- Glass Steel Parts and Services
- Pfaudler s.r.l.
- Pfaudler UK Limited
- Pfaudler Rochester, USA
- Pfaudler Process Solution Group U.K. Limited

(c) Key management personnel

- : Mr. Ashok Patel - Managing Director (Upto May 31, 2015)
- Mr. Tarak Patel - Managing Director (with effect from June 1, 2015)
- Mr. Ashok Pillai - Chief Operating Officer
- Mr. Amarnath Mohanty - Chief Financial Officer (Upto October 26, 2015)
- Mr. Jugal Sahu - Chief Financial Officer (with effect from January 19, 2016)
- Ms. Mittal Mehta - Company Secretary

(d) Relative of Key management personnel

- : Mrs. Urmi Patel (wife of Mr. Ashok Patel)
- Mrs. Uttara Gelhaus (Daughter of Mr. Ashok Patel)
- Mrs. Payal Patel (wife of Mr. Tarak Patel)

(e) Enterprises over which key managerial personnel have significant influence

- : Skyline Millars Limited
- Ready Mix Concrete Limited
- Ashok Patel - HUF
- J V Patel & Co.

32. RELATED PARTY DISCLOSURES (Continued)

(II) Transactions with related parties

₹ in Millions

Transaction	Ultimate Holding Company		Holding Company		Fellow Subsidiaries		Key Management Personnel		Relative of Key Management Personnel		Other Related Parties	
	31.03.16	31.03.15	31.03.16	31.03.15	31.03.16	31.03.15	31.03.16	31.03.15	31.03.16	31.03.15	31.03.16	31.03.15
Purchase of goods	-	-	0.17	-	8.82	24.16	-	-	-	-	5.07	-
Sale of goods	-	-	-	11.06	6.15	51.40	-	-	-	-	-	-
Receiving of services	0.03	-	-	-	0.56	-	-	10.94	-	-	1.90	18.87
Providing of services	-	-	-	-	-	0.96	-	-	-	-	-	-
Royalty	-	-	-	5.53	-	-	-	-	-	-	-	-
Lease rent paid	-	-	-	-	-	-	-	-	-	-	28.48	24.93
Remuneration paid	-	-	-	-	-	-	19.27	26.80	-	-	-	-
Dividend paid	-	-	22.13	22.67	-	-	3.61	3.61	1.05	0.90	-	-
Advance given	-	-	-	-	-	-	-	6.00	-	-	-	-
Advance to subsidiaries received back	-	-	-	-	-	-	-	-	-	-	-	-
Commission received on services provided	-	-	-	-	-	-	-	-	-	-	-	-
Commission paid on services received	-	-	-	-	-	1.27	-	-	-	-	-	-
Balance outstanding												
Payables	-	-	-	47.12	-	1.01	5.50	1.63	-	-	2.42	2.43
Receivables	-	-	-	-	-	4.53	6.61	7.22	-	-	-	-
Deposit outstanding	-	-	-	-	-	-	-	-	-	-	30.70	30.70

RELATED PARTY DISCLOSURES (Continued)

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

Nature of transactions	Name of party	Year ended 31.03.16 ₹ in Millions	Year ended 31.03.15 ₹ in Millions
Purchase of goods	Pfaunder Werke GMBH	6.28	20.27
	Oerlikon Textile India Pvt. Ltd.	5.07	-
Sale of goods	Pfaunder Werke GMBH	4.90	35.91
	Suzoh Pfaunder Glass Lined Equipment Co. Ltd.	1.25	-
	Tycon Technoglass	-	11.83
	Pfaunder Inc.	-	11.06
Receiving services	Ready Mix Concrete Ltd.	1.07	17.87
	Skyline Millars Ltd.	0.83	1.00
Providing services	Chemineer Inc.	-	0.96
Lease rent paid	Ready Mix Concrete Ltd.	27.49	23.92
Royalty	Pfaunder Inc.	-	5.53
Remuneration paid	Mr. Ashok Patel	1.56	11.20
	Mr. Ashok Pillai	7.42	5.98
	Mr. Tarak Patel	5.28	4.19
	Mr. Jugal Sahu	1.10	-
	Mr. Amar Nath Mohanty	2.50	4.16
	Pfaunder Inc.	22.13	22.68
Dividend paid	Mr. Ashok Patel	3.09	3.09
Advance given	Mr. Ashok Pillai	6.00	6.00
Balances outstanding as on March 31, 2016			
Payables	Pfaunder Inc.	-	47.12
	Ready Mix Concrete Ltd.	2.08	2.17
	Oerlikon Textile India Pvt. Ltd.	0.26	-
Deposit outstanding	Ready Mix Concrete Ltd.	30.70	30.70
Key Managerial Personal			
Receivable	Mr. Ashok Pillai	6.61	6.00
Payable	Mr. Tarak Patel	5.50	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

33. SEGMENT REPORTING

(a) Primary segment reporting by business segment

₹ in Millions

Particulars	Chemical Processing Equipment		Mixing Systems		Filtration / Separation Equipment & Others		Total
Year Ended	31.03.16	31.03.15	31.03.16	31.03.15	31.03.16	31.03.15	31.03.16
Revenue :							
Total external sales	1,836.16	1,828.05	183.25	164.44	901.35	1,083.79	2,920.76
Segment Results:							
Profit / (loss) before tax and interest	298.83	267.97	11.47	18.72	35.88	68.40	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	1,040.83	934.55	82.38	71.13	676.20	653.25	1,799.41
Unallocated assets	-	-	-	-	-	-	756.98
Total assets	-	-	-	-	-	-	2,556.39
Segment liabilities	384.59	457.03	50.50	45.80	412.71	279.45	847.80
Unallocated liabilities	-	-	-	-	-	-	40.28
Total liabilities	-	-	-	-	-	-	888.08
Capital expenditure	107.71	33.30	11.81	-	20.36	2.19	139.88
Unallocated capital expenditure	-	-	-	-	-	-	4.15
Depreciation	53.69	66.46	3.40	3.62	18.93	22.86	76.02
Unallocated depreciation	-	-	-	-	-	-	5.17

(b) Secondary segment reporting by geographical segment:

₹ in Millions

Particulars	Within India		Outside India		Total
Year Ended	31.03.16	31.03.15	31.03.16	31.03.15	31.03.16
Revenue	2,124.22	1,898.84	796.54	1,177.44	2,920.76

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".

34. 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
	Parent				
	GMM Pfaudler Limited	84.86	1,429.09	91.27	183.58
	Subsidiaries				
	Indian -				
1	Karamsad Holdings Ltd.	0.27	4.57	0.10	0.21
2	Karamsad Investments Ltd.	0.26	4.43	0.09	0.18
	Foreign -				
1	GMM Mavag AG	20.25	341.05	0.75	1.51
2	Mavag AG	20.68	348.27	9.64	19.40
	Consolidation Adjustment	-26.32	(443.26)	-1.85	(3.73)
	Total		1,684.15		201.15

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

in Millions

Currency	As at 31.03.16				As at 31.03.15			
	Receivable		Payable		Receivable		Payable	
	INR		INR		INR		INR	
US Dollar	0.19	12.65	(0.05)	(3.01)	0.23	15.60	0.01	0.43
Euro	0.23	16.65	0.00	0.11	0.04	2.74	0.03	2.00
CHF	0.04	2.83	-	-	-	-	0.00	0.31
JPY	-	-	0.97	0.57	-	-	3.21	1.66

36. 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, 2016 amounted to ₹ 0.74 Millions (Previous year ₹ 4.05 Millions). 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 Millions

	2015-16	2014-15
Principal amount due to suppliers and remaining unpaid under MSMED Act, 2006	0.74	4.05
Interest accrued and due and unpaid to suppliers under MSMED Act, on the above amount interest paid	0.04	0.20
Payment made to suppliers (Other than interest) beyond the appointed day, during the year	4.05	-
Interest due and payable to suppliers under MSMED Act, for payments already made for the period of delay	0.20	0.28
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act	0.32	0.28
Amount of further interest remaining due and payable in succeeding year	-	-

37. RESEARCH AND DEVELOPMENT EXPENSES

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

₹ in Millions

	Year ended 31.03.16	Year ended 31.03.15
Material cost	0.31	0.40
Employee benefits expense	8.87	7.56
Other expenses:		
Labour charges paid to subcontractors	1.65	0.79
Depreciation	0.20	0.26
	11.03	9.01

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

ROUTE MAP – VENUE OF AGM



NOTES

A series of horizontal dotted lines for taking notes.

SALES & SERVICE OFFICES

AHMEDABAD

2, B Jadhav Chambers,
Ashram Road,
Ahmedabad 380 009, Gujarat.
Tel: +91 79 2754 6822 / 2754 6924

ANKLESHWAR

A/2 - 2412,
GIDC Estate, Near ETL,
Ankleshwar 393 002, Gujarat.
Tel: +91 02646 650808

BANGALORE

43, Saradeshwari Arcade,
Moodala Palya, Nagarbhavi Main Road,
Bangalore 560 072, Karnataka.
Tel : +91 97380 30999

CHENNAI

"City Center" No. 4, No. 39,
No. 66, Thirumallai Pillai Road,
T. Nagar, Chennai 600 017, Tamil Nadu.
Tel: +91 44 4212 4581

HYDERABAD

Flat # 410, H. No 6-11 & 6-11/A,
Vijay Sai Towers, Main Road, Kukatpally,
Hyderabad 500 072, Andhra Pradesh.
Tel: +91 40 2315 0222 / 400 55058

NEW DELHI

210, Pragati Tower,
26, Rajendra Place,
New Delhi 110 008, Delhi.
Tel: +91 11 2581 4913

VADODARA

227, Sidharth Complex,
R. C. Dutta Road, Alkapuri,
Vadodara 390 005, Gujarat.
Tel: +91 265 235 4790

VISAKHAPATNAM

Plot No: 71, IDA Block E,
Fakeertakaya Village, Gajuwaka Mandal,
Visakhapatnam 530 012, Andhra Pradesh.
Tel: +91 98407 25770

REGISTERED OFFICE & WORKS

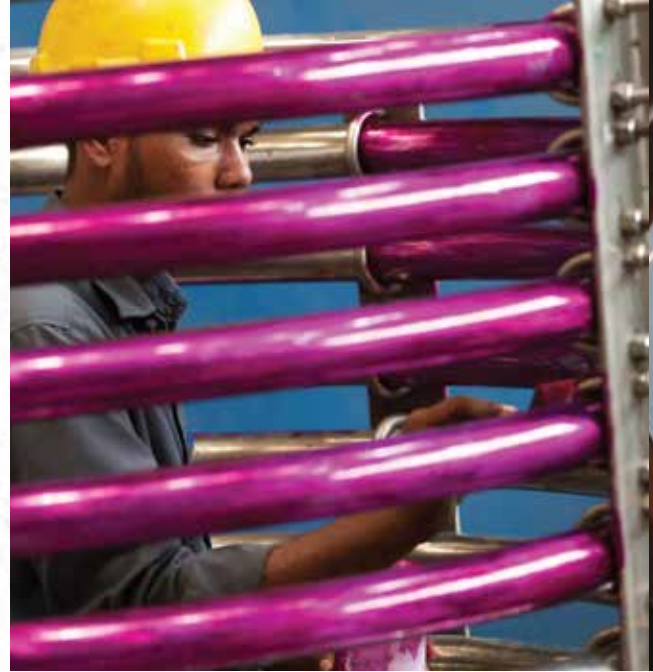
Vithal Udyognagar,
Anand - Sojitra Road,
Karamsad 388 325, Gujarat.
Tel: +91 2692 661700 / 230416 / 230516
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CORPORATE & SALES OFFICE

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Ganpatrao Kadam Marg, Lower Parel,
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GMM PFAUDLER LIMITED



CIN No. L29199GJ1962PLC001171

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