

REPORT ON CORPORATE GOVERNANCE

A report for the financial year ended March 31, 2010 on the compliance by the Company with the Corporate Governance requirements under Clause 49 of the Listing Agreement, 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 Clause 49 of the Listing Agreements with the Bombay Stock Exchange Limited.

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.

Your Company has always believed in the concept of good Corporate Governance involving transparency, empowerment, accountability and integrity with a view to enhance stakeholder value. 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 Company, as part of Robbins & Myers, Inc. Group (R&M Group), also follows the Code of Conduct and Corporate Governance norms adopted by the R&M Group.

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.

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

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

Declaration under Clause 49 of the Listing Agreement

As provided under Clause 49 of the Listing Agreement with the Stock Exchange, I hereby declare that the Board Members and Senior Management Personnel have confirmed compliance with the Code of Conduct for Board Members and Senior Management Personnel respectively for the year ended March 31, 2010.

For GMM Pfaudler Limited

Ashok J. Patel

Managing Director (CEO)

Mumbai

July 27, 2010

2. Board of Directors

Composition and Status of Directors:

The Board Directors of the Company comprises of seven Directors, i.e., two executive and five non-executive Directors. Four of the seven are Promoter Directors and three are Independent Directors.

Mr. P. Krishnamurthy, who is a non-executive and independent Director, is the Chairman of the Board of Directors of the Company.

Mr. Ashok J. Patel is the Managing Director and Mr. Tarak A. Patel is the Executive Director of the Company.

Mr. Christopher M. Hix was appointed as Alternate Director to Mr. Kevin Brown.

None of the directors are related to each other except that Mr. Tarak A. Patel who is son of Mr. Ashok J. Patel.

Attendance at the Board Meetings and last Annual General Meeting

Four Board meetings were held during the year under review and the gap between two Board meetings did not exceed four months. First meeting was held on April 27, 2009, Second on July 28, 2009, Third on October 15, 2009 and Fourth on January 25, 2010. Your Company continued the practice of providing Conference Call facility to enable all the Foreign Directors and Executives to participate and discuss at the Board Meetings. Details of attendance of Directors and Directorships in other Public Limited Companies are as under:

Name of Director	Number of Board Meeting Attended	Participation through Tele-conference	Annual General Meeting
Mr. P. Krishnamurthy	4	–	Yes
Mr. Ashok J. Patel	4	–	Yes
Mr. Peter C. Wallace	0	2	No
Mr. Kevin J. Brown	0	3	No
Dr. S. Sivaram	2	–	No
Mr. Darius C. Shroff	4	–	No
Mr. Tarak A. Patel	4	–	Yes
Mr. Christopher M. Hix	0	1	N. A.

Mr. Peter C. Wallace, Mr. Kevin J. Brown and Mr. Christopher Hix participated in Board Meetings through tele conference.

Board Members and their Directorships in other Public Companies:

Name of Director	Status	Directorship in other Public Ltd. Companies	No. of Memberships/ Chairmanships of other committees	
			Member	Chairman
Mr. P. Krishnamurthy	Non Executive & Independent	5	Nil	1
Mr. Ashok J. Patel*	Executive	4	Nil	Nil
Mr. Peter C. Wallace**	Non Executive	Nil	Nil	Nil
Mr. Kevin J. Brown**	Non Executive	Nil	Nil	Nil
Mr. Christopher M. Hix**	Non Executive (Alternate to Mr. Kevin Brown)	Nil	Nil	Nil
Dr. S. Sivaram	Non Executive & Independent	2	Nil	Nil
Mr. Darius C. Shroff	Non Executive & Independent	6	2	3
Mr. Tarak A. Patel*	Executive	2	Nil	Nil

* Indian Promoter

** Representing Foreign Promoter, viz., Pfaudler Inc. (R&M Group)

Remuneration and Shareholding of Directors:

Mr. Ashok J. Patel is an Indian Promoter /Managing Director of the Company. Mr. Tarak A. Patel is an Indian Promoter/Executive Director of the Company. Mr. Ashok J. Patel and Mr. Tarak A. Patel respectively hold 4,98,120 and 172,275 share of the Company. Their remuneration structure is as under:

Amount (₹ '000')

Sr. No.	Particulars	Ashok J. Patel	Tarak A. Patel
1.	Salary and allowances	3,300	1825
2.	Provident Fund & other funds	1,028	309
3.	Perquisites	164	290
4.	Commission	5,740	–
	Total	10,233	2,524

Non-Executive Director's Compensation:

Non-Executive and Independent Directors on the Board of the Company are being paid sitting fees as under.

(a) ₹ 20,000 as sitting fees for each meeting of the Board of Directors and

(b) ₹ 5,000 as sitting fees for each meeting of 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.

3. AUDIT COMMITTEE:

The Audit Committee of the Company is duly constituted in accordance Clause 49(II) of the Listing Agreement. Mr.P.Krishnamurthy, Dr. S. Sivaram and Mr. Darius Shroff are the Members of the Committee and Mr. P. Krishnamurthy is the Chairman of the Committee.

Members of the Audit Committee are Non-Executive Directors of the Company and possess knowledge of Accounts, Audit and Finance. The Company Secretary acts as Secretary to the Audit Committee. The Audit Committee met on four occasions viz. April 27, 2009, July 28, 2009, October 15 , 2009 and January 25, 2010. The minutes of the Audit Committee Meetings were noted at the Board Meetings. The Chairman of the Audit Committee was present at the 46th Annual General Meeting of the company held on September 30, 2009. The attendance at these meetings was as under:

Name of Director	Designation	No. of Meetings Attended
Mr. P. Krishnamurthy	Chairman	4
Dr. S. Sivaram	Member	2
Mr. Darius C. Shroff	Member	4

Terms of Reference of the Audit Committee of the Board of Directors are as under:

- To review the quarterly, half yearly and annual financial accounts of the Company before submission to the Board for approval.
- To review operational results of subsidiary companies.
- To discuss with Statutory and Internal Auditors about the internal control systems and its compliances.
- Recommending to the Board, the appointment, re-appointment and if required replacement or removal of the statutory auditors and the fixation of audit fees.
- To investigate matters referred to it by the Board or as specified.
- To review the Statutory Auditor's Audit Reports and management's response.

- To review matters as required under the terms of the Listing Agreement.
- To access information contained in the records of the Company and
- To Refer to external professionals for advice, if necessary.

The Audit Committee also reviews the following information

- 1) Management discussion and analysis of financial conditions and results of operations.
- 2) Statement of significant related party transactions.

4. Remuneration Committee:

Remuneration Committee of Board Directors of the Company consists of Mr. P. Krishnamurthy (Chairman), Dr. S Sivaram, Mr. Darius C. Shroff and Mr. Peter C. Wallace as on date. All the members of the Remuneration Committee are Non-Executive Directors.

Terms of reference Remuneration Committee are as under

- To appraise the performance of Managing Director and Executive Director.
- To determine and recommend to the board compensation payable to Managing Director.
- To determine the remuneration payable to Senior Management personal on level below the board.

During the year, the Remuneration Committee held one meeting on January 22, 2010. Mr. P. Krishnamurthy and Mr. Darius C. Shroff attended the meeting.

Remuneration of Directors

Details of Remuneration paid/payable to Directors for the year ended March 31, 2010 are as follows:

Director	Relationship with other Directors	Sitting Fees (₹)	Salary, Perquisites & Commission (₹)	Total Amount (₹)
Mr. P. Krishnamurthy	None	1,25,000	Nil	1,25,000
Mr. Ashok J. Patel	Father of Mr. Tarak Patel	Nil	102,33,000	Nil
Mr. Peter C. Wallace	None	Nil	Nil	Nil
Mr. Kevin J. Brown	None	Nil	Nil	Nil
Mr. Christopher M. Hix	Alternate to Mr. Kevin Brown	Nil	Nil	Nil
Dr. S. Sivaram	None	60,000	Nil	60,000
Mr. Darius C. Shroff	None	1,25,000	Nil	1,25,000
Mr. Tarak A. Patel	Son of Mr. Ashok Patel	Nil	25,24,000	Nil

No other remuneration is paid to non executive directors except sitting fee which has been disclosed as above.

5. SHAREHOLDERS & INVESTORS GRIEVANCE COMMITTEE:

Shareholders & Investors Grievance Committee of the Company consists of three. Members. Mr. P. Krishnamurthy, Dr. S. Sivaram and Mr. Darius Shroff as on date. Mr. P. Krishnamurthy is the chairman of the committee.

The Shareholder and Investors Grievance Committee met on four occasions viz. April 27,2009, July 28, 2009, October 15, 2009 and January 25, 2010.The attendance at these meetings was as under:

Name of Director	Designation	No. of Meetings Attended
Mr. P. Krishnamurthy	Chairman	4
Mr. Darius C. Shroff	Member	4
Dr. S. Sivaram	Member	2

Mr. Vaibhav S. Bakhare, Company Secretary is the 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 handled and balance if any. It also reviews quarterly shareholding patterns etc. During the year the Company received 14 complaints and the all of them were duly disposed off. No investor grievance remained unattended/pending for more than 30 days and no request of share transfers and dematerialization received during the financial year was pending for more than 30 days and 15 days respectively .The Company does not have any pending transfers / non- attended complaint as at the closure of the year under review.

As provided under Clause 47(f) of the Listing Agreement, with the Stock Exchange, the Company has designated an email id exclusively for the purpose of redressal of investors' grievances: investorservices@gmmpfaudler.co.in

6. GENERAL BODY MEETING:

Last three Annual General Meetings were held at Sardar Vallabhbhai Patel and Veer Vithalbhai Patel Memorial, Anand - Sojitra Road, Karamsad-388 325, Gujarat., near the registered office of the company. Details are as under:

YEAR	ANNAUL GENERAL MEETING	DATE OF MEETING	TIME OF MEETING	NO. OF SPECIAL RESOLUTIONS PASSED
2006-07	Forty-Fourth	September 26, 2007	10.00 a.m.	1
2007-08	Forty-Fifth	September 25, 2008	10.00 a.m.	1
2008-09	Forty-Sixth	September 30, 2009	10.00 a.m.	1

All resolutions including the special resolutions at the above General Meetings were passed by way of show of hands. No postal ballots were used for voting at these meetings.

7. DETAILS OF DIRECTORS APPOINTED DURING THE YEAR / SEEKING RE-APPOINTMENT:

Mr. P. Krishnamurthy (62) is a Non-Executive Independent Director and the Chairman on the Board of the Company.

Mr. P. Krishnamurthy chairman and member of the Audit Committee, Shareholders and Investors Grievance Committee, Remuneration Committee and Share transfer Committee. Mr. Krishnamurthy has over 25 years of experience in Corporate Management and Strategy, Restructuring, M & A, International Business and Joint Ventures, Financial Management & Banking including Managing and supervising business abroad. He was involved in financial services for the last nine years as Vice Chairman of JM Morgan Stanley, Director of JM Financial and Former Director of IL & FS Asset Management. He has also three years experience in Management Consultancy, Twelve years with a Swedish Multinational Group and eleven years with two very large Indian Industrial groups. He has worked at the Group Management/Board level of several multinational companies and large Indian Industrial Groups having listed companies in India and abroad. Mr. Krishnamurthy is a Director in the Following companies (excluding private Companies, Foreign Companies and registered under Section 25 of the Companies Act. 1956):

Name of the Company	Designation	Chairmanship or Membership of other Board Committees
SKIL Infrastructure Ltd.	Director	Nil
Mumbai SEZ Ltd.	Director	Nil
Urban Infrastructure Venture Capital Limited	Director	Nil
Repro India Ltd.	Director	Chairman of Audit Committee
Apodis Hotels & Resorts Ltd.	Director	Nil

b) Mr. Darius C. Shroff (65) is a Non-Executive Independent Director of the Board of Directors of the Company.

Mr. Darius C. Shroff is a Solicitor and Advocate. He is a Senior Partner of Crawford Bayley and is having over 40 years of experience in the legal profession. In his professional practice, Mr. Shroff covers a wide range of legal services and has specialized in Employment and Industrial Law. Mr. Shroff is a Director in the Following Companies (excluding Private Companies, Foreign Companies and registered under Section 25 of the Companies Act, 1956):

Mr. Shroff is a Director in the Following companies (excluding private Companies, Foreign Companies and registered under Section 25 of the Companies Act. 1967):

Name of the Company	Designation	Chairmanship or Membership of other Board Committees
Ingersoll-Rand (I) Ltd.	Director	Chairman- Share transfer cum Investors Grievance Committee Member- Audit Committee
Siemens Ltd.	Director	Chairman- Investors Grievance Committee
SKF India Ltd.	Director	Chairman-Audit Committee Member- Share transfer/ Investors' Grievance Redressal Committee

8. DISCLOSURES:

- (i) 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 28 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.
- (ii) The Company has complied with the mandatory requirements of the Corporate Governance Clause of Listing Agreement. The Company has implemented some of the non-mandatory requirements enlisted by way of annexure to Clause 49 of the Listing Agreement including the constitution of Remuneration Committee and quarterly declaration of financial performance is being sent to shareholders.

9. MEANS OF COMMUNICATION:

The Company publishes its Quarterly, Half-yearly and Annual Financial results in the Economics Times (Mumbai and Ahmedabad) and Naya Padkar (Anand) newspapers. The said results are also available at the website of the Company. Quarterly Results are also posted to all the shareholders.

During the year, the Company has not released any official news of the Company or any presentation to institutional investor/analysts.

CEO/CFO Certificate:

A certificate from the Managing Director (CEO) and Financial Controller (CFO) in terms of Clause 49(V) of the Listing Agreement was placed before the Board, at the Meeting held on July 27, 2010 to approve the Audited Annual Accounts for the year ended March 31, 2010.

10. GENERAL SHAREHOLDER INFORMATION:

- (i) Annual General Meeting:
- (ii) The Forty Seventh Annual General Meeting of the Company will be held on Wednesday, September 29, 2010 at 10.00 a.m. at the Sardar Vallabh Patel and Veer Vithalbai Patel Memorial, Karamsad, Gujarat 388 325.
- (iii) Financial year of the Company: April to March
Financial Calendar (Tentative):
 - Financial reporting for the quarter ended June 30, 2010 : 27th July, 2010
 - Financial reporting for the quarter ended September 30, 2010 : End of October, 2010
 - Financial reporting for the quarter ended December 31, 2010 : End of January, 2011
 - Financial reporting for the quarter ended March 31, 2011 : End of April, 2011
 - Annual General Meeting for the year ended March 31, 2011 : End of September, 2011
- (iv) Date of Book Closure: Thursday, September 24, 2010 to Thursday, September 30, 2010 (Both days inclusive)
- (v) Dividend Payment Date: No final dividend
- (vi) Listing of Stock Exchange: The Bombay Stock Exchange Limited
- (vii) Stock Code: 505255
- (viii) Dematerialization: ISIN Number 541A01015
- (ix) Registrar & Transfer Agents:
Link Intime India Private Limited, C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai 400 078. Phone 022 - 25946970, Fax 2594 6969 Contact Person: Mr. Sharad Patkar Email: rnt.helpdesk@linkintime.co.in
- (x) 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.

(xi) Stock Market Price for the year:

Month	Market Price (₹)		BSE – Sensex	
	High	Low	High	Low
April 2009	65.00	40.50	11,492	9,546
May 2009	79.75	53.40	14,930	11,621
June 2009	75.90	56.25	15,600	14,016
July 2009	67.00	51.00	15,732	13,219
August 2009	92.00	56.05	16,002	14,684
September 2009	97.95	72.00	17,142	15,356
October 2009	111.00	78.05	17,493	15,805
November 2009	111.80	84.00	17,290	15,330
December 2009	108.00	91.60	17,530	16,577
January 2010	124.00	96.00	17,790	15,982
February 2010	108.00	92.55	16,669	15,651
March 2010	102.00	92.00	17,793	16,438

(xii) Shareholding Pattern as on March 31, 2010:

Category	No. of shares	Percent
Foreign Promoters - Pfaudler Inc.	74,54,400	51.00
Indian Promoters Group	35,99,760	24.63
NRI/OCB	66,220	0.45
Financial Institution, Nationalized Bank, Insurance Companies	3,37,643	2.31
Domestic Companies, Clearing Members, Trusts	4,47,836	3.06
Individuals	27,11,641	18.55
Total	1,46,17,500	100.00

(xiii) Distribution of Shareholding as on March 31, 2010:

Sr. No	Slab of shareholding		Shareholders		Shares	
	From	To	Nos.	%	Nos.	%
1.	1	500	4716	83.40	713236	4.88
2.	501	1000	489	8.65	389486	2.67
3.	1001	2000	248	4.38	370004	2.53
4.	2001	3000	64	1.13	168690	1.15
5.	3001	4000	32	0.56	117304	0.80
6.	4001	5000	31	0.55	141917	0.97
7.	5001	10000	30	0.53	206814	1.42
8.	10001	Above	45	0.80	12510049	85.58
Total			5655	100.00	14617500	100.00

(xiv) Dematerialization:

As on March 31, 2010, 40.85% of the Company's total shares representing 59,71,575 shares are held in dematerialized form and the balance 86,45,925 representing 59.15% shares (including 51% representing 74,54,400 shares held by holding Company) are in Physical Form.

(xv) 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.

(xvi) Plant Location:

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

(xvii) 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
Phone 022-25946970, Fax 022- 2594 6969.
Contact Person: Mr. Sharad Patkar.
Email: rnt.helpdesk@linkintime.co.in