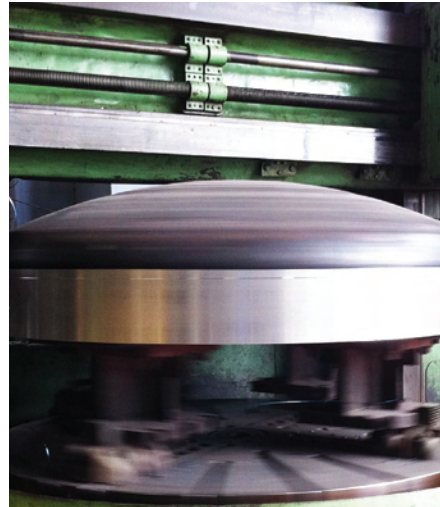




GMM PFAUDLER LIMITED

Annual Report
2010 – 2011



BOARD OF DIRECTORS

P. KRISHNAMURTHY

Chairman

ASHOK J. PATEL

Managing Director

PETER C. WALLACE

Director

CHRISTOPHER M. HIX

Director

DR. S. SIVARAM

Director

DARIUS C. SHROFF

Director

TARAK A. PATEL

Executive Director

KEVIN J. BROWN

Director (Resigned w.e.f. April 28, 2011)

CHIEF OPERATING OFFICER

ASHOK C. PILLAI

FINANCIAL CONTROLLER

AMAR NATH MOHANTY

COMPANY SECRETARY

MITTAL MEHTA

STATUTORY AUDITORS

KALYANIWALLA & MISTRY,
CHARTERED ACCOUNTANTS, MUMBAI.

INTERNAL AUDITORS

DELOITTE HASKINS & SELLS,
CHARTERED ACCOUNTANTS

SOLICITORS

VIGIL JURIS

BANKERS

STATE BANK OF INDIA
AXIS BANK LTD.
CITIBANK, N.A.

REGISTRAR AND TRANSFER AGENT

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.co.in

REGISTERED OFFICE

VITHAL UDYOGNAGAR,
ANAND - SOJITRA ROAD,
KARAMSAD - 388 325, GUJARAT
TEL.: +91 2692 661700 / 230416 / 230516
FAX: +91 2692 661888 / 661999
EMAIL: worksko@gmmpfaudler.co.in

contents

	<i>Page</i>
Notice of the Annual General Meeting	2
Report of the Directors	5
Management Discussion & Analysis Report	8
Report on Corporate Governance	15
Five Years Financial Highlights	16
Report of the Auditors	17
Balance Sheet	20
Profit & Loss Account	21
Statement of Cash Flow	22
Schedules Forming Part of Balance Sheet and Profit and Loss Account	23
Report of the Auditors on Consolidated Accounts	43
Consolidated Balance Sheet	44
Consolidated Profit & Loss Account	45
Statement of Consolidated Cash Flow	46
Schedules Forming Part of Consolidated Balance Sheet and Profit Loss Account	47
Statement under Section 212 of the Companies Act, 1956	61

NOTICE

NOTICE is hereby given that the Forty-Eighth Annual General Meeting of GMM Pfaudler Ltd. will be held on Thursday, September 29, 2011 at 10 a.m. 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 Balance Sheet as at March 31, 2011 and Profit & Loss Account for the year ended on that date together with the Reports of the Board of Directors and the Auditors thereon.
2. To confirm the payment of four interim dividends paid during the year ended March 31, 2011.
3. To appoint a Director in place of Mr. Tarak A. Patel, who retires by rotation and being eligible, offers himself for re-appointment.
4. To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution:

“RESOLVED THAT M/s. Kalyaniwalla & Mistry, Chartered Accountants, Mumbai, be and are hereby re-appointed as the Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting, on such remuneration as may be fixed by the Board of Directors”.

SPECIAL BUSINESS:

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

“RESOLVED THAT Mr. Christopher M. Hix, who was appointed as a Director of the Company with effect from April 28, 2011 in the casual vacancy caused by resignation of Mr. Kevin J. Brown and pursuant to provisions of Section 262 of the Companies Act, 1956 holds office upto the day of the Annual General Meeting and being eligible offers himself for re-appointment and in respect of whom the Company has received notice in writing under Section 257 of the Companies Act, 1956 from a shareholder signifying his intention to propose Mr. Hix as a candidate for the office of Director, be and is hereby reappointed as a Director of the Company liable to retire by rotation.”

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

**Mittal Mehta
Company Secretary**

Mumbai, August 10, 2011

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

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE ANNUAL GENERAL MEETING.
2. The Register of Members and Share Transfer Books of the Company will be closed from Friday, September 23, 2011 to Thursday, September 29, 2011 (both days inclusive) for the purpose of ensuing Annual General Meeting of the Company for annual closure as per the Listing Agreements.
3. Members desiring any information on the accounts at the Annual General Meeting are requested to write to the Company at least seven days in advance, so as to enable the Company to keep the information ready at the Meeting.
4. As required under Clause 49 of the Listing Agreement with the Bombay Stock Exchange Limited, the details of Directors appointed during the year and proposed to be re-appointed at the ensuing Annual General Meeting are provided in the Corporate Governance Report forming part of the Annual Report.
5. Pursuant to the provisions of Section 205A and 205C of the Companies Act, 1956, amounts of dividend remaining unclaimed for a period of 7 years from the date of its transfer to the Unpaid Dividend Account of the Company are to be transferred to the Investor Education and Protection Fund (IEPF) set up by the Government of India and no payments shall be made in respect of any such claims to any shareholder from the Fund.

The details of dividend declared / paid from the year upto 2004-05 proposed to be transferred to IEPF are given below:

Date of declaration	Dividend for the year	Dividend ₹ per share	Due date of the proposed transfer to IEPF
29.10.2004	1st Interim Dividend (2004-05)	₹ 5.00	04.12.2011
29.04.2005	2nd Interim Dividend (2004-05)	₹ 5.00	04.06.2012
12.07.2005	1st Interim Dividend (2005-06)	₹ 3.00	17.08.2012

Members, who have not encashed the Dividend Warrants for the year 2003-04 and/ or any subsequent year(s) are requested to write to the Company for revalidation of Dividend Warrants before transfer by the Company of unclaimed amounts to the Investor Education and Protection Fund.

6. Members are requested to notify immediately any change in their address and / or the Bank Mandate details to the Company's Registrars and Share Transfer Agents (RTA) for shares held in physical form and to their respective Depository Participants for shares held in electronic form.
7. Listing fees to the Bombay Stock Exchange Limited has been paid up to March 31, 2012.
8. Payment of dividend through National Electronic Clearing Service (NECS):

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 this facility may send the ECS form (available on the website of the Company), along with a Xerox copy of 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 Registrar and Share Transfer Agents (in case of shares held in physical form).

9. Nomination of Shares:

Every individual shareholder of the Company may at any time, nominate in the prescribed manner a person to whom his / her shares shall vest in the event of death. The Nomination Form is available with the RTA. In case shares are held in joint names, all the joint holders may together nominate, in the prescribed manner, a person to whom all the rights in the shares of the Company shall vest in the event of death of all the joint holders.

10. Matters relating to Transfer / Transmission / Dematerialization of Shares:

Members are requested to correspond with RTA of the Company Link Intime India Private Limited, at the address mentioned earlier in this Annual Report for the matters relating to transfers, transmission, dematerializations, nomination of shares and other shareholding matters.

11. Auditor's appointment requires Special Resolution:

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 for the current financial year.

12. Disclosure in terms of Clause 49(IV)(E)(V) of the Listing Agreement with the BSE :

None of Non Executive Directors seeking appointment/ re-appointment at this Annual General Meeting have any shareholding (own or held by/ for other persons on a beneficial basis), in the Company.

ANNEXURE TO THE NOTICE:

Explanatory Statement under Section 173 of the Companies Act, 1956

Item No. 5

At the meeting of the Board of Directors ("the Board") of the Company held on April 28, 2011 the Board appointed Mr. Christopher M. Hix as a Director of the Company with effect from April 28, 2011 to fill the casual vacancy caused by resignation of Mr. Kevin J. Brown. Pursuant to provisions of Section 262 of the Companies Act, 1956, read with Article 120 of the Articles of Association of the Company, Mr. Hix holds office only upto the date of the forthcoming Annual General Meeting as Mr. Brown, in whose place he was appointed, would have held office up to the date of the forthcoming Annual General Meeting, had he not resigned. Notice in writing has been received from a member of the Company along with the prescribed deposit under Section 257 of the Companies Act, 1956, signifying his intention to propose Mr. Christopher M. Hix as a candidate for the office of Director.

Mr. Hix does not hold any shares in GMM Pfaudler Limited.

The Directors recommend the resolution for members' approval. No Director other than Mr. Hix is concerned/ interested in the resolution.

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

**Mittal Mehta
Company Secretary**

Mumbai, August 10, 2011

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

REPORT OF THE DIRECTORS

To the Members:

The Directors have pleasure in presenting their Forty-Eighth Annual Report and the Audited Statement of Accounts of the Company for the year ended March 31, 2011.

FINANCIAL RESULTS:

(₹ in '000')

	Year ended 31.03.11	Year ended 31.03.10
Sales and Other Income	1,466,363	1,571,806
Profit before tax	162,290	167,253
Profit after tax	110,177	110,576
Surplus brought forward	590,470	538,837
Amount available for appropriation	700,647	649,413
Appropriations:		
Interim Dividends	40,929	40,929
Tax on distributed profit	6,956	6,956
	47,885	47,885
Transfer to General Reserve	11,017	11,058
Surplus Carried Forward to Profit & Loss Account	641,745	590,470
	700,647	649,413
Per share data (₹)		
Face value of Equity Share	2.00	2.00
Dividend per share	2.80	2.80
Market Price of Shares		
High	129.90	124.00
Low	86.00	40.50
Close on March 31	99.25	93.95
Earnings Per share	7.54	7.56

FINANCIAL REVIEW:

Sales and Other Income for the year at ₹ 1,466.36 million reflected a decrease of 6.7% over the previous year. Sales of glasslined products increased by 14% compared to previous year but sales of non-glasslined products declined by 35% on account of low opening order backlog of ₹ 190 million. During the second half of the year non-glassline orders showed significant improvement with ending backlog of ₹ 515 million. The Company's total backlog of unexecuted orders at the end of the year including glassline products, was a healthy ₹ 1,035 million, an increase of 77% over previous year backlog of ₹ 585 million.

Profit before tax marginally decreased by 2.9% to ₹ 162.29 million from ₹ 167.25 million in the previous year. Profit after tax nearly equaled ₹ 110 million of the previous year resulting in earnings per share of ₹ 7.54 as compared to ₹ 7.56 of the previous year.

During the first half of the year prices of basic raw materials and other inputs increased due to inflationary trend in the economy which significantly impacted the profitability for the year. Cost control and lower Selling, General and Administrative expenses helped in maintaining the overall profitability at previous year's level.

Sales Income of the Company's Swiss subsidiary, Mavag AG, improved by 27% from ₹ 416.61 million to ₹ 526.14 million. However, profitability during the year remained lower than expected due to pricing pressure in the European market. Mavag AG made a profit before tax of ₹ 7.91 million compared to a loss of ₹ 13.13 million in the previous year.

DIVIDEND:

During the year the Board of Directors approved payment of four interim dividends of ₹ 0.70 per share each aggregating to ₹ 2.80 per share. The total amount distributed as dividends for the year amounted to ₹ 40.93 million.

The Directors propose that the interim dividends paid so far be considered as the final dividend for the year under review.

FIXED DEPOSITS:

The Company has not accepted any Fixed Deposits from the public since 1999-2000. Unclaimed Fixed Deposits including interest as on March 31, 2011 was ₹ 6,284.

INVESTMENTS:

In 2008 the Company formed a wholly owned subsidiary Company GMM Mavag AG, Switzerland for the purpose of acquiring Mavag AG, Switzerland. GMM Mavag AG was formed with CHF 1.5 million in equity and CHF 3.5 million as loan from your Company. The Board of Directors of both the Companies had taken a decision to convert this loan and accrued interest of CHF 264,729 into equity of GMM Mavag AG with effect from July 01, 2010. Approval was obtained from Reserve Bank of India. Application made to Swiss Authorities in this regard is pending. This has been explained in Note 5, Schedule 17 of this report.

The Company and its investment subsidiaries held 589,823 shares of Nile Limited at the beginning of the year. During the year the Company and its subsidiaries sold 61,527 shares at a net gain of ₹ 3.93 million.

At the end of the year the Company had an investment in marketable securities of ₹ 49.3 million. There was a diminution of ₹ 0.89 million in the market value of these investments which has been provided for in the accounts during the year.

CONSERVATION OF ENERGY:

The particulars required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is attached as Annexure "A" forming part of this Report.

FOREIGN EXCHANGE:

Information on foreign exchange earnings and expenses are provided in Notes 18 to 21 of Schedule 17, 'Notes Forming Part of Accounts'.

SUBSIDIARY COMPANIES:

Karamsad Holdings Limited, Karamsad Investments Limited, GMM Mavag AG and Mavag A G are wholly owned subsidiaries of your Company.

The Ministry of Company Affairs has granted General Exemption to Companies from attaching the financial accounts of the subsidiary companies to the Annual Report pursuant to Section 212 of the Companies Act, 1956. However a Statement showing the relevant details of the Subsidiaries is enclosed and is a part of the Annual Report. The Members who wish to have a copy of annual accounts of these subsidiaries may write to the Company Secretary at the registered office of the Company.

PARTICULARS OF EMPLOYEES:

Pursuant to the provisions of Section 217(2A) of the Companies Act, 1956 ("the Act") read with The Companies (Particulars of Employees) Rules, 1975, the name and other particulars of the employees are required to be set out in the Annexure to the Directors' Report. However, as per provisions of Section 219(1)(b)(iv) of the Act, the information relating to employees is not included in the Reports and Accounts sent to shareholders of the Company. Any shareholder interested in obtaining such particulars may write to Secretary of the Company at the Registered Office address.

DIRECTORS:

Mr. Kevin J. Brown, a Director of the Company resigned from the Board on April 28, 2011. The Board places on record their sincere appreciation to the professional guidance and support extended by Mr. Brown during his tenure as a Director of the Company. Mr. Christopher M. Hix, who was earlier an Alternate Director to Mr. Kevin J. Brown, was appointed as Director on April 28, 2011 to fill in the casual vacancy caused by resignation of Mr. Kevin J. Brown. Notice has been received from a shareholder under Section 257 of the Companies Act, 1956 proposing Mr. Hix as a Director of the Company.

Mr. Tarak A. Patel and Mr. Christopher M. Hix will be retiring at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

Details of the Directors seeking re-appointment are provided in the Corporate Governance Report forming part of this report, as required under Clause 49 of the Listing Agreement with the Bombay Stock Exchange.

DIRECTORS RESPONSIBILITY STATEMENT:

To the best of their knowledge and belief, and according to the information and explanations provided to them, the Directors make the following statement pursuant to Section 217(2AA) of the Companies Act, 1956:

1. that in the preparation of the annual accounts for the year ended March 31, 2011, the applicable accounting standards have been followed along with proper explanations in case of material departures;
2. that such accounting policies as mentioned in Schedule 17 of the Annual Accounts have been applied consistently and judgments and estimates that are made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended March 31, 2011 and of the Profit & Loss Account of the Company for that period;
3. that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. that annual accounts for the year ended March 31, 2011 has been prepared on a 'going concern' basis.

MANAGEMENT DISCUSSION & ANALYSIS REPORT:

In accordance with the Clause 49 of the Listing Agreement with 'The Bombay Stock Exchange Limited', Management's Discussion & Analysis Report is attached and forms part of this Director's Report.

CORPORATE GOVERNANCE:

The Report on Corporate Governance as stipulated under Clause 49 of the Listing Agreement with 'The Bombay Stock Exchange Limited', together with a Certificate from the Company's Auditors are presented separately and forms a part of this Report.

AUDITORS:

M/s. Kalyaniwalla & Mistry, Chartered Accountants, retiring as the Statutory Auditors of the Company at the conclusion of ensuing Annual General Meeting, offer themselves for reappointment. The requisite certificate has been received from them to the effect that their reappointment as Statutory Auditors, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956.

ACKNOWLEDGEMENT:

The Board of Directors of the Company would like to acknowledge to all its stakeholders and is grateful for the support received from shareholders, bankers, customers, suppliers and business partners. The Directors recognize and appreciate the sincere and hard work, loyalty, dedicated efforts and contribution of all the employees that ensured sustained all round performance in a challenging business environment.

For and on behalf of the Board of Directors

P. Krishnamurthy
Chairman

Ashok J. Patel
Managing Director

Neunkirch, August 4, 2011

‘ANNEXURE A’ TO DIRECTOR’S REPORT

1. Conservation of Energy:

- The Company consistently pursues various avenues to conserve energy used in the factory in various forms like electricity, natural gas and other gases.
- Energy Audits are carried out at interval of three years with the help of Electrical Research & Development Association of Gujarat (ERDA) to ascertain area of energy conservations.
- The Company has also alternate source of electricity generation through its 9 wind mills installed, which generated about 2 Million KWH of electrical energy during the year.
- Electricity and Natural Gas being the two major forms of energy consumed by the Company; constant focus is kept on its consumption in furnaces of Enameling Plant. Performance of these furnaces is monitored on daily basis in order to economize consumption of Electricity and Natural gas.
- As part of its continued efforts to reduce cost of energy, the Company has procured a second Natural Gas Radiant Tube Furnace for its Enameling Plant which is under commissioning.
- Installation of Inverter based welding machines in place of Coil rectifiers and Variable Frequency Drive (VFD) replacing contractor type drive on over-head cranes have also resulted in energy savings.

2. Research & Development:

The Company has a R&D centre which is approved by the Department of Science & Technology of the Government of India. The Company continuously carries out R&D in several areas in the process of manufacturing glass lined vessels and improving the quality of its product employing new and advanced technology. The ability to leverage the Research and Development (R&D) expertise and knowledge of Pfaudler Group, has helped your Company to innovate and renovate, manufacture high quality safe products and achieve more efficient operations.

Areas where specific R&D was successfully carried out during the year are as follows:

- The Company has developed new products like Rotary Digester and Sterile Filter and has executed WFE with ASME ‘U-Stamp’ for first time for overseas market.
- The Company has developed and manufactured Glass-lined Agitator with HE-3 blade to increase mixing efficiency.
- Adoption of the design of its Swiss subsidiary Mavag AG for the Agitated Nutsche Filters / Dryers has improved the overall quality of the product and provides a competitive edge in the market place.
- The Company has successfully implemented new Special weld procedures for Duplex Stainless Steel, Nickel Alloys, Aluminum Bronze, Low Alloy Steel (P4), Monel Tube to Tube sheet, several FCAW / GMAW apart from standard CS & SS weld procedures.
- The Company has also implemented new NDT processes through New Digital UT machine, new high intensify illuminator and New Digital Density meter.
- The Company has achieved Improvement in existing production processes for Multi Nozzle Heating Torch and developed Light weight firing supports in the enameling furnaces.
- The Company is a member of the consortium on Micro Reactor Technology under the auspices of National Chemical Laboratories, Pune.

3. Technology:

Expenditure in R&D: (₹ in ‘000’)

	Year ended 31.03.11
a) Capital	—
b) Recurring	3,111
Total	3,111
c) Total R&D expenditure as % of total turn over.	0.27%

For and on behalf of the Board of Directors

P. Krishnamurthy
Chairman

Ashok J. Patel
Managing Director

Neunkirch, August 4, 2011

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

COMPANY OVERVIEW:

The Company which was established in the year 1962, has a state of the art manufacturing facility spread over a 20 acre plot of land located at Karamsad in Gujarat State, about 45 km from Vadodara. The Company enjoys the leadership position in design, manufacture and marketing of glass-lined reactor vessels, storage tanks, valves and pipe & fittings. The Company also undertakes design and fabrication of specialized chemical process equipment in Alloy steel. It has created for itself a niche position in the chemical process equipment market for proprietary products manufactured by it such as Agitated Nutsche Filters & Filter Dryers, Wiped Film Evaporators, EconoMix Mixing Systems, Thermal Control Units and PTFE lined pipes & fittings. Its access to the Mavag's high end technology for top driven Spherical Dryers, Agitated Nutsche Filters & Filter Dryers for sterile applications and Magnetic Drive Agitators has complemented the Company's position as a complete process solution provider for pharmaceuticals, bio pharmaceuticals, chemicals and allied segments.

INDUSTRY STRUCTURE AND DEVELOPMENT:

While the chemical industry in India grew as a whole at more than 11% in 2011, the Pharmaceutical industry grew by over 18% during the year and it is expected to grow at a CAGR of 15% till 2015. The continued focus on India as a base for bulk drugs, both of a generic nature and increasingly for specialty patent protected drugs and chemicals, the industry is expected to continue its growth momentum in the near term.

With investments by established Companies, both Indian and multi nationals, as well as from new Companies, your Company expects to see broadening of its customer base as well as increasing revenues from its existing customers.

OPPORTUNITIES & THREATS:

New markets due to migration of chemical business into India from the western world continue to be an opportunity for your Company's products. In addition to the inclusion of Mavag products your Company has potential for greater share of the customer spend. In addition to the growth in the chemical industry, the capital spend in fertilizer, petrochemical, power, bio technology is expected to offer opportunities for growth.

With multiple code accreditations that allows our products to be sold overseas in markets in USA, Europe and China, your Company is poised to exploit the export markets as well.

Commodities price fluctuations, especially in steel, high rate of inflation and interest rates could hamper the industry growth.

FINANCIAL PERFORMANCE:

The market environment had picked up during the year. Rise in raw material input cost, increased cost of out sourcing due to inflationary pressure and increase in borrowing cost have impacted profitability.

Sales of the Company increased by 35% in the second half of the year. Lower sales in first half of the year, however, had an adverse impact upon the overall performance of the Company. The growth witnessed by the Pharmaceutical and Specialty Chemicals during the year helped the Company in sustaining the strong build up of order backlog which is expected to show better performance in the next year.

SEGMENT WISE OPERATIONAL PERFORMANCE:

Chemical Process Equipment

This Division of the Company designs, manufactures and markets GMM Pfaudler Reactor Systems product line which primarily includes glass-lined corrosion resistant reactors, storage vessels and alloy steel equipment.

This Division reported sales of ₹ 1,220.17 million, 4.6% lower than that of previous year due to lower sale of alloy steel equipment. This division contributes to 85% of the total sales of the Company. This Division of the Company continues to enjoy the number one position in manufacturer of glass-lined equipment in India. The profit from this segment was ₹ 177.4 million, a decrease of about 4.5% over the previous year due to higher cost of raw materials of alloy steel equipment. The capital employed for this division was ₹ 625.9 million increased by over 29% from the previous year level, due to built up of inventory driven by higher order backlog.

Mixing System

This Division designs, manufactures and markets EconoMix Agitators which provide solutions to customer's mixing requirements. In addition to serving the CPI this Division also caters to the bio-technology, mining and waste water treatment industry. Sales of this Division of the Company decreased by over 32% to ₹ 110.54 million from 162.90 million in the previous financial year. The profit from this segment was ₹ 10.83 million, a decrease of more than 41% over the previous year. This segment was most affected by the rise in input cost of the drive systems. Capital employed for this Division was ₹ 30.34 million decreased by over 27% from the previous year.

Filtration & Separation

This Division's primary business is design, manufacture and marketing of Agitated Nutsche Filter & Filter Dryers for separation of solids & liquid and Wiped Film Evaporators for separation of liquids & liquids. Mavag's high end technology and products have greatly benefited this Division. This Division of the Company reported a sales of ₹ 109.50 million, an increase of 6% over previous year in this Division. Profits however were lower by 11% at ₹ 6.30 million. Capital employed for this Division was ₹ 36.72 million decreased marginally by 0.4% from the previous year.

OUTLOOK:

Demand for Company's product and services have shown encouraging signs as reflected by the increase in order intake during first quarter of the financial year 2011-12. The backlog as at end June 2011 increased by 48% to ₹ 1,258 million as compared to the same time in the year 2010-11. Additional focus is being given on the Non Glassline business which includes Tailor Made products, Proprietary Products and Mavag's high end products. With customers increasing investment in new projects and capacity enhancement, the Non Glassline Alloy products is expected to improve the business environment of the Company.

RISKS AND CONCERNS:

The Company's export business in the current year has been impacted by the global recession. Some of the global economies are yet to recover from the slowdown and uncertainty still persists due to inflation, withdrawal of the stimulus packages and rising interest rates. This may also have an impact on Company's future exports business.

We have market risk exposure to foreign exchange rates mainly on account of exports and investments in foreign subsidiary Companies. Due to unprecedented volatility in almost all major foreign currencies the export realizations are subjected to the exchange fluctuation risk.

The Company's surplus funds are invested in fixed deposits with banks and in different mutual funds. Income from these investments has market risk exposure to the extent of interest rates fluctuations, short term debt and the equity market.

The Company is impacted during summer period by Gujarat State's difficult power supply situation leading to cuts and load shedding. Further, the power tariffs in Gujarat State are one of the highest in India. Continuous rise in the oil price in India and abroad has the effect of increasing the cost of electricity. All these factors affect output and profitability. Company's investment in the natural gas furnace will help overcome the bottleneck caused by the power supply situation.

Finally, the Company's primary raw material is steel. It had shown some signs of rise, especially stainless and other alloy steels. Certain orders with long manufacturing cycle time may be exposed to the risk of material price volatility.

The Company has a Risk Management Policy framework in place for continuous identification, assessment and measurement of all significant risks. These are reviewed at periodical intervals and the management takes specific action towards minimization and control of areas of risk considering various parameters.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

The Company works with an established framework of internal controls. 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 approved levels of authority. Capital and Revenue expenditure are monitored and controlled with reference to pre-approved budgets and forecasts.

A firm of Chartered Accountants that has established reputation in the country ensures adequacy of the internal control systems, adherence to Company's policies and procedures, ensure statutory and other compliances through periodical checks and internal audit.

The Audit Committee and the Board of the Company periodically review the reports submitted by the Internal Auditors and corrective steps taken by the Company.

The Company had carried out a review of its internal control procedures and developed a frame work with the help of an outside Consultant. This is being regularly reviewed to strengthen the control in various business processes.

As the Company manufactures certain equipment which are classified as 'Dual Use' equipment, the Company has put in place 'Know Your Customer' procedure and a system of controls to ensure that the entire process from handling of enquiries to dispatch and service is carefully monitored and controlled to prevent unauthorized use or diversion of our product.

HUMAN RESOURCES & INDUSTRIAL RELATIONS:

The Company firmly believes that its employees are key to driving performance and developing competitive advantage. The emphasis has been on proper recruitment of talent and empowerment while devoting resources for their continuous development. The Company nurtures the strong performance driven culture and maintains its focus on development of human resources with insight into areas of performance Management System, Talent Planning and Reward & Recognition with an objective of maintaining harmonious relations with employees. Training workshops and seminars are regularly conducted for workers, staff and managers of the Company with a view to attract and retain talent. The Company has maintained an amicable relationship with the Union.

On March 31, 2011 the Company's total permanent employee strength was 362 against 309 as on March 31, 2010.

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, 2011 on the compliance by the Company the Corporate Governance requirements under Clause 49 on 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, 2011.

For GMM Pfaudler Limited

Ashok J. Patel
Managing Director (CEO)

Neunkirch, August 4, 2011

2. Board of Directors

Composition and Status of Directors:

The Board of 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. Kevin J. Brown resigned from the Board on April 28, 2011. Mr. Christopher M. Hix, who was earlier an Alternate Director to Mr. Kevin J. Brown, was appointed as Director on April 28, 2011 to fill in the casual vacancy caused by resignation of Mr. Kevin J. Brown.

None of the directors are related to each other except for 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 26, 2010, Second on July 27, 2010, Third on October 26, 2010 and Fourth on January 25, 2011. 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	--	No
Mr. Ashok J. Patel	4	--	Yes
Mr. Peter C. Wallace	1	3	No
Mr. Kevin J. Brown	0	1	No
Dr. S. Sivaram	3	--	No
Mr. Darius C. Shroff	4	--	No
Mr. Tarak A. Patel	4	--	Yes
Mr. Christopher M. Hix	1	2	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	6	Nil	1
Mr. Ashok J. Patel*	Executive	4	Nil	Nil
Mr. Peter C. Wallace**	Non Executive	Nil	Nil	Nil
Mr. Christopher M. Hix**	Non Executive	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	1	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. Their remuneration structure is as under:

(₹ in '000')

Sr. No.	Particulars	Ashok J. Patel	Tarak A. Patel
1.	Salary and allowances	6,912	2,176
2.	Provident Fund & other funds	2,154	292
3.	Perquisites	222	209
4.	Commission	712	-
	Total	10,000	2,677

Non-Executive Director's Compensation:

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

- ₹ 20,000 as sitting fees for each meeting of the Board of Directors and
- ₹ 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 with 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 26, 2010 July 27, 2010, October 26, 2010 and on January 25, 2011. The minutes of the Audit Committee Meetings were noted at the Board Meetings. 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	3
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, reappointment and if required replacement or removal of the Statutory Auditors, Internal 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, Internal Audit Reports and management's responses.
- 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 the Board of 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.

There was no occasion that warranted the meeting of the Remuneration Committee during the financial year under review.

Remuneration of Directors:

Details of Remuneration paid/ payable to Directors for the year ended March 31, 2011 are as follows:

Director	Relationship with other Directors	Sitting Fees (₹)	Salary, Perquisites & Commission (₹)	Total Amount (₹)
Mr. P. Krishnamurthy	None	120,000	Nil	120,000
Mr. Ashok J. Patel	Father of Mr. Tarak Patel	Nil	10,000,000	10,000,000
Mr. Peter C. Wallace	None	20,000	Nil	20,000
Mr. Kevin J. Brown	None	Nil	Nil	Nil
Mr. Christopher M. Hix	None	20,000	Nil	20,000
Dr. S. Sivaram	None	90,000	Nil	90,000
Mr. Darius C. Shroff	None	120,000	Nil	120,000
Mr. Tarak A. Patel	Son of Mr. Ashok Patel	Nil	2,677,000	2,677,000

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 Board of Directors of the Company consists of Mr. P. Krishnamurthy (Chairman), Dr. S. Sivaram and Mr. Darius Shroff as on date.

The Shareholder and Investors Grievance Committee met on four occasions viz. April 26, 2010, July 27, 2010, October 26, 2010 and on January 25, 2011. 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	3

Ms. Mittal Mehta, 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 balances if any. It also reviews quarterly shareholding patterns etc.

During the year the Company received 13 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	Annual General Meeting	Date of Meeting	Time of Meeting	No. of Special Resolutions Passed
2007-08	Forty-Fifth	September 25, 2008	10.00 a.m.	1
2008-09	Forty-Sixth	September 30, 2009	10.00 a.m.	1
2009-10	Forty-Seventh	September 29, 2010	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. Tarak A. Patel (35) is an Executive Director on the Board of the Company. He is a graduate from the University of Rochester, USA with a Bachelor degree in Economics with a certificate in Management Studies. Prior to joining GMM Pfaudler Limited, he was working with Universal Consulting of Mumbai as one of the senior member of the Core Improvement Team, which plays the role of internal consultants for exciting and challenging opportunities of transforming the Companies into a high performance organization.

Mr. Tarak Patel is a Director in (excluding Private Companies, Foreign Companies and Companies registered under Section 25 of the Companies Act, 1956) Skyline Millars Ltd. and Ready Mix Concrete Ltd.

Mr. Christopher Hix (49) has been appointed as a Non-Executive Director on April 28, 2011 to fill in the casual vacancy created by the resignation of Mr. Kevin J. Brown. He was Alternate Director of our Company since 2007. He has been the Vice President and Chief Financial Officer of Robbins & Myers Inc. since August 2006. Prior to Robbins & Myers Inc. he has held various finance and business development positions with Roper Industries (diversified industrial products). His career of nearly 27 years includes finance, operations, acquisitions, capital markets and strategy in global manufacturing and engineering Companies. Mr. Hix does not hold directorship in any Company in India.

8. Disclosures:

- Details on transactions with related parties, viz. Promoters, Directors or the Management, their subsidiaries or relatives which may be potentially conflicting with Company's interest are given / appended in note 27 of Schedule 17 '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.
- During the last three years, there were no strictures or penalties imposed either by SEBI or the Stock Exchanges or any statutory authority for non-compliance of any matter related to the capital market.
- 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.

- 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 adoption of whistle blower policy.

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 Company's website: www.gmmpfaudler.com

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 August 4, 2011 to approve the Audited Annual Accounts for the year ended March 31, 2011.

10. General Shareholder Information:

- Annual General Meeting:
The Forty Eighth Annual General Meeting of the Company will be held on Thursday, September 29, 2011 at 10 am at the Sardar Vallabh Patel and Veer Vithalbhai Patel Memorial, Karamsad, Gujarat 388 325.
- Financial year of the Company: April to March
- Financial Calendar (Tentative):
Financial reporting for:
 - Quarter ended June 30, 2011: 4th August, 2011
 - Quarter ended September 30, 2011: End of October, 2011
 - Quarter ended December 31, 2011: End of January, 2012
 - Quarter ended March 31, 2012: End of April, 2012
 - Annual General Meeting for the year ended March 31, 2012 : End of September, 2012
- Date of Book Closure: Friday, September 23, 2011 to Thursday, September 29, 2011 (Both days inclusive)
- Dividend Payment Date: No final dividend
- Listed on: The Bombay Stock Exchange Limited
- Stock Code: 505255

h) Dematerialization: ISIN Number 541A01015

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
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 2010	126.85	93.65	18,047.86	17,726.80
May 2010	124.30	101.75	17,536.86	15,960.15
June 2010	127.65	98.00	17,919.62	16,318.39
July 2010	129.40	111.30	18,237.56	17,866.29
August 2010	124.40	110.05	18,475.27	17,819.99
September 2010	126.80	111.00	20,267.98	20,094.10
October 2010	122.65	114.00	20,854.55	19,768.96
November 2010	129.90	93.20	21,108.64	18,954.82
December 2010	118.00	90.55	20,552.03	19,074.57
January 2011	116.95	92.00	20,664.80	18,038.48
February 2011	102.00	86.00	18,690.97	17,295.62
March 2011	106.00	89.50	19,575.16	17,792.17

l) Shareholding Pattern as on March 31, 2011:

Category	No. of shares	Percent
Foreign Promoters - Pfaudler Inc.	7,454,400	51.00
Indian Promoters Group	3,599,760	24.62
NRI/OCB	64,585	0.44
Financial Institution, Nationalized Bank, Insurance		
Companies	290,024	1.98
Domestic Companies, Clearing Members, Trusts	379,309	2.60
Individuals	2,829,422	19.36
Total	14,617,500	100.00

m) Distribution of Shareholding as on March 31, 2011:

Sr. No	Slab of shareholding		Shareholders		Shares	
	No. of Equity shares held		Nos.	%	Nos.	%
	From	To				
1.	1	500	5088	84.83	806,596	5.52
2.	501	1000	481	8.02	382,676	2.62
3.	1001	2000	247	4.12	369,639	2.53
4.	2001	3000	61	1.02	159,948	1.09
5.	3001	4000	23	0.38	82,113	0.56
6.	4001	5000	27	0.45	123,751	0.85
7.	5001	10000	30	0.50	207,179	1.42
8.	10001	Above	41	0.68	12,485,598	85.41
Total				100.00	14,617,500	100.00

n) Dematerialization:

As on March 31, 2011, 41.46% of the Company's total shares representing 6,060,765 shares are held in dematerialized form and the balance 8,556,735 representing 58.54% shares (including 51% representing 7,454,400 shares held by holding Company) 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, Karamsad, Anand - 388 325, in the State of Gujarat.

q) Shareholders & Investors Correspondence:

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

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
Email: rnt.helpdesk@linkintime.co.in

To the Members,
GMM Pfaudler Limited,
Mumbai.

Auditors' Certificate on Corporate Governance

We have examined the compliance of conditions of Corporate Governance by GMM Pfaudler Limited ('the Company') for the year ended on March 31, 2011, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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 and on behalf of
KALYANIWALLA & MISTRY
Chartered Accountants
Firm Registration No: 104607W

Vinayak M. Padwal
Partner
M. No: F 49639

Mumbai, August 25, 2011

FIVE YEAR FINANCIAL HIGHLIGHTS

(₹ in '000')

Description	2010-11	2009-10	2008-09	2007-08	2006-07
OPERATING RESULTS					
Income from Operations	1,440,207	1,544,784	1,466,810	1,420,059	1,149,491
Other Income	26,156	27,022	35,223	53,700	29,186
Profit before Depreciation, Interest & Tax	205,840	207,157	203,178	267,153	225,848
Interest	8,808	6,562	13,050	16,719	12,203
Depreciation	34,742	33,343	32,606	27,399	23,831
Profit before Tax	162,290	167,253	157,522	223,035	189,814
Profit after Tax	110,177	114,426	102,274	155,583	120,863
Dividends	40,929	40,929	40,929	40,929	35,082
Dividend per share (₹)	2.80	2.80	2.80	2.80	*2.4
Earning per share (₹)	7.54	7.56	7.00	10.64	*8.27
Book value per share (₹)	67.19	62.90	58.62	54.89	*47.52
FINANCIAL SUMMARY					
ASSETS EMPLOYED					
Fixed Assets (net)	346,093	288,254	299,644	298,040	264,060
Investments	283,244	119,477	111,981	89,552	192,914
Net Working Capital	396,115	511,720	445,135	521,594	364,756
Total	1,025,452	919,451	856,760	909,186	821,730
FINANCED BY					
Share Capital	29,235	29,235	29,235	29,235	29,235
Reserves & Surplus	952,508	890,216	827,525	773,137	665,438
Loan Funds	43,709	-	-	106,814	127,057
Total	1,025,452	919,451	856,760	909,186	821,730

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

REPORT OF THE AUDITORS

TO THE MEMBERS OF GMM PFAUDLER LIMITED

1. We have audited the attached Balance Sheet of GMM Pfaudler Limited, as at March 31, 2011 and also the Profit and Loss Account and Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditors' Report) Order (Amendment) Order 2004, issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of such books.
 - c) The Balance Sheet and Profit and Loss Account referred to in this report are in agreement with the books of account.
 - d) In our opinion, the Profit and Loss Account and Balance Sheet comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956, to the extent applicable.
 - e) In our opinion and to the best of our information and according to the explanations given to us the said accounts read with the notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2011;
 - ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
 - iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
5. On the basis of written representations received from the directors as on March 31, 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2011; from being appointed as director under clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For and on behalf of
KALYANIWALLA & MISTRY
Chartered Accountants
Firm Registration No: 104607W

Vinayak M. Padwal
Partner
M. No: F 49639

Mumbai, August 25, 2011

ANNEXURE TO THE AUDITOR'S REPORT

Referred to in paragraph (3) of our report of even date on the accounts of GMM Pfaudler Limited for the year ended March 31, 2011.

- 1) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
(b) The Company has a program for physical verification of fixed assets at periodic intervals. In our opinion, the period of verification is reasonable having regard to the size of the Company and the nature of its assets. The discrepancies noticed on such verification were not material and the same have been properly dealt with in the books of account.
(c) In our opinion, the fixed assets disposed off during the year were not substantial, and do not affect the going concern assumption.
- 2) (a) The management has conducted physical verification of inventory at reasonable intervals.
(b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
(c) The Company is maintaining proper records of inventory, however the *processes with respect to reconciliation of the priced stores ledger and stocks at third party locations need strengthening*. The Company is in the process of further strengthening the same. The discrepancies noticed on verification between physical inventories and book records have been properly dealt with in the books of account.
- 3) (a) The Company has not granted any loans, secured or unsecured to Companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
(b) The Company has not taken any loans, secured or unsecured from Companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- 4) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. *Other than the areas for improvement reported in para 2(c) above*, there is no continuing failure to correct major weaknesses in internal control.
- 5) (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.
(b) In our opinion and according to the information and explanation given to us, having regard to the explanation that certain transactions being of a special nature where comparable alternative quotations are not available, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act 1956 and exceeding rupees five lakh with any party during the year, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- 6) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits during the year from the public within the meaning of Sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956, and the rules framed there under. However, as at the year end the unclaimed matured deposits in respect of an old scheme amounted to ₹ 6 thousand.
- 7) The Company has an internal audit system, which in our opinion, is commensurate with the size of the Company and the nature of its business.
- 8) As informed to us, the maintenance of cost records has not been prescribed by the Company under Section 209(1)(d) of the Companies Act, 1956 in respect of the activity carried on by the Company.
- 9) (a) According to the records examined by us, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, cess and other statutory dues applicable to it with the appropriate authorities except an amount of ₹ 6,284/- which has not been deposited in the Investor Education and Protection Fund on the due date. According to the information and explanations given to us, no undisputed amounts payable in respect of aforesaid statutory dues were outstanding, at the year-end for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there are no dues of Sales Tax, Income Tax, Customs Duty, Wealth Tax, Service tax, Excise Duty or cess outstanding on account of any dispute, other than those stated hereunder:

Name of Statute	Nature of Dues	Amount (₹ in '000')	Period to which the amount relates	Forum where dispute is pending
Income Tax	Assessment of taxable income	1,195	2005-06	Income Tax Appellate Tribunal
	Assessment of taxable income	270	2006-07	Income Tax Appellate Tribunal
	Assessment of taxable income	914	2007-08	Income Tax Appellate Tribunal
	Assessment of taxable income	26,604	2008-09	Commissioner of Income Tax (Appeal) VIII

- 10) The Company has no accumulated losses as at the end of the financial year and it has not incurred any cash losses in the current and immediately preceding financial year.
- 11) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- 12) According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares and other securities.
- 13) In our opinion and according to the information and explanations given to us, the nature of activities of the Company does not attract any special statute applicable to chit fund and nidhi / mutual benefit fund/ societies.
- 14) In our opinion, the Company has maintained proper records of the transactions and contracts in respect of investments purchased and sold during the year and timely entries have been made therein. The investments made by the Company are held in its own name.
- 15) According to the information and explanations given to us and the records examined by us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- 16) According to the information and explanations given to us and the records examined by us, the Company has not obtained any term loans.
- 17) On the basis on an overall examination of the balance sheet and cash flows of the Company and the information and explanations given to us, we report that the Company has not utilized the funds raised on short-term basis for long-term investment.
- 18) The Company has not made any preferential allotment of shares to parties or Companies covered in the register maintained under section 301 of the Companies Act, 1956.
- 19) The Company did not issue any debentures during the year.
- 20) The Company has not raised any money through a public issue during the year.
- 21) Based on the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For and on behalf of
KALYANIWALLA & MISTRY
 Chartered Accountants
 Firm Registration No: 104607W

Vinayak M. Padwal
 Partner
 M. No: F 49639

Mumbai, August 25, 2011

BALANCE SHEET AS AT MARCH 31, 2011

	Schedule	As at 31.03.11 ₹ '000'	As at 31.03.10 ₹ '000'
SOURCES OF FUNDS			
1 Shareholders' Funds			
Share Capital	1	29,235	29,235
Reserves & Surplus	2	952,508	890,216
		981,743	919,451
2 Loan Funds			
Secured Loans	3	43,709	—
3 Deferred Tax Liability		36,555	33,272
		1,062,007	952,723
APPLICATION OF FUNDS			
4 Fixed Assets	4		
Gross Block		658,600	619,193
Less: Depreciation		372,464	338,671
Net Block		286,136	280,522
Capital Work-in-progress		59,957	7,732
		346,093	288,254
5 Investments	5	283,244	119,477
6 Current Assets, Loans and Advances			
Inventories	6	627,996	404,172
Sundry Debtors	7	236,570	281,868
Cash and Bank Balances	8	6,989	30,435
Loans and Advances	9	76,674	206,791
		948,229	923,266
Less: Current Liabilities and Provisions			
Liabilities	10	501,434	359,067
Provisions	11	14,125	19,207
		515,559	378,274
Net Current Assets		432,670	544,992
		1,062,007	952,723
Notes to Accounts	17		

The Schedules referred to above form an integral part of the Balance Sheet.

Signatures to Balance Sheet and
Schedules 1 to 11 and 17

As per our report attached.

For and on behalf of the Board

For and on behalf of
KALYANIWALLA & MISTRY
Chartered Accountants

Vinayak M. Padwal
Partner

Mittal Mehta
Company Secretary

M. No. F 49639

Mumbai, August 25, 2011

Mumbai, August 10, 2011

P. Krishnamurthy
Ashok J. Patel
Peter C. Wallace
Christopher M. Hix
Darius C. Shroff
Tarak A. Patel
A. N. Mohanty

Chairman
Managing Director
Director
Director
Director
Executive Director
Financial Controller

Neunkirch, August 4, 2011

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

	Schedule	Year ended 31.03.11 ₹ '000'	Year ended 31.03.10 ₹ '000'
INCOME			
Turnover (Gross)		1,552,503	1,646,694
Less: Excise Duty		112,296	101,910
Turnover (Net)		1,440,207	1,544,784
Other Income	12	26,156	27,022
		1,466,363	1,571,806
EXPENDITURE			
Cost of production	13	1,015,759	1,100,494
Operating expenses	14	161,982	146,081
Selling, general and administrative expenses	15	82,782	118,074
Depreciation		34,742	33,342
Interest and Financial Charges	16	8,808	6,562
		1,304,073	1,404,553
PROFIT BEFORE TAXATION		162,290	167,253
Provision for Taxation			
Current		48,830	57,100
Deferred		3,283	(4,273)
NET PROFIT FOR THE YEAR AFTER TAXATION		110,177	114,426
Prior year's adjustment for taxation		—	3,850
NET PROFIT FOR THE YEAR		110,177	110,576
Surplus brought forward		590,470	538,837
AMOUNT AVAILABLE FOR APPROPRIATION		700,647	649,413
APPROPRIATIONS:			
Interim Dividend		40,929	40,929
Tax on distributed profit		6,956	6,956
Transfer to General Reserve		11,017	11,058
Surplus carried forward		641,745	590,470
		700,647	649,413
Basic and diluted earnings per share of ₹ 2 each (₹)		7.54	7.56
Notes to accounts	17		

The Schedules referred to above form an integral part of the Profit and Loss Account.

As per our report attached.

For and on behalf of
KALYANIWALLA & MISTRY
 Chartered Accountants

Vinayak M. Padwal
 Partner

Mittal Mehta
 Company Secretary

M. No. F 49639

Mumbai, August 25, 2011

Signatures to Profit and Loss Account
 and Schedules 12 to 17

For and on behalf of the Board

P. Krishnamurthy
Ashok J. Patel
Peter C. Wallace
Christopher M. Hix
Darius C. Shroff
Tarak A. Patel
A. N. Mohanty

Chairman
 Managing Director
 Director
 Director
 Director
 Executive Director
 Financial Controller

Neunkirch, August 4, 2011

STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2011

		Year ended 31.03.11 ₹ '000'	Year ended 31.03.10 ₹ '000'
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		162,290	167,253
Adjustments to reconcile profit before tax to cash provided by operations			
Depreciation		34,742	33,342
Net (gain) / loss on sale of fixed assets		(7)	459
Net (gain) / loss on sale of Investment		(138)	(5,099)
Interest income		(2,135)	(4,029)
Interest expense		8,808	6,562
Dividend Income		(3,375)	(6,357)
Provision for doubtful debts, liquidated damages and advances		(24,359)	6,856
Diminution in value of Investment provided / (written back)		455	(1,066)
Unrealised foreign exchange fluctuation loss/(gain)		(1,324)	8,227
Operating profit before working capital changes		174,957	206,148
Adjustments for :			
Inventories		(223,824)	60,416
Trade and other receivables		204,478	(40,782)
Trade payables and other liabilities		143,084	(101,306)
Cash generated from operations		298,695	124,476
Direct Taxes paid		(58,206)	(55,726)
Net cash from/ (used in) operating activities	A	240,489	68,750
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of fixed assets		(93,373)	(22,629)
Proceeds from sale of assets		800	218
Purchase of investments		(167,986)	(53,378)
Proceeds from sale of investments		3,900	52,047
Interest received		2,135	4,029
Dividend received		3,375	6,357
Net cash from/ (used in) investing activities	B	(251,149)	(13,356)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from borrowings		43,709	—
Interest paid		(8,808)	(6,562)
Dividend paid		(40,731)	(40,573)
Tax on distributed profits		(6,956)	(6,956)
Net cash (used in)/from financing activities	C	(12,786)	(54,091)
NET INCREASE / (DECREASE) IN CASH & CASH EQUIVALENTS	A+B+C	(23,446)	1,303
Cash and Cash equivalents, beginning of the year		30,435	29,132
Cash and Cash equivalents, end of the year		6,989	30,435
Note: 1. Cash and Cash equivalents as per Balance Sheet:			
Cash on hand		879	282
Balances with banks		6,110	30,153
Total		6,989	30,435
2. The Company has been sanctioned credit facilities for working capital of ₹ 200 million, of which facilities utilised as on March 31, 2011 were ₹ 43.71 million.			

As per our report attached.

For and on behalf of
KALYANIWALLA & MISTRY
Chartered Accountants

Vinayak M. Padwal
Partner

Mittal Mehta
Company Secretary

M. No. F 49639

Mumbai, August 25, 2011

For and on behalf of the Board

P. Krishnamurthy
Ashok J. Patel
Peter C. Wallace
Christopher M. Hix
Darius C. Shroff
Tarak A. Patel
A. N. Mohanty

Chairman
Managing Director
Director
Director
Director
Executive Director
Financial Controller

Mumbai, August 10, 2011

Neunkirch, August 4, 2011

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2011

	As at 31.03.11 ₹ '000'	As at 31.03.10 ₹ '000'
SCHEDULE 1		
SHARE CAPITAL		
Authorised:		
25,000,000 Equity shares of ₹ 2 each	50,000	50,000
Issued, Subscribed and Paid-up:		
14,617,500 Equity shares of ₹ 2 each fully paid	29,235	29,235
	29,235	29,235
Of the above shares:		
7,454,400 Equity shares are held by Pfaudler Inc. USA, the holding Company.		
122,400 Equity Shares have been issued for consideration other than cash.		
8,586,500 Equity shares have been issued as bonus shares, by capitalisation of reserves and share premium account.		

SCHEDULE 2		
RESERVES AND SURPLUS		
Capital Reserve	17	17
Cash Subsidy Reserve	695	695
Share Premium Account	149,284	149,284
General Reserve:		
Balance as per last Balance Sheet	149,750	138,692
Transfer from Profit and Loss account	11,017	11,058
	160,767	149,750
Profit and Loss Account	641,745	590,470
	952,508	890,216

SCHEDULE 3		
SECURED LOANS		
From Banks:		
Buyers Credit	36,994	—
Cash Credit	6,715	—
	43,709	—
Notes:		
1. Secured Loans repayable within 1 year from the Balance Sheet date are ₹ 43,709 thousand (Previous Year ₹ Nil)		
2. The loan facilities from banks are secured by hypothecation of inventories and book debts and first charge over fixed assets situated at the Company's factory at Karamsad.		

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2011

SCHEDULE 4

FIXED ASSETS

(₹ in '000')

ASSETS	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	As on 01.04.10	Additions	Deductions	As on 31.03.11	Upto 01.04.10	For the Year	On Deductions	Upto 31.03.11	As on 31.03.11	As on 31.03.10
Freehold land	2,316	—	—	2,316	—	—	—	—	2,316	2,316
Leasehold land	1,154	—	—	1,154	436	11	—	447	707	718
Lease improvement	5,642	5,280	—	10,922	3,067	1,575	—	4,642	6,280	2,575
Buildings	133,022	—	—	133,022	35,041	3,033	—	38,074	94,948	97,981
Plant & machinery	427,306	27,534	30	454,810	278,226	25,452	30	303,648	151,162	149,080
Furniture & Fixtures	22,186	556	—	22,742	11,006	1,190	—	12,196	10,546	11,180
Vehicles	27,567	7,778	1,711	33,634	10,895	3,480	918	13,457	20,177	16,672
Total	619,193	41,148	1,741	658,600	338,671	34,741	948	372,464	286,136	280,522
Previous Year Total	602,210	19,086	2,103	619,193	306,755	33,342	1,426	338,671	280,522	—
Capital work-in-progress									59,957	7,732
									346,093	288,254

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2011

SCHEDULE 5

INVESTMENTS

		Number		Cost	
	Face value Rupees	As At 31.03.11	As At 31.03.10	As At 31.03.11 ₹ '000'	As At 31.03.10 ₹ '000'
1. Long Term Investments (Fully paid)					
(a) Trade Investments					
Equity Shares (Quoted)					
Abbott India Ltd.	10	100	100	5	5
BASF India Ltd.	10	276	276	12	12
Bayer Cropscience Ltd.	10	50	50	4	4
Clariant Chemicals (India) Ltd.	10	50	50	3	3
Dharamshi Morarji Chemicals Co. Ltd.	10	100	100	4	4
Excel Crop Care Ltd.	5	112	112	—	—
Excel Industries Ltd.	5	112	112	10	10
Futura Polyester Ltd.	10	100	100	1	1
Glaxo Smithkline Pharmaceuticals Ltd.	10	122	122	7	7
GHCL Ltd.	10	100	100	2	2
Hico Products Ltd.	10	625	625	6	6
IDI Ltd.	10	66	66	3	3
Innovassynth Investments Ltd.	10	45	45	—	—
Kansai Nerolac Paints Ltd.	10	666	333	10	10
Nestle India Ltd.	10	93	93	6	6
Novartis India Ltd.	5	70	70	7	7
Piramal Healthcare Ltd.	2	390	390	—	—
Piramal Life Sciences Ltd.	10	39	39	—	—
Piramal Glass Ltd.	10	19	19	—	—
Peninsula Land Ltd.	2	1,040	1,040	4	4
Pfizer Ltd.	10	135	135	11	11
Shubh Shanti Services Ltd.	10	25	25	—	—
SI Group - India Ltd.	10	50	50	5	5
Tata Chemicals Ltd.	10	161	161	7	7
United Phosphorus Ltd.	2	7,500	7,500	405	405
Wyeth Ltd.	10	50	50	6	6
				518	518
(b) Other Investments					
Equity Shares (Quoted)					
Skyline Millars Ltd.	1	1,406,000	1,406,000	1,933	1,933
(a Company under the same management)					
Nile Ltd.	10	282,543	282,543	12,405	12,405
				14,338	14,338
Non Convertible Debentures (Unquoted)					
Hico Products Ltd.	150	125	125	—	—
				14,856	14,856
(c) Subsidiary Companies					
Equity Shares (Unquoted)					
GMM Mavag AG (See Note 5 of Schedule 17)					
(Face Value CHF 1,000)		5,000	1,500	213,895	52,275
Karamsad Investments Ltd.	10	260,000	260,000	2,600	2,600
Karamsad Holdings Ltd.	10	350,000	350,000	3,500	3,500
				219,995	58,375
(d) Shares in Co-operative Societies (Unquoted)					
Karamsad Urban Co-op. Bank Ltd.	10	1,200	1,200	12	12
Charotar Gas Sahakari Mandli Ltd.	500	10	10	5	5
				17	17

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2011

	Face value Rupees	Number As At 31.03.11	As At 31.03.10	Cost As At 31.03.11 ₹ '000'	As At 31.03.10 ₹ '000'
SCHEDULE 5					
INVESTMENTS (Continued)					
2. Current Investments					
Mutual Funds (Unquoted)					
HSBC Income Fund - Short Term Plan - Dividend	10	—	429,193	—	4,622
23 ICICI Prudential Short Term Plan - Dividend Reinvest	10	—	577,609	—	6,307
DSPML Short Term Fund Monthly - Dividend	10	—	578,969	—	6,143
Birla Sun Life MIP II - Savings 5 Plan - Monthly Dividend - Payout	10	—	1,101,863	—	12,550
Reliance MIP - Monthly Dividend Plan	10	—	1,116,032	—	17,050
HSBC Income Fund Short Term Dividend	10	316,603	—	3,412	—
23 ICICI Prudential short term Plan- Dividend Reinvest	10	470,173	—	5,157	—
DSMPL Short Term Fund Monthly- Dividend	10	511,557	—	5,432	—
Birla Sun Life MIP II-Savings 5 Plan -Monthly Dividend -Payout	10	1,101,863	—	12,550	—
Reliance MIP-Monthly Dividend Plan	10	1,512,836	—	17,050	—
HSBC Equity Fund -Growth	10	13,014	—	1,400	—
Pru ICICI Dynamic Plan	10	13,607	—	1,500	—
DSPBR Equity Fund	10	59,171	—	1,000	—
Pru ICICI FMP Series 55-6M Plan A Dividend	10	155,000	—	1,550	—
IDFCMoney Manager Fund- treasury Plan A-Daily Dividend	10	22,016	—	222	—
				49,273	46,672
Less: Provision for diminution in value of Investments				897	443
				48,376	46,229
Total Investments				283,244	119,477
Note :					
Aggregate book value of investments					
Quoted				14,856	14,856
Unquoted				268,388	104,621
				283,244	119,477
Market value of quoted investments				53,149	47,811

	As at 31.03.11 ₹ '000'	As at 31.03.10 ₹ '000'
SCHEDULE 6		
INVENTORIES		
(at lower of cost and net realisable value)		
Stores and spares	26,042	23,951
Raw materials	238,847	160,569
Work-in-progress	349,911	213,115
Finished goods	13,196	6,537
	627,996	404,172

SCHEDULE 7		
SUNDRY DEBTORS		
(Unsecured and considered good)		
Debts outstanding over six months		
– Considered good	4,157	22,428
– Considered doubtful	15,681	38,614
	19,838	61,042
Other debts		
– Considered good	232,413	259,440
– Considered doubtful	7,753	9,179
	240,166	268,619
Less : Provision for doubtful debts	23,434	47,793
	236,570	281,868

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2011

	As at 31.03.11 ₹ '000'	As at 31.03.10 ₹ '000'
SCHEDULE 8		
CASH AND BANK BALANCES		
Cash on hand	879	282
Balances with scheduled banks		
– in current accounts	6,110	12,853
– in deposit accounts	–	17,300
	6,989	30,435

SCHEDULE 9		
LOANS AND ADVANCES (Unsecured and considered good)		
Loans to subsidiaries	6,500	158,375
Advances recoverable in cash or in kind or for value to be received (including ₹ 1,293 thousand, previous year ₹ 4,797 thousand considered doubtful)	37,143	31,141
Deposits (including ₹ 608 thousand, previous year ₹ 1,473 thousand considered doubtful)	20,153	19,711
Balance with central excise authorities	10,076	3,834
Advance payment of taxes (Net of provision for tax ₹ 119,475 thousand)	4,703	–
	78,575	213,061
Less: Provision for doubtful advances/deposits	1,901	6,270
	76,674	206,791

SCHEDULE 10		
CURRENT LIABILITIES		
Sundry creditors		
– Outstanding dues of micro, small and medium enterprises	55	665
– Other creditors	229,743	191,213
Advances from customers	194,264	95,605
Investor Education and Protection Fund *		
Unclaimed dividend	1,955	1,757
Unclaimed matured deposits	6	6
Other liabilities	65,179	59,589
Interim dividend payable	10,232	10,232
	501,434	359,067

* The said fund will be credited with the amounts outstanding and unclaimed on the respective due dates.

SCHEDULE 11		
PROVISIONS		
Provision for tax on distributed profits	1,739	1,739
Provision for Compensated absences	5,758	4,864
Provision for unexpired warranty	6,628	7,931
Provision for taxes (Previous year Net of advance tax ₹ 65,972 thousand)	–	4,673
	14,125	19,207

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

	Year ended 31.03.11 ₹ '000'	Year ended 31.03.10 ₹ '000'
SCHEDULE 12		
OTHER INCOME		
Dividend	3,375	6,357
Interest *		
– On deposits	320	464
– Others	1,815	3,565
Bad and doubtful debts recovered	1,693	1,635
Provision for diminution in value of Investments written back	–	1,066
Profit on sale of long term investment	138	141
Profit on sale of current Investments	–	4,958
Profit on sale of Fixed Assets	7	–
Miscellaneous Income	12,863	8,836
Foreign exchange gain	5,945	–
	26,156	27,022
* Tax deducted at source ₹ 74 thousand, previous year ₹ 63 thousand.		
SCHEDULE 13		
COST OF PRODUCTION		
Materials consumed:		
Stocks as at the commencement of the year	160,569	189,505
Add : Purchases during the year	906,685	719,688
	1,067,254	909,193
Less : Stocks as at the close of the year	238,847	160,569
	828,407	748,624
Employee costs:		
– Wages	35,799	32,168
– Contribution to provident and other funds	1,919	2,179
Labour charges	139,211	133,717
Power and fuel	82,921	80,541
Stores and spares consumed	70,957	67,759
(Increase) / Decrease in stock of finished goods and work in progress	(143,455)	35,506
	1,015,759	1,100,494
SCHEDULE 14		
OPERATING EXPENSES		
Employee costs:		
– Salaries and allowances	102,524	91,810
– Contribution to provident and other funds	9,428	9,554
– Staff welfare	16,371	12,965
Repairs and maintenance:		
– Plant and machinery	16,299	15,513
– Buildings	1,135	484
– Others	502	544
Insurance	4,895	4,602
Rent	7,460	7,086
Rates and taxes	3,368	3,523
	161,982	146,081
SCHEDULE 15		
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES		
Royalty	8,394	7,514
Travel and conveyance	18,774	16,323
Communication	4,420	4,299
Bad debts written off	5,663	9,282
Provision for doubtful debts and advances written off/ (written back)	(20,900)	4,847
Provision for Warranty expenses	985	2,282
Advertisement and sales promotion	7,356	3,083
Commission	99	2,893
Legal and professional fees	7,638	14,439
Auditors' remuneration	1,870	2,359
Freight outward	16,056	17,343
Diminution in value of Investment	455	–
Foreign exchange loss	–	11,168
Loss on sale of fixed assets	–	459
Other expenses	31,972	21,783
	82,782	1,18,074
SCHEDULE 16		
INTEREST AND FINANCIAL CHARGES		
Interest	3,614	2,881
Financial charges	5,194	3,681
	8,808	6,562

SCHEDULE 17: NOTES FORMING PART OF THE ACCOUNTS

1. BACKGROUND

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.

The Company has entered into an investment and technical know-how agreement with Pfaudler Inc. USA ('Pfaudler') a Company incorporated in the United States of America, which owns 51 percent of the total issued share capital of the Company. The Company's ultimate holding Company is Robbins & Myers Inc, USA.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Accounting convention

The financial statements are prepared under the historical cost convention using the accrual method of accounting, in accordance with generally accepted accounting principles in India, the Accounting Standards prescribed in the Companies (Accounting Standards) Rules, 2006 and the provisions of the Companies Act, 1956.

b) 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.

c) Fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation. Cost includes all expenses related to the acquisition and installation of fixed assets.

Assets acquired under finance lease are capitalized at the lower of the fair value of the leased assets and the present value of the minimum lease payments as at the inception of the lease.

Depreciation is provided pro rata to the period of use, on the straight line method at the rates specified in Schedule XIV to the Companies Act, 1956.

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

d) Asset Impairment

The Company reviews the carrying values of tangible and intangible assets for any possible impairment at each balance sheet date. An impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount. In assessing the recoverable amount, the estimated future cash flows are discounted to their present value based on appropriate discount rates.

e) Investments

(i) Investments are classified into long term and current investments.

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

(iii) 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. Cost of work-in-progress and finished goods includes 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 are translated at the period end exchange rates. Exchange gains / losses are recognized in the profit and loss account. 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.

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 in the form of provident fund, family pension fund and superannuation scheme which are defined contribution schemes are charged to the Profit and Loss account of the year when the contributions accrue.

The liability for Gratuity, a defined benefits scheme and provision for Leave Encashment is accrued and provided for in the accounts on the basis of actuarial valuation as at the year end.

Actuarial gains and losses comprising of experience adjustments and the effects of changes in actuarial assumptions are recognised in the Profit and Loss account for the year as income or expense.

k) Provisions and Contingent Liabilities

Provisions are recognised in the accounts in respect of present probable obligations, the amount of which can be reliably estimated.

Contingent Liabilities are disclosed in respect of possible obligations that may arise from past events but their existence is confirmed by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company.

l) Taxation

Tax expense comprises of both current and deferred tax.

Provision for current income tax is made on the basis of assessable income under the Income Tax Act, 1961.

Deferred income tax arising on account of timing differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods is accounted for by applying the income tax rates and laws enacted or substantially enacted on the Balance Sheet date. Deferred tax assets, subject to the consideration of prudence, are recognized and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

m) Segment reporting

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.

3. SUNDRY DEBTORS

Sundry Debtors include the following amount due from a subsidiary Company:

(₹ in '000')

Name of the Company	Maximum Balance	As at 31.03.11	As at 31.03.10
Mavag AG	3,864	2,995	3,706

4. LOANS AND ADVANCES

a. Advances to subsidiaries

(₹ in '000')

Name of the Company	Maximum Balance during the year	As at 31.03.11	As at 31.03.10
Karamsad Investments Ltd.	12,350	6,500	12,350
Karamsad Holdings Ltd.	250	—	250
GMM Mavag AG	160,849	—	145,775

b. Deposits include earnest deposit of ₹ 961 thousand (previous year ₹ 961 thousand) paid to Skyline Millars Limited and ₹ 10,703 thousand (previous year ₹ 10,703 thousand) to Ready Mix Concrete Limited, being Companies in which two directors of the Company are interested. Deposits given are for use of factory sheds under the lease agreements.

5. CONVERSION OF LOAN TO MAVAG AG INTO EQUITY

The Company had granted a loan to its 100% subsidiary Company, GMM Mavag AG Switzerland amounting to CHF 3.50 million for the purpose of acquisition of 100% Equity Shares of Mavag AG Switzerland, during the financial year ended March 31, 2008. The Company has, after obtaining approval from its Board of Directors and the Reserve Bank of India, converted the said loan together with interest accrued thereon amounting to ₹ 161,920 thousand as on June 30, 2010 into Equity Shares of GMM Mavag AG and accordingly disclosed the same under the head Investments. Application made to Swiss Authorities in this regard is pending.

6. CURRENT LIABILITIES

Disclosure of sundry creditors under current liabilities is based on the information available with the Company regarding the status of the suppliers as defined under the "Micro, Small and Medium Enterprises Development Act, 2006". Amount overdue as on March 31, 2011 to Micro, Small and Medium Enterprises on account of principal amount together with interest, aggregate to ₹ Nil (previous year – ₹ Nil)

The information regarding micro, small and medium enterprises have been determined to the extent such parties have been identified on the basis of information available with the Company, which has been relied upon by the auditors.

7. PROVISIONS

(₹ in '000')

	Opening Balance	Additions	Reversals	Closing Balance
Provision for compensated absences	4,864	3,736	2,842	5,758
Provision for unexpired warranty	7,931	907	2,210	6,628
Total	12,795	4,643	5,052	12,386

8. OPERATING LEASE

The Company's significant leasing arrangements are in respect of operating leases for factory shed/premises and guesthouse. These lease agreements, which are not non-cancellable, range up to 26 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 non-cancelable operating lease are as under:

(₹ in '000')

Period	As at 31.03.11	As at 31.03.10
Payable within one year	6,711	6,193
Payable later than one year and not later than five year	7,219	3,647

9. DEFERRED TAX LIABILITY

The break up of deferred tax liability arising due to the tax effect of timing differences between taxable income and accounting income, is as under :

(₹ in '000')

	As at 31.03.11	As at 31.03.10
Deferred Tax Liability		
Depreciation	41,970	45,468
Lease assets	53	102
	42,023	45,570
Deferred tax assets		
Technical know how fees	108	148
Provision for doubtful debts / advances	5,061	12,000
Provision for diminution in value of investments	299	150
	5,468	12,298
Net deferred tax liability	36,555	33,272

10. CONTINGENT LIABILITIES

(₹ in '000')

	As at 31.03.11	As at 31.03.10
a) Claim against the Company not acknowledged as debts		
i) Dispute relating to Cenvat	4,170	3,913
ii) Dispute relating to tax demand	488	19,666
b) Guarantee issued by bank	188,868	135,942

11. CAPITAL COMMITMENTS

Estimated value of contracts remaining to be executed on capital account, to the extent not provided ₹ 31,390 thousand (previous year ₹ 12,467 thousand)

12. Turnover includes sales commission ₹ Nil (previous year ₹ Nil)

13. LICENSED AND INSTALLED CAPACITIES AND PRODUCTION

	Unit	Installed Capacity per annum		Production	
		As at 31.03.11	As at 31.03.10	Year Ended 31.03.11	Year Ended 31.03.10
1. Enameled acid alkali resistant chemical equipment consisting of					
a. Autoclaves suitable for 3.5 atmosphere working pressure having capacity up to 10,000 litres.	Liters (in'000)	6,000	6,000	4,225	3,397
b. Distilling plant varying in capacity from 100/1,000 to 5,000/10,000 litres					
c. Evaporating pans varying in capacity from 100 litres to 20,000 litres, crystallizing pressure filters, valves and condensers.					
2. Mild Steel equipment such as reaction vessels, storage tanks, fractionation towers, driers, heat exchangers, condensers, ducting blenders and pressure vessels	MT	*	*	647	417
3. Stainless steel equipment such as reaction vessels, storage tanks, evaporating pans, absorption towers, fractionation towers, driers, heat exchangers, condensers, ducting blenders and pressure vessels.					
4. Fusion seamed products and Isostatic moulded products consist of					
a. Carbon Steel PTFE pipe	Mtr.	7,500	7,500	—	20
b. Dip pipe and sparger	Nos.	750	750	24	81

Notes:

- Licensed capacity is not applicable in terms of Government of India's Notification No. S.O.477 (E) dated 25th July, 1991.
- Installed capacities have been certified by the management of the Company and not verified by the auditors.
- Installed capacities in respect of products not currently manufactured have not been given.
- Production quantities in items 2 and 4 include job orders subcontracted to third parties and broad-banding of installed capacities.
- The installed capacity of Mild Steel equipments and Stainless steel equipment is not determined and therefore not included in the above table.

14. INVENTORIES

Items	Units	As at 31.03.11		As at 31.03.10		As at 31.03.09	
		Qty	Value ₹ '000'	Qty	Value ₹ '000'	Qty	Value ₹ '000'
1. Enameled acid & alkali and chemical equipment	"Litres (in '000')"	–	–	2	3,461	96	14,850
2. Mild steel and stainless steel equipment	MT	57	11,272	7	1,988	3	5,493
3. Fusion seamed products and Isostatic moulded products							
– Carbon steel PTFE pipes	Meters	–	–	–	–	–	–
– Dip pipes and sparger	Nos.	–	–	–	–	–	–
4. Others			1,924		1,088		1,810
Total			13,196		6,537		22,153

15. SALES

Items	Units	Year ended 31.03.11		Year ended 31.03.10	
		Qty	Value ₹ '000'	Qty	Value ₹ '000'
1. Enameled acid & alkali and chemical equipment	Litres (in '000)	4,227	887,415	3,492	772,093
2. Mild steel and stainless steel equipment	MT	591	422,698	413	644,764
3. Fusion seamed products and Isostatic moulded products					
– Carbon steel PTFE pipes	Meters	–	–	20	339
– Dip pipes and sparger	Nos.	24	1,700	81	3,222
4. Others			128,394		124,366
Total			1,440,207		1,544,784

16. RAW MATERIALS AND COMPONENTS CONSUMED

Items	Units	Year ended 31.03.11		Year ended 31.03.10	
		Qty	Value ₹ '000'	Qty	Value ₹ '000'
Mild Steel	MT	6,265	339,758	5,350	280,545
Stainless Steel, Brass and Copper	MT	591	104,722	413	69,511
Pipes	Meters	94,334	44,572	26,474	31,475
Teflon Powder	KG	8,364	4,965	8,775	4,470
Motors, Gears, Mechanical Seals		3,194	116,962	2,897	113,993
Others			217,428		248,630
Total			828,407		748,624

17. IMPORTED AND INDIGENOUS RAW MATERIALS (INCLUDING COMPONENTS) AND SPARES CONSUMED.

Items	Year ended 31.03.11		Year ended 31.03.10	
	Percent	Value ₹ '000'	Percent	Value ₹ '000'
Raw materials (including components)				
– Imported (at landed cost)	3	22,456	7	49,989
– Indigenous	97	805,951	93	698,635
	100	828,407	100	748,624
Stores and spare parts				
– Imported (at landed cost)	0	259	1	267
– Indigenous	100	70,698	99	67,492
	100	70,957	100	67,759

18. VALUE OF IMPORTS ON CIF BASIS

Items	Year ended 31.03.11 ₹ '000'	Year ended 31.03.10 ₹ '000'
Raw material and components	55,348	76,203
Stores and spares	887	11,030
	56,235	87,233

19. EXPENDITURE IN FOREIGN CURRENCY

	Year ended 31.03.11 ₹ '000'	Year ended 31.03.10 ₹ '000'
Royalty	8,394	7,514
Foreign travel	3,570	1,977
Technical Services, Consultancy, Commission, etc	6,286	9,468
	18,250	18,959

20. DIVIDEND REMITTED IN FOREIGN CURRENCY

	Year ended 31.03.11 ₹ '000'	Year ended 31.03.10 ₹ '000'
4th Interim Dividend for 2009-10 on 74,54,400 Shares of ₹ 2/- each.	5,218	
1st Interim Dividend for 2010-11 on 74,54,400 Shares of ₹ 2/- each.	5,218	
2nd Interim Dividend for 2010-11 on 74,54,400 Shares of ₹ 2/- each.	5,218	
3rd Interim Dividend for 2010-11 on 74,54,400 Shares of ₹ 2/- each.	5,218	
4th Interim Dividend for 2008-09 on 74,54,400 Shares of ₹ 2/- each.		5,218
1st Interim Dividend for 2009-10 on 74,54,400 Shares of ₹ 2/- each.		5,218
2nd Interim Dividend for 2009-10 on 74,54,400 Shares of ₹ 2/- each.		5,218
3rd Interim Dividend for 2009-10 on 74,54,400 Shares of ₹ 2/- each.		5,218
Number of (non-resident) shareholders	1	1

21. EARNINGS IN FOREIGN CURRENCY

	Year ended 31.03.11 ₹ '000'	Year ended 31.03.10 ₹ '000'
FOB value exports	34,322	60,736
Commission	5,942	7,235
	40,264	67,971

22. AUDITORS REMUNERATION

	Year ended 31.03.11 ₹ '000'	Year ended 31.03.10 ₹ '000'
Audit fees	1,000	1,300
Tax audit fees	125	125
Other services		
– Certification	500	550
– Consultation and management services	182	338
Reimbursement of out-of-pocket expenses	63	46
	1,870	2,359

23. MANAGERIAL REMUNERATION

	Year ended 31.03.11 ₹ '000'	Year ended 31.03.10 ₹ '000'
Salary and allowances	9,088	5,539
Provident and other funds	2,446	1,343
Perquisites (estimated monetary value)	431	164
Commission	712	4,864
	12,677	11,910

24. COMPUTATION OF NET PROFITS IN ACCORDANCE WITH SECTION 349 OF THE COMPANIES ACT, 1956 AND THE REMUNERATION PAYABLE TO MANAGING DIRECTOR AND EXECUTIVE DIRECTOR

	Year ended 31.03.11 ₹ '000'	Year ended 31.03.10 ₹ '000'
Profit before tax as per statement of profit and loss	162,290	167,253
Add: Managerial Remuneration	12,677	11,910
Directors' fees	370	310
Depreciation as per accounts	34,742	33,342
Provision for diminution in value of investment	455	(1,066)
Loss/(Gain) on foregin exchange fluctation on loan to a subsidiary	(4,480)	8,015
Provision for doubtful debts/advances	(20,900)	4,847
	185,154	224,611
Less: Profit/(Loss) on sale of fixed assets as per books	7	(459)
Profit on sale of current investments	–	4,958
Profit on sale of long term investments	138	141
Interest on Loan to a subsidiary company	686	2,993
Depreciation under Section 350	34,742	33,342
Net profit under Section 198 of the Companies Act, 1956	149,581	183,636
Remuneration payable @ 10% on the above	14,958	18,364
Managerial remuneration paid/ payable to Managing Director and Executive Director	12,677	11,910

25. EMPLOYEE BENEFITS

The amounts recognised in the Company's financial statements as at the year end are as under:

Gratuity:

	As at 31.03.11 ₹ '000'	As at 31.03.10 ₹ '000'
a Assumptions :		
Discount Rate	8.50%	8.50%
Rate of Return on Plan Assets	8.50%	8.50%
Salary Escalation	6.00%	6.00%
Mortality	LIC 1994-96 Ultimate Table	LIC 1994-96 Ultimate Table
b Table showing changes in Benefit Obligation:		
Liability at the beginning of the year	37,553	34,227
Interest cost	3,192	2,396
Current service cost	2,295	2,013
Benefit paid	(2,073)	(3,867)
Actuarial (gain)/loss on obligations	(2,462)	2,784
Liability at the end of the year	38,505	37,553
c Change in Plan Assets:		
Fair value of Plan Assets at the beginning of the year	39,539	38,897
Expected Return on Plan Assets	3,361	2,722
Contributions	2,117	1,027
Benefit Paid	(2,073)	(3,867)
Actuarial gain / (loss) on Plan Assets	410	760
Fair value of Plan Assets at the end of the year	43,354	39,539
Total Actuarial Gain / (Loss) to be recognised	2,872	(2,023)
d Actual Return on Plan Assets:		
Expected Return on Plan Assets	3,361	2,723
Actuarial gain / (loss) on Plan Assets	410	760
Actual Return on Plan Assets	3,771	3,483
e Amount Recognised in the Balance Sheet:		
Liability at the end of the year	38,505	37,552
Fair value of Plan Assets at the end of the year	43,354	39,538
Difference	4,850	(1,986)
Amount Recognised in the Balance Sheet	4,850	(1,986)
f Expenses Recognised in the Income Statement		
Current Service cost	2,295	2,013
Interest Cost	3,192	2,396
Expected return on Plan Assets	(3,361)	(2,723)
Net Actuarial (gain) / loss to be recognised	(2,872)	2,023
Expense Recognised in Profit & Loss	(746)	3,709
g Balance Sheet Reconciliation		
Opening Net Liability	(1,986)	(14,669)
Expenses as above	(746)	3,709
Employers Contribution	(2,118)	(1,026)
Amount Recognised in Balance Sheet	(4,850)	(1,986)
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.		

26. BASIC AND DILUTED EARNING PER SHARE

	Year ended 31.03.11	Year ended 31.03.10
(a) Net profit for the year available to equity shareholders after Prior Period Tax Adjustment in ₹ '000'	110,177	110,576
Weighted average number of Equity Shares during the year	14,617,500	14,617,500
(b) Face value of Equity Share in ₹	2	2
(c) Basic and diluted earnings per share (₹)	7.54	7.56

27. RELATED PARTY DISCLOSURES

(I) List of Related parties

(a) Parties where control exists:

- (i) Ultimate Holding Company : Robbins & Myers Inc.
- (ii) Holding Company : Pfaudler Inc.
- (iii) Subsidiary Companies : Karamsad Holdings Ltd.
Karamsad Investments Ltd.
GMM Mavag AG
Mavag AG

(b) Related parties with whom transactions have taken place during the year:

- (i) Fellow Subsidiaries: : Pfaudler Werke GMBH
Pfaudler Balfour Ltd.
Edlon PSI Inc.
Chemineer Inc.
Suzhou Pfaudler Glass Lined Equipment Co. Ltd.
Robbins & Myers Singapore Private Ltd.
Glass Steel Parts and Services
- (ii) Key management personnel : Mr. Ashok J. Patel – Managing Director
Mr. Tarak A. Patel – Executive Director
Mr. Ashok C. Pillai – Chief Operating Officer
- (iii) Relative of Key management personnel : Mrs. Urmi A. Patel (wife of Mr. Ashok J. Patel)
Mrs. Uttara G. Gelhaus (Daughter of Mr. Ashok J. Patel)
- (iv) Enterprises over which persons in (b)(ii) or (b)(iii) are able to exercise significant influence. : Skyline Millars Ltd.
Glass Lined Equipment Company Ltd.
Ready Mix Concrete Ltd.
Dietrich Engineering Consultant India Private Ltd.
J. V. Patel & Co.

27. RELATED PARTY DISCLOSURES (Continued)

(II) Transactions with related parties

(₹ in '000')

Transaction	Ultimate Holding Company	Holding Company	Subsidiary Companies	Fellow Subsidiaries	Key Mgmt. Personnel	Relative of Key Mgmt. Personnel	Other Related Parties
	31.03.11	31.03.10	31.03.11	31.03.10	31.03.11	31.03.10	31.03.11
Purchase of goods	-	-	199	14,705	6,003	-	2,363
Sale of goods	-	-	-	4,478	38,904	-	72,645
Purchase of fixed assets	-	-	-	-	-	-	10,815
Receiving of services	-	-	-	1,464	-	-	24,961
Sales commission received	-	-	-	-	-	-	-
Royalty paid	-	9,146	7,514	-	-	-	-
Lease Rent paid	-	-	-	-	-	-	6,409
Remuneration paid	-	-	-	-	16,154	-	-
Interest received	-	-	-	3,135	55	-	-
Dividend paid	-	20,872	20,872	-	3,390	842	-
Deposit given	-	-	-	-	-	-	-
Advance received back	-	-	-	1,167	-	-	-
Commission received on services provided	5,942	7,236	-	-	-	-	-
Reimbursement of expenses	-	-	-	-	-	-	772
Balance outstanding as on March 31, 2011	-	-	19,509	11,736	6,386	210	6,168
Payables	-	-	2,301	832	6,386	331	54,855
Receivables	1,925	653	3,790	173,303	925	-	-
Deposit outstanding	-	-	6,500	-	-	-	11,664

27. (III) Significant Related Party Transactions are as under:

Nature of transactions		Year ended 31.03.11 ₹ '000'	Year ended 31.03.10 ₹ '000'
Purchase of goods	Mavag AG	11,989	14,705
	Pfaudler Werke GMBH	4,665	5,087
	Skyline Millars Ltd.	—	2,363
	Glass Lined Equipment Company Ltd.	4,978	—
Sale of goods	Mavag AG	4,943	—
	Pfaudler Werke GMBH	1,380	34,820
	Pfaudler Balfour Ltd.	3,320	—
	Suzoh Pfaudler	1,148	—
Purchase of capital goods	Skyline Millars Ltd.	—	2,249
Receiving Services	Ready Mix Concrete Ltd.	13,051	12,733
	Glass Lined Equipment Company Ltd.	—	9,011
	Skyline Millars Ltd.	5,829	3,218
Lease rent paid	Skyline Millars Ltd.	4,606	4,721
	Ready Mix Concrete Ltd.	1,688	1,688
Royalty paid	Pfaudler Inc.	9,146	7,514
Remuneration paid	Mr. Ashok J. Patel	10,000	9,386
	Mr. Ashok C. Pillai	4,340	4,247
	Mr. Tarak A. Patel	2,677	2,524
Interest Received	GMM Mavag AG	686	3,135
Dividend paid	Pfaudler Inc.	20,872	20,872
	Mr. Ashok J. Patel	2,906	2,907
Commission on services provided	Robbins & Myers Inc.	5,942	7,236
Reimbursement of claim / expenses	Robbins & Myers Inc.	—	926
	Ready Mix Concrete Ltd.	—	772
Refund of advances	Karamsad Investments Ltd.	5,850	—
	Karamsad Holdings Ltd.	—	1,153
Balances outstanding as on March 31, 2011			
Payables	Pfaudler Inc.	19,509	11,736
	Pfaudler Balfour Ltd.	—	5,356
	Skyline Millars Ltd.	1,530	3,249
	Mr. Ashok J. Patel	6,261	5,621
	Mavag AG	2,301	—
	Pfaudler Werke GMBH	1,714	—
Receivables	GMM Mavag AG	—	160,133
Deposit outstanding	Ready Mix Concrete Ltd.	10,703	10,703
	Karamsad Investments Ltd.	6,500	12,350

28. SEGMENT REPORTING

(a) Primary segment reporting by business segment

(₹ in '000')

Particulars	Chemical Processing Equipment		Mixing Systems		Filtration/Separation Equipment & Others		Total
Year Ended	31.03.11	31.03.10	31.03.11	31.03.10	31.03.11	31.03.10	31.03.11
Revenue:							
Total External sales	1,220,167	1,279,296	110,539	162,901	109,501	102,587	1,440,207
Segment Results:							
Profit/(Loss) before Tax and Interest	177,413	185,889	10,830	18,444	6,285	7,101	194,528
Unallocated Expense (Net)							23,430
Less: Interest							8,808
Profit Before Tax							162,290
Taxes							52,113
Net Profit After Tax							110,177
Segment Assets	1,048,861	783,331	68,834	86,585	75,193	61,319	1,192,887
Unallocated Assets							384,677
Total Assets	432,770	292,139	38,705	43,450	39,554	24,427	1,577,565
Segment liabilities							511,029
Unallocated Liabilities							84,794
Total Liabilities							595,823
Capital Expenditure	28,296	15,957	—	—	—	—	28,296
Unallocated Capital Expenditure							12,851
Depreciation	30,158	28,943	347	333	1,458	1,399	31,963
Unallocated depreciation							2,779
							30,675
							2,667

(b) Secondary segment reporting by geographical segment:

(₹ in '000')

Particulars	Within India		Outside India		Total
Year Ended	31.03.11	31.03.10	31.03.11	31.03.10	31.03.11
Revenue	1,405,885	1,484,048	34,322	60,736	1,440,207

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".

29. HEDGING CONTRACTS

Un-hedged foreign currency exposures as at the year end:

	As at 31.03.11 ₹ in '000'		As at 31.03.10 ₹ in '000'	
	Receivable	Payable	Receivable	Payable
US Dollar	—	577	57	11
Euro	84	265	15	10
GBP	—	9	37	66
CHF	—	4	3,833	40
JPY	—	85,494	—	—

30. Prior year's figures have been regrouped where necessary.

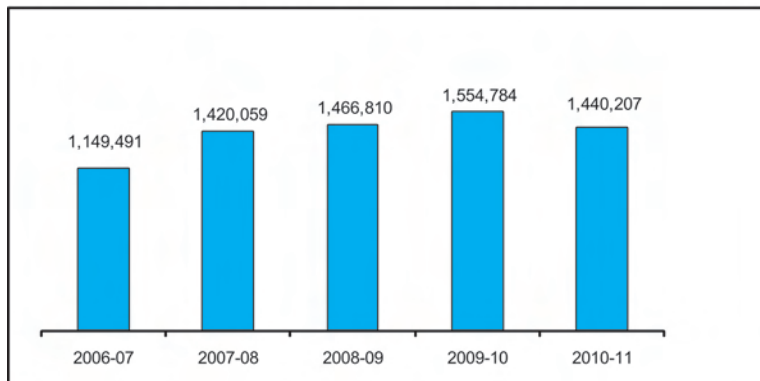
31. Additional Information as required under Part IV of Schedule VI to the Companies Act, 1956.

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

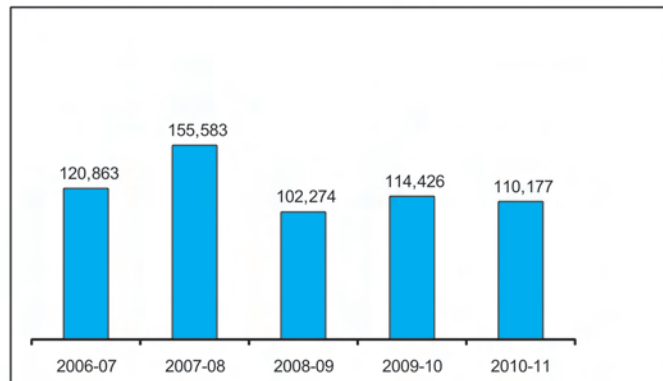
(a) Registration details		
Registration number	:	1,171
State code	:	04
Balance sheet date	:	March 31, 2011
(b) Capital raised during the year		
Public issue	:	NIL
Right issue	:	NIL
Bonus issue	:	NIL
Private Placement	:	NIL
(c) Position of mobilization and deployment of funds ₹ in 000		
Total Liabilities	:	1,062,007
Total Assets	:	1,062,007
Sources of funds		
Paid-up Capital	:	29,235
Reserve and surplus	:	952,508
Secured Loans	:	43,709
Deferred Tax Liability	:	36,555
Application of funds		
Net fixed assets	:	346,093
Investments	:	283,244
Net Current Assets	:	432,670
Miscellaneous Expenditure	:	—
(d) Turnover		
Total Expenditure (net of other income)	:	1,440,207
Profit/(Loss) before tax	:	1,277,917
Profit/(Loss) before tax	:	162,290
Profit/(Loss) after tax(after prior period)	:	110,177
Earning per share in ₹	:	7.54
Dividend rate %	:	140%
(e) Generic names of the three principal product/services of the Company		
Item Code No. (ITC Code)	:	8419
Product Description	:	Glasslined equipment and Wiped film evaporators
Item Code No. (ITC Code)	:	390460
Product Description	:	Fluro-polymer Products
Item Code No. (ITC Code)	:	8421
Product Description	:	Nutsche Filters

FIVE YEAR FINANCIAL HIGHLIGHTS 2006-2007 TO 2010-2011

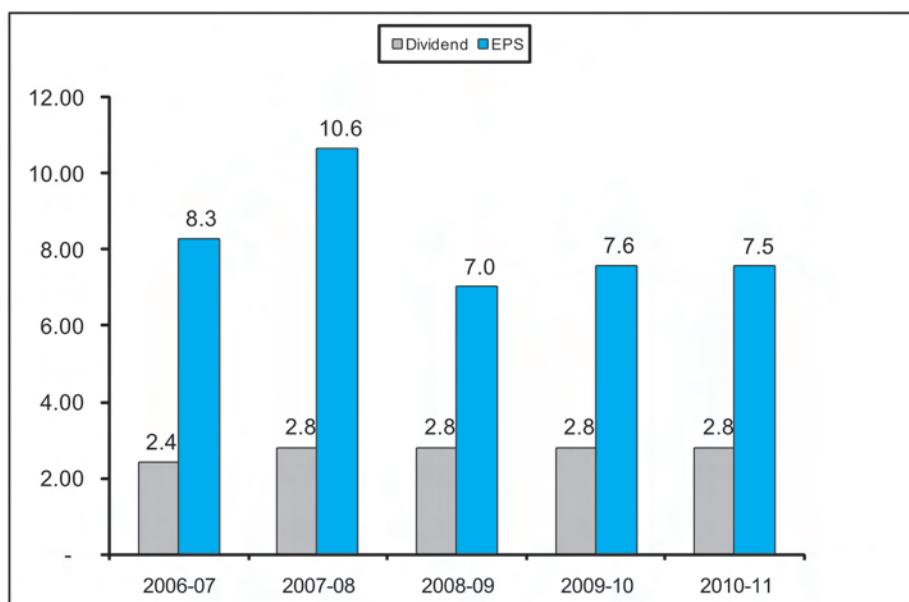
Income from Operation (₹ '000')



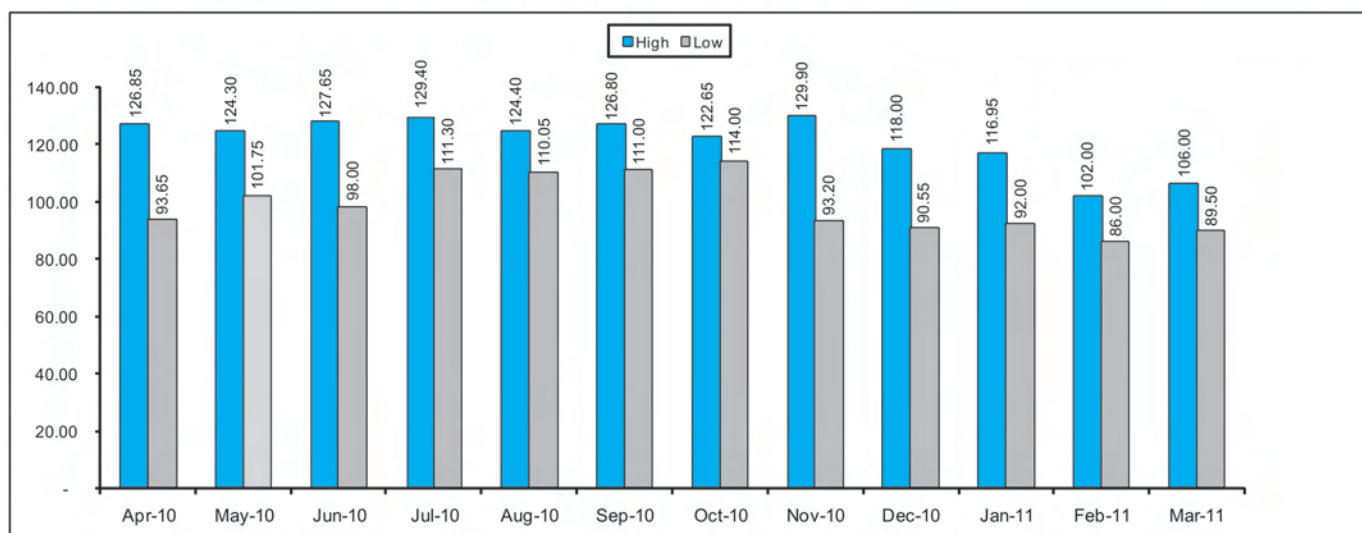
Profit After Tax (₹ '000')



Dividends (₹) & Earning per share (₹)



Highs and Lows of Share Prices (₹)



REPORT OF THE AUDITORS

THE BOARD OF DIRECTORS OF GMM PFAUDLER LIMITED

1. We have examined the attached Consolidated Balance Sheet of GMM Pfaudler Limited and its subsidiaries as at March 31, 2011 and the Consolidated Profit and Loss Account and Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of GMM Pfaudler Limited's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of the subsidiary Companies, whose financial statements reflect the group's share of total assets of ₹ 419,467 thousand as at March 31, 2011; the group's share of total revenues of ₹ 530,220 thousand and net cash inflows amounting to ₹ 9,801 thousand for the year then ended on that date. These financial statements have been audited / subjected to a limited statutory examination as per applicable local laws by other auditors whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of the subsidiaries, is based solely on the report of the other auditors.
4. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 'Consolidated Financial Statements' issued by the Institute of Chartered Accountants of India, on the basis of the separate audited financial statements of GMM Pfaudler Limited and its subsidiaries included in the consolidated financial statements.
5. Based on the audit and on consideration of the reports of other auditors on separate financial statements and to the best of our information and explanations given to us, in our opinion the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Consolidated Balance Sheet, of the consolidated state of affairs of the group as at March 31, 2011;
 - (b) in the case of Consolidated Profit and Loss Account, of the consolidated results of operations of the group for the year ended on that date; and
 - (c) in the case of the Consolidated Cash Flows Statement, of the consolidated cash flows of the group for the year then ended.

For and on behalf of
KALYANIWALLA & MISTRY
Chartered Accountants
Firm Registration No: 104607W

Vinayak M. Padwal
Partner
M. No: F 49639

Mumbai, August 25, 2011

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011

	Schedule	As at 31.03.11 ₹ '000'	As at 31.03.10 ₹ '000'
SOURCES OF FUNDS			
1 Shareholders' Funds			
Share Capital	1	29,235	29,235
Reserves & Surplus	2	1,016,011	909,754
		1,045,246	938,989
2 Loan Funds			
Secured Loans	3	43,709	—
3 Deferred Tax Liability		41,822	37,809
		1,130,777	976,798
APPLICATION OF FUNDS			
4 Goodwill on Consolidation		86,846	74,806
5 Fixed Assets	4		
Gross Block		731,766	655,525
Less: Depreciation		396,370	354,459
Net Block		335,396	301,066
Capital Work-in-progress		59,957	7,732
		395,353	308,798
6 Investments	5	77,557	79,025
7 Current Assets, Loans and Advances			
Inventories	6	731,042	572,387
Sundry Debtors	7	328,756	327,459
Cash and Bank Balances	8	71,039	84,685
Loans and Advances	9	85,249	50,112
		1,216,086	1,034,643
Less: Current Liabilities and Provisions			
Liabilities	10	626,027	496,977
Provisions	11	19,038	23,497
		645,065	520,474
Net Current Assets		571,021	514,169
		1,130,777	976,798
Notes to Accounts	17		

The Schedules referred to above form an integral part of the Balance Sheet.

As per our report attached.

For and on behalf of
KALYANIWALLA & MISTRY
Chartered Accountants

Vinayak M. Padwal
Partner

M. No. F 49639

Mumbai, August 25, 2011

Mittal Mehta
Company Secretary

Mumbai, August 10, 2011

Signatures to Consolidated Balance Sheet and
Schedules 1 to 11 and 17

For and on behalf of the Board

P. Krishnamurthy
Ashok J. Patel
Peter C. Wallace
Christopher M. Hix
Darius C. Shroff
Tarak A. Patel
A. N. Mohanty

Chairman
Managing Director
Director
Director
Director
Executive Director
Financial Controller

Neunkirch, August 4, 2011

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

	Schedule	Year ended 31.03.11 ₹ '000'	Year ended 31.03.10 ₹ '000'
INCOME			
Turnover (Gross)		2,061,540	2,039,457
Less: Excise Duty		112,296	101,910
Turnover (Net)		1,949,244	1,937,547
Other Income	12	29,720	32,729
		1,978,964	1,970,276
EXPENDITURE			
Cost of production	13	1,477,755	1,465,292
Operating expenses	14	180,843	162,590
Selling, general and administrative expenses	15	94,423	142,883
Depreciation and amortisation		42,632	39,517
Interest and Financial Charges	16	8,870	7,844
		1,804,523	1,818,126
PROFIT BEFORE TAXATION		174,441	152,150
Provision for Taxation			
Current		49,822	60,132
Deferred		3,283	(4,273)
Fringe Benefit Tax		—	—
NET PROFIT FOR THE YEAR AFTER TAXATION		121,336	96,291
Prior year's adjustment for taxation		—	1,587
NET PROFIT FOR THE YEAR		121,336	94,704
Surplus brought forward		580,942	545,181
AMOUNT AVAILABLE FOR APPROPRIATION		702,278	639,885
APPROPRIATIONS:			
Interim Dividend		40,929	40,929
Tax on distributed profit		6,956	6,956
Transfer to General Reserve		11,017	11,058
Surplus carried forward		643,376	580,942
		702,278	639,885
Basic and diluted earnings per share of ₹ 2 each (₹)		8.30	6.48
Notes to accounts	17		

The Schedules referred to above form an integral part of the Profit and Loss Account.

As per our report attached.

For and on behalf of
KALYANIWALLA & MISTRY
Chartered Accountants

Vinayak M. Padwal
Partner

M. No. F 49639

Mumbai, August 25, 2011

Mittal Mehta
Company Secretary

Mumbai, August 10, 2011

Signatures to Consolidated Profit and Loss Account
Schedules 12 to 17

For and on behalf of the Board

P. Krishnamurthy
Ashok J. Patel
Peter C. Wallace
Christopher M. Hix
Darius C. Shroff
Tarak A. Patel
A. N. Mohanty

Chairman
Managing Director
Director
Director
Director
Executive Director
Financial Controller

Neunkirch, August 4, 2011

STATEMENT OF CONSOLIDATED CASH FLOW FOR THE YEAR ENDED MARCH 31, 2011

	Year ended 31.03.11 ₹ '000'	Year ended 31.03.10 ₹ '000'
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	174,441	152,150
Adjustments to reconcile profit before tax to cash provided by operations		
Depreciation	43,333	39,160
Net (gain) / loss on sale of fixed assets	(7)	459
Net (gain) / loss on sale of Investment	(3,840)	(6,487)
Interest income	(1,449)	(3,838)
Interest expense	8,122	7,831
Dividend Income	(3,375)	(10,864)
Provision for doubtful debts, liquidated damages and advances	(24,359)	4,610
Diminution in value of investment provided / (written back)	455	(1,066)
Unrealised foreign exchange fluctuation loss/(gain)	6,639	6,946
Excess Write Back	(4,512)	—
Operating profit before working capital changes	195,447	188,901
Adjustments for :		
Inventories	(139,108)	50,476
Trade and other receivables	175,500	7,998
Trade payables and other liabilities	107,649	(112,198)
Cash generated from operations	339,488	135,177
Direct Taxes paid	(59,190)	(56,097)
Net cash from/ (used in) operating activities	A 280,298	79,079
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(124,599)	(35,432)
Proceeds from sale of assets	800	218
Purchase of investments	(167,986)	(54,136)
Proceeds from sale of investments	11,217	55,070
Interest received	1,449	3,838
Dividend received	3,375	10,864
Net cash from/ (used in) investing activities	B (275,744)	(19,578)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from borrowings	43,709	—
Repayment of borrowings	(6,100)	—
Interest paid	(8,122)	(7,831)
Dividend paid	(40,731)	(40,573)
Tax on distributed profits	(6,956)	(6,956)
Net cash (used in)/from financing activities	C (18,200)	(55,360)
NET INCREASE / (DECREASE) IN CASH & CASH EQUIVALENTS	A+B+C (13,646)	4,141
Cash and Cash equivalents, beginning of the year	84,685	80,544
Cash and Cash equivalents, end of the year	71,039	84,685
Note: 1. Cash and Cash equivalents as per Balance Sheet :		
Cash on hand	888	282
Balances with banks	70,151	84,403
Total	71,039	84,685
2. The Company has been sanctioned credit facilities for working capital of ₹ 200 million, of which facilities utilised as on March 31, 2011 were ₹ 43.71 million.		

As per our report attached.

For and on behalf of
KALYANIWALLA & MISTRY
Chartered Accountants

Vinayak M. Padwal
Partner

Mittal Mehta
Company Secretary

M. No. F 49639

Mumbai, August 25, 2011

For and on behalf of the Board

P. Krishnamurthy
Ashok J. Patel
Peter C. Wallace
Christopher M. Hix
Darius C. Shroff
Tarak A. Patel
A. N. Mohanty

Chairman
Managing Director
Director
Director
Director
Executive Director
Financial Controller

Neunkirch, August 4, 2011

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011

	Year ended 31.03.11 ₹ '000'	Year ended 31.03.10 ₹ '000'
SCHEDULE 1		
SHARE CAPITAL		
Authorised:		
25,000,000 Equity shares of ₹ 2 each	50,000	50,000
Issued, Subscribed and Paid-up:		
14,617,500 Equity shares of ₹ 2 each fully paid	29,235	29,235
	29,235	29,235
Of the above shares:		
7,454,400 Equity shares are held by Pfaudler Inc. USA, the holding Company.		
122,400 Equity Shares have been issued for consideration other than cash.		
8,586,500 Equity shares have been issued as bonus shares, by capitalisation of reserves and share premium account.		
SCHEDULE 2		
RESERVES AND SURPLUS		
Capital Reserve	17	17
Cash Subsidy Reserve	695	695
Share Premium Account	149,284	149,284
Foreign Exchange Translation Reserve	46,002	12,852
General Reserve		
Balance as per last Balance Sheet	165,620	154,906
Transfer from Profit and Loss account	11,017	11,058
	176,637	165,964
Profit and Loss Account	643,376	580,942
	1,016,011	909,754
SCHEDULE 3		
SECURED LOANS		
From Banks:		
Buyers Credit	36,994	—
Cash Credit accounts	6,715	—
	43,709	—
Notes:		
1. Secured Loans repayable within 1 year from the Balance Sheet date are ₹ 43,709 thousand (previous year ₹ Nil).		
2. The loan facilities from banks are secured by hypothecation of inventories and book debts and first charge over fixed assets situated at the Company's factory at Karamsad.		

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011

SCHEDULE 4

FIXED ASSETS

(₹ in '000')

ASSETS	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	As on	Additions	Deductions	As on	Upto	For the	On	As on
	01.04.10			31.03.11	01.04.11	Year	Deductions	31.03.11
Freehold land	2,316	-	-	2,316	-	-	-	2,316
Leasehold land	1,154	-	-	1,154	436	11	-	707
Lease improvement	5,642	5,280	-	10,922	3,067	1,575	-	6,280
Buildings	133,022	-	-	133,022	35,041	3,033	-	94,948
Plant & machinery	457,900	64,609	30	522,479	287,716	32,843	30	199,950
Furniture & Fixtures	23,458	556	-	24,014	12,278	1,190	-	10,546
Vehicles	32,033	8,009	1,711	38,331	13,921	4,679	918	20,649
Assets acquired under finance lease: vehicles				-				-
Total	655,525	78,454	1,741	732,238	354,459	43,331	948	335,396
Previous Year Total	627,520	30,302	2,297	655,525	316,725	39,160	1,426	301,066
Capital work-in-progress								59,957
								308,798

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011

SCHEDULE 5

INVESTMENTS

		Number		Cost	
	Face value Rupees	As At 31.03.11	As At 31.03.10	As At 31.03.11 ₹ '000	As At 31.03.10 ₹ '000
1. Long Term Investments (Fully paid)					
(a) Trade Investments					
Equity shares (Quoted)					
Abbott India Ltd.	10	100	100	5	5
BASF India Ltd.	10	276	276	12	12
Bayer Cropscience Ltd.	10	50	50	4	4
Clariant Chemicals (India) Ltd.	10	50	50	3	3
Dharamshi Morarji Chemicals Co. Ltd.	10	100	100	4	4
Excel Crop Care Ltd.	5	112	112	—	—
Excel Industries Ltd.	5	112	112	10	10
Futura Polyster Ltd.	10	100	100	1	1
Glaxo Smithkline Pharmaceuticals Ltd.	10	122	122	7	7
GHCL Ltd.	10	100	100	2	2
Hico Products Ltd.	10	625	19	6	6
IDI Ltd.	10	66	625	3	3
Innovassynth Investments Ltd.	10	45	66	—	—
Kansai Nerolac Paints Ltd.	10	666	333	10	10
Nestle India Ltd.	10	93	19	6	6
Novartis India Ltd.	5	70	93	7	7
Piramal Healthcare Ltd.	2	390	390	—	—
Piramal Life Sciences Ltd.	10	39	70	—	—
Piramal Glass Ltd.	10	19	1,040	—	—
Peninsula Land Ltd.	2	1,040	135	4	4
Pfizer Ltd.	10	135	39	11	11
Shubh Shanti Services Ltd.	10	25	50	—	—
SI Group - India Ltd.	10	50	—	5	5
Tata Chemicals Ltd.	10	161	161	7	7
United Phosphorus Ltd.	2	7,500	3,750	405	405
Wyeth Ltd.	10	50	50	6	6
				518	518
(b) Other Investments					
Equity Shares (Quoted)					
Skyline Millars Ltd.	1	1,406,000	1,406,000	1,933	1,933
(a Company under the same management)					
Nile Ltd.	10	528,296	589,823	26,713	30,328
				28,646	32,261
				29,164	32,779
Non convertible debentures (Unquoted)					
Hico Products Ltd.	150	125	125	—	—
(c) Shares in Co-operative Societies (Unquoted)					
Karamsad Urban Co-op. Bank Ltd.	10	1,200	1,200	12	12
Charotar Gas Sahakari Mandli Ltd.	500	10	500	5	5
				17	17

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011

	Face value Rupees	Number As At 31.03.11	As At 31.03.10	Cost As At 31.03.11 ₹ '000'	As At 31.03.10 ₹ '000'
SCHEDULE 5					
INVESTMENTS (Continued)					
2. Current Investments					
Mutual Funds (Unquoted)					
HSBC Income Fund - Short Term Plan - Dividend	10	—	429,193	—	4,622
23 ICICI Prudential Short Term Plan - Dividend Reinvest	10	—	577,609	—	6,307
DSPML Short Term Fund Monthly - Dividend	10	—	578,969	—	6,143
Birla Sun Life MIP II - Savings 5 Plan - Monthly Dividend - Payout	10	—	1,101,863	—	12,550
Reliance MIP - Monthly Dividend Plan	10	—	1,116,032	—	17,050
HSBC Income Fund Short Term Dividend	10	316,603	—	3,412	—
23 ICICI Prudential short term Plan- Dividend Reinvest	10	470,173	—	5,157	—
DSMPL Short Term Fund Monthly- Dividend	10	511,557	—	5,432	—
Birla Sun Life MIP II-Savings 5 Plan - Monthly Dividend -Payout	10	1,101,863	—	12,550	—
Reliance MIP-Monthly Dividend Plan	10	1,512,836	—	17,050	—
HSBC Equity Fund -Growth	10	13,014	—	1,400	—
Pru ICICI Dynamic Plan	10	13,607	—	1,500	—
DSPBR Equity Fund	10	59,171	—	1,000	—
Pru ICICI FMP Series 55-6M Plan A Dividend	10	155,000	—	1,550	—
IDFCMoney Manager Fund- treasury Plan A-Daily Dividend	10	22,016	—	222	—
				49,273	46,672
Less: Provision for diminution in value of Investments				897	443
				48,376	46,229
Total Investments				77,557	79,025
Note :					
Aggregate book value of investments					
Quoted				29,164	32,779
Unquoted				48,393	46,246
				77,557	79,025
Market value of quoted investments				89,151	86,526

	As at 31.03.11 ₹ '000'	As at 31.03.10 ₹ '000'
SCHEDULE 6		
INVENTORIES (at lower of cost and net realisable value)		
Stores and spares	26,042	23,951
Raw materials	285,356	212,690
Work-in-progress	406,448	329,209
Finished goods	13,196	6,537
	731,042	572,387

SCHEDULE 7		
SUNDRY DEBTORS (Unsecured and considered good)		
Debts outstanding over six months		
– Considered good	4,157	22,428
– Considered doubtful	16,172	43,269
	20,329	65,697
Other debts		
– Considered good	324,599	305,032
– Considered doubtful	7,753	9,178
	332,352	314,210
Less : Provision for doubtful debts	23,925	52,448
	328,756	327,459

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011

	As at 31.03.11 ₹ '000'	As at 31.03.10 ₹ '000'
SCHEDULE 8		
CASH AND BANK BALANCES		
Cash and cheques on hand	888	282
Balances with banks		
– in current accounts	70,151	67,103
– in deposit accounts	–	17,300
	71,039	84,685
SCHEDULE 9		
LOANS AND ADVANCES		
(Unsecured and considered good)		
Advances recoverable in cash or in kind or for value to be received (including ₹ 1,293 thousand, previous year ₹ 4,797 thousand considered doubtful)	52,144	32,079
Deposits (including ₹ 608 thousand, previous year ₹ 1,473 thousand considered doubtful)	20,903	20,469
Balance with central excise authorities	10,076	3,834
Advance payment of taxes (Net of provision for tax ₹ 120,158 thousand)	4,026	–
	87,149	56,382
Less: Provision for doubtful advances/deposits	1,901	6,270
	85,248	50,112
SCHEDULE 10		
CURRENT LIABILITIES		
Sundry creditors		
– Outstanding dues of micro, small and medium enterprises	55	665
– Other creditors	270,507	213,180
Advances from customers	260,589	184,445
Investor Education and Protection Fund *		
– Unclaimed dividend	1,955	1,757
– Unclaimed matured deposits	6	6
Other liabilities	82,682	86,692
Interim dividend payable	10,232	10,232
	626,026	496,977
* The said fund will be credited with the amounts outstanding & unclaimed on the respective due dates.		
SCHEDULE 11		
PROVISIONS		
Provision for tax on distributed profits	1,739	1,739
Provision for compensated absences	5,758	4,864
Provision for unexpired warranty	11,541	12,163
Provision for taxes (Previous Year Net of Advance tax ₹ 65,972 thousand)	–	4,731
	19,038	23,497

SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

	Year ended 31.03.11 ₹ '000'	Year ended 31.03.10 ₹ '000'
SCHEDULE 12		
OTHER INCOME		
Dividend	3,625	10,865
Interest *		
– On deposits	352	483
– Others	1,314	3,355
Bad and doubtful debts recovered	1,693	1,635
Provision for diminution on value of Investments written back	–	1,066
Profit on sale of long term investments	3,840	1,531
Profit on sale of current investments	–	4,958
Profit on sale of fixed asset		
Miscellaneous Income	12,863	8,836
Foreign exchange gain	6,025	–
	29,712	32,729
* Tax deducted at source ₹ 74 thousand, previous year ₹ 63 thousand.		
SCHEDULE 13		
COST OF PRODUCTION		
Materials consumed:		
Stocks as at the commencement of the year	212,690	250,369
Add : Purchases during the year	1,105,480	979,739
	1,318,170	1,230,108
Less : Stocks as at the close of the year	268,025	212,690
	1,050,145	1,017,418
Employee costs:		
Wages	196,915	235,359
Contribution to provident and other funds	27,945	2,179
Labour charges	141,439	133,717
Power and fuel	85,459	83,151
Stores and spares consumed	71,169	67,759
(Increase)/ Decrease in stock of finished goods and work in progress	(95,315)	(74,291)
	1,477,757	1,465,292
SCHEDULE 14		
OPERATING EXPENSES		
Employee costs:		
– Salaries and allowances	102,524	91,810
– Contribution to provident and other funds	9,428	9,554
– Staff welfare	16,371	12,965
Repairs and maintenance:		
– Plant and machinery	22,772	21,224
– Buildings	2,274	484
– Others	1,781	544
Insurance	6,256	6,200
Rent	16,070	16,286
Rates and taxes	3,368	3,523
	180,844	162,590
SCHEDULE 15		
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES		
Royalty	8,394	7,514
Travel and conveyance	24,691	16,323
Communication	5,861	4,299
Bad debts written off	5,663	9,282
Provision for doubtful debts, advances and liquidated damages	(25,412)	4,847
Provision for Warranty expenses	985	(14,339)
Advertisement and sales promotion	7,814	4,738
Commission	99	2,893
Legal and professional fees	8,545	14,513
Auditors' remuneration	3,231	2,379
Freight outward	16,056	17,343
Diminution on value of Investments	455	–
Foreign exchange loss	–	19,764
Loss on sale of fixed assets	–	459
Other expenses	38,043	52,868
	94,425	142,883
SCHEDULE 16		
INTEREST AND FINANCIAL CHARGES		
Interest on cash credit, etc.	3,614	2,538
Other interest and financial charges	5,256	5,306
	8,870	7,844

SCHEDULE 17: NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

1. BASIS OF CONSOLIDATION

The consolidated financial statements relate to GMM Pfaudler Ltd., the holding Company and it's 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 it's 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.

In case of foreign subsidiaries, 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.

2. 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%

3. 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, 2011.

4. SIGNIFICANT ACCOUNTING POLICIES

a) Accounting convention

The financial statements are prepared under the historical cost convention using the accrual method of accounting, in accordance with generally accepted accounting principles in India, the Accounting Standards prescribed in the Companies (Accounting Standards) Rules, 2006 and the provisions of the Companies Act, 1956, as applicable.

b) Use of Estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires the management to make estimates and assumptions that affects 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.

c) Fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation. Cost includes all expenses related to the acquisition and installation of fixed assets.

Assets acquired under finance lease are capitalized at the lower of the fair value of the leased assets and the present value of the minimum lease payments as at the inception of the lease.

Depreciation is provided pro rata to the period of use, on the straight line method at the rates specified in Schedule XIV to the Companies Act, 1956 in respect of the assets situated in India and on the written down value method at the rates prescribed under Swiss law in respect of the assets of the foreign subsidiaries. Moreover, 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.

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

d) Asset Impairment

The Company reviews the carrying values of tangible and intangible assets for any possible impairment at each balance sheet date. An impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount. In assessing the recoverable amount, the estimated future cash flows are discounted to their present value based on appropriate discount rates.

e) Investments

- (i) Investments are classified into long term and current investments.
- (ii) Long-term investments are carried at cost. Provision for diminution, if any. In the value of each long-term investment is made to recognise a decline, other than of a temporary nature.
- (iii) 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 modvat credits. Cost of work-in-progress and finished goods includes 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 are translated at the period end exchange rates. Exchange gains / losses are recognized in the profit and loss account. 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.

The two foreign subsidiaries are treated as non-integral foreign operations for the purpose of consolidation. The revenue items of the said subsidiaries are translated at the average rate prevailing during the year and all the assets and liabilities are translated at the rates prevailing at the end of the year. Exchange gains / losses arising on translation are recognized under Foreign Currency Translation Reserve.

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 is 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.

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 has been 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 in the form of provident fund, family pension fund and superannuation scheme which are defined contribution schemes are charged to the Profit and Loss account of the year when the contributions accrue.

The liability for Gratuity, a defined benefits scheme and provision for Leave Encashment is accrued and provided for in the accounts on the basis of actuarial valuation as at the year end.

Actuarial gains and losses comprising of experience adjustments and the effects of changes in actuarial assumptions are recognized in the Profit and Loss account for the year as income or expense.

k) Provisions and Contingent Liabilities

Provisions are recognised in the accounts in respect of present probable obligations, the amount of which can be reliably estimated.

Contingent Liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company.

l) Taxation

Tax expense comprise of both current and deferred tax.

Provision for current income tax is made on the basis of assessable income under the Income Tax Act, 1961.

Deferred income tax arising on account of timing differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods is accounted for by applying the income tax rates and laws enacted or substantially enacted on the Balance Sheet date. Deferred tax assets, other than un-absorbed tax losses and tax depreciation, subject to the consideration of prudence, are recognized and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

m) Segment reporting

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.

5. LOANS AND ADVANCES

Deposits include earnest deposit of ₹ 961 thousand (previous year ₹ 961 thousand) paid to Skyline Millars Limited and ₹ 10,703 thousand (previous year ₹ 10,703 thousand) to Ready Mix Concrete Limited, being Companies in which two directors of the Company are interested. Deposits given are for use of factory sheds under the lease agreements.

6. PROVISIONS

(₹ in '000')

	Opening Balance	Additions	Reversals	Closing Balance
Provision for compensated absences	4,864	3,736	2,842	5,758
Provision for unexpired warranty	12,163	1,588	2,210	11,541
Total	17,027	5,324	5,052	17,299

7. OPERATING LEASE

The Group's significant leasing arrangements are in respect of operating leases for factory shed/premises and guesthouse. These lease agreements, which are not non-cancellable, range up to 120 months and are usually renewable by mutual consent on mutually agreeable terms.

The total future minimum lease payments under non-cancelable operating lease are as under:

(₹ in '000')

Period	As at 31.03.11	As at 31.03.10
Payable within one year	15,320	13,954
Payable later than one year and not later than five year	15,828	13,192

8. DEFERRED TAX LIABILITY

The break up of deferred tax liability arising due to the tax effect of timing differences between taxable income and accounting income is as under :

(₹ in '000')

	As at 31.03.11	As at 31.03.10
Deferred Tax Liability		
Depreciation	41,970	45,468
Warranty provision	5,267	4,537
Lease rentals	53	102
	47,290	50,107
Deferred tax assets		
Technical know how fees	108	148
Provision for doubtful debts / advances	5,061	12,000
Provision for diminution in value of investments	299	150
	5,468	12,298
Net deferred tax liability	41,822	37,809

9. CONTINGENT LIABILITIES

(₹ in '000')

	As at 31.03.11	As at 31.03.10
a) Claim against the Company not acknowledged as debts		
i) Dispute relating to Cenvat Credit	4,170	3,913
ii) Dispute relating to tax demand	488	19,666
b) Guarantee issued by bank	188,868	135,942

10. BASIC AND DILUTED EARNING PER SHARE

	Year ended 31.03.11	Year ended 31.03.10
a) Net profit for the year available to equity shareholders after Prior Period Tax Adjustment ₹ ('000)	121,336	94,704
Weighted average number of Equity Shares during the year	14,617,500	14,617,500
b) Face value of Equity Share in ₹	2	2
c) Basic and diluted earnings per share	8.30	6.48

11. EMPLOYEE BENEFITS

The amounts recognised in the Company's financial statements in respect of employee benefits under defined benefit plan as at March 31, 2011 are as under:

Gratuity:

(₹ in '000')

	As at 31.03.11	As at 31.03.10
a Assumptions :		
Discount Rate	8.50%	8.50%
Rate of Return on Plan Assets	8.50%	8.50%
Salary Escalation	6.00%	6.00%
Mortality	LIC 1994-96 Ultimate Table	LIC 1994-96 Ultimate Table
b Table showing changes in Benefit Obligation:		
Liability at the beginning of the year	37,553	34,227
Interest cost	3,192	2,396
Current service cost	2,295	2,013
Benefit paid	(2,073)	(3,867)
Actuarial (gain)/loss on obligations	(2,462)	2,784
Liability at the end of the year	38,505	37,553
c Change in Plan Assets:		
Fair value of Plan Assets at the beginning of the year	39,539	38,897
Expected Return on Plan Assets	3,361	2,722
Contributions	2,117	1,027
Benefit Paid	(2,073)	(3,867)
Actuarial gain / (loss) on Plan Assets	410	760
Fair value of Plan Assets at the end of the year	43,354	39,539
Total Actuarial Gain / (Loss) to be recognised	2,872	(2,023)
d Actual Return on Plan Assets:		
Expected Return on Plan Assets	3,361	2,723
Actuarial gain / (loss) on Plan Assets	410	760
Actual Return on Plan Assets	3,771	3,483
e Amount Recognised in the Balance Sheet:		
Liability at the end of the year	38,505	37,552
Fair value of Plan Assets at the end of the year	43,354	39,538
Difference	4,850	(1,986)
Amount Recognised in the Balance Sheet	4,850	(1,986)

11. EMPLOYEE BENEFITS (Continued)

(₹ '000')

	As at 31.03.11	As at 31.03.10
f Expenses Recognised in the Income Statement		
Current Service cost	2,295	2,013
Interest Cost	3,192	2,396
Expected return on Plan Assets	(3,361)	(2,723)
Net Acturial (gain) / loss to be recognised	(2,872)	2,023
Expense Recognised in Profit & Loss	(746)	3,709
g Balance Sheet Reconciliation		
Opening Net Liability	(1,986)	(4,669)
Expenses as above	(746)	3,709
Employers Contribution	(2,118)	(1,026)
Amount Recognised in Balance Sheet	(4,850)	(1,986)
h Other Details		
Gratuity is payable at the rate of 15 days salary for each year of service subject to a maximum of ₹ 350 thousand		
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.		
The foreign subsidiaries do not have any employee benefits in the nature of defined benefit plans.		

12. RELATED PARTY DISCLOSURES

(l) List of Related parties

(a) Parties where control exists:

- (i) Ultimate Holding Company: : Robbins & Myers Inc.
- (ii) Holding Company: : Pfaudler Inc.

(b) Related parties with whom transactions have taken place during the year:

- (i) Fellow Subsidiaries: : Pfaudler Werke GMBH
Pfaudler Balfour Ltd.
Edlon PSI Inc.
Chemineer Inc.
Suzhou Pfaudler Glasslined Equipment Company Limited
Robbins & Myers Singapore Private Limited
Glass Steel Parts and Services
- (ii) Key management personnel: : Mr. Ashok J. Patel – Managing Director
Mr. Tarak A. Patel – Executive Director
Mr. Ashok C. Pillai – Chief Operating Officer
- (iii) Relative of Key management personnel: : Mrs. Urmi A. Patel (wife of Mr. Ashok J. Patel)
Mrs. Uttara G. Gelhaus (Daughter of Mr. Ashok J. Patel)
- (iv) Other related parties : Skyline Millars Limited
(enterprises over which persons in (b)(ii) or Glass Lined Equipment Company Limited
(b)(iii) are able to exercise significant influence.) Ready Mix Concrete Limited.
Dietrich Engineering Consultant India Private Limited
J. V. Patel & Co.

12. RELATED PARTY DISCLOSURES (Continued)

(II) Transactions with related parties

(₹ in '000')

Transaction	Ultimate Holding Company	Holding Company	Fellow Subsidiaries	Key Mgmt. Personnel	Relative of Key Mgmt. Personnel	Other Related Parties
	31.03.11	31.03.10	31.03.11	31.03.10	31.03.11	31.03.10
Purchase of goods	-	-	5,627	6,003	-	4,978
Sale of goods	-	-	5,847	38,904	-	-
Purchase of fixed assets	-	-	-	-	-	-
Receiving of services	-	-	-	-	-	-
Sales commission received	-	-	-	-	-	-
Royalty paid	-	9,146	-	-	-	-
Lease Rent paid	-	-	-	-	-	-
Remuneration paid	-	-	-	-	-	-
Interest received	-	-	-	17,016	16,154	6,312
Dividend paid	-	20,872	-	55	69	-
Deposit given	-	-	-	3,390	2,907	-
Advance received back	-	-	-	-	-	-
Commission received on services provided	5,942	7,236	-	-	-	-
Reimbursement of expenses	-	-	749	-	-	-
Balance outstanding as on March 31, 2011	-	-	1,714	6,004	210	2,702
Payables	-	19,509	11,736	6,386	5,621	6,168
Receivables	1,925	653	676	925	1,225	-
Deposit outstanding	-	-	-	-	-	11,664

12. (III) Significant Related Party Transactions are as under:

			(₹ in '000')
Nature of transactions		Year ended 31.03.11	Year ended 31.03.10
Purchase of goods	Pfaudler Werke GMBH	4,665	5,087
	Skyline Millars Ltd.	—	2,363
	Glass Lined Equipment Company Ltd.	4,978	—
Sale of goods	Pfaudler Werke GMBH	1,380	34,820
	Pfaudler Balfour Ltd.	3,320	—
	Suzoh Pfaudler	1,148	—
Purchase of capital goods	Skyline Millars Ltd.	—	2,249
Receiving Services	Ready Mix Concrete Ltd.	13,051	12,733
	Glass Lined Equipment Company Ltd.	—	9,011
	Skyline Millars Ltd.	5,829	3,218
Lease rent paid	Skyline Millars Ltd.	4,606	4,721
	Ready Mix Concrete Ltd.	1,688	1,688
Royalty paid	Pfaudler Inc.	9,146	7,514
Remuneration paid	Mr. Ashok J. Patel	10,000	9,386
	Mr. Ashok C. Pillai	4,340	4,247
	Mr. Tarak A. Patel	2,677	2,524
Dividend paid	Pfaudler Inc.	20,872	20,872
	Mr. Ashok J. Patel	2,906	2,907
Commission on services provided	Robbins & Myers Inc.	5,942	7,236
Reimbursement of claim / expenses	Robbins & Myers Inc.	—	926
	Ready Mix Concrete Ltd.	—	772
Balances outstanding as on March 31, 2011			
Payables	Pfaudler Inc.	19,509	11,736
	Pfaudler Balfour Ltd.	—	5,356
	Skyline Millars Ltd.	1,530	3,249
	Mr. Ashok J. Patel	6,261	5,621
	Pfaudler Werke GMBH	1,714	—
Deposit outstanding	Ready Mix Concrete Ltd.	10,703	10,703

13. SEGMENT REPORTING

(a) Primary segment reporting by business segment

(₹ in '000')

Particulars	Chemical Processing Equipment		Mixing Systems		Filtration/Separation Equipment & Others		Total
Year Ended	31.03.11	31.03.10	31.03.11	31.03.10	31.03.11	31.03.10	31.03.11
Revenue:							
Total External sales	1,220,167	1,279,296	110,539	162,901	618,538	495,350	1,937,547
Segment Results:							
Profit/(Loss) before Tax and Interest	177,413	185,889	10,830	18,444	14,998	(1,171)	203,162
Unallocated Expense (Net)							(43,168)
Less: Interest							8,870
Profit Before Tax							174,441
Taxes							53,105
Net Profit After Tax							121,336
Segment Assets	1,058,754	783,331	69,053	86,585	320,311	295,670	1,165,586
Unallocated Assets							331,687
Total Assets							1,775,841
Segment liabilities	432,770	292,139	38,705	43,450	164,127	182,312	517,901
Unallocated Liabilities							94,994
Total Liabilities							40,383
Capital Expenditure	28,296	15,957	-	-	37,075	11,216	558,284
Unallocated Capital Expenditure							730,596
Depreciation	30,158	28,943	347	333	8,849	7,217	27,173
Unallocated depreciation							12,687
							39,354
							3,977
							2,667

(b) Secondary segment reporting by geographical segment:

(₹ in '000')

Particulars	Within India		Outside India		Total
Year Ended	31.03.11	31.03.10	31.03.11	31.03.10	31.03.11
Revenue	1,405,885	1,463,400	543,359	474,147	1,937,547

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"

14. Prior year's figures have been regrouped where necessary.

STATEMENT PURSUANT TO APPROVAL U/S 212 (8) OF THE COMPANIES ACT, 1956

(₹ in '000')

Name of the Subsidiary Company		Karamsad Holdings Ltd.	Karamsad Investments Ltd.	GMM MAVAG AG	MAVAG AG
Financial Year ended on		31.03.11	31.03.11	31.03.11	31.03.11
1	Capital	3,500	2,600	73,698	73,698
2	Reserves	675	2,651	(13,413)	113,885
3	Total Assets	4,242	16,011	246,148	322,980
4	Total Liabilities	67	10,760	185,863	135,397
5	Details of Investment				
	– 245,753 Equity Shares of ₹ 10/- each fully paid up in Nile Limited	–	14,308	–	–
	– 5,000 Equity Shares of face value of CHF 1000 each	–	–	258,669	–
6	Turnover	342	3,656	–	572,873
7	Profit / (Loss) before taxation	315	3,617	(820)	9,761
8	Provision for taxation	59	627	(7)	326
9	Profit after taxation	256	2,990	(827)	9,435
10	Proposed / Interim Dividend	Nil	Nil	Nil	Nil
	Exchange Rate Used	NA	NA	49.132	49.132
	Local Currency	INR	INR	CHF	CHF

Note: The Indian Rupee equivalents to the figures given in the foreign currencies in the accounts of the subsidiary Companies, have been given based on the exchanges rates as on 31.03.11.

[illegible]

GMM PFAUDLER LIMITED

Registered Office : Vithal Udyog Nagar, Anand - Sojitra Road, Karamsad 388 325

Please complete the attendance slip and hand over at the entrance of the meeting hall. Please also bring along your copy of the Annual Report.

ATTENDANCE SLIP

I / We hereby record my / our presence at the 48th Annual General Meeting of the Company at Sardar Vallabhbhai Patel and Veer Vithalbhai Patel Memorial, Anand - Sojitra Road, Karamsad - 388 325, Gujarat on Thursday, September 29, 2011 at 10.00 am.

For Physical Holding	For Electronic Form (Demat) NSDL/CDSL		No.of
LF No.	DP ID	CLIENT ID	Shares
NAME OF THE MEMBER / JOINT MEMBERS (S) (IN BLOCK CAPITALS):			

SIGNATURE OF THE MEMBER/

JOINT MEMBER(S) / PROXY

GMM PFAUDLER LIMITED

Registered Office : Vithal Udyog Nagar, Anand - Sojitra Road, Karamsad - 388 325

PROXY FORM

For Physical Holding	For Electronic Form (Demat) NSDL/CDSL		No.of
LF No.	DP ID	CLIENT ID	Shares

I/We _____
of _____
being a member/members of GMM Pfaudler Limited hereby appoint _____
of _____ or failing him _____
of _____ as my/our Proxy to attend and vote for me/us on my/our behalf at
the 48th Annual General Meeting of the Company to be held on September 29, 2011 and at any adjournment thereof.
Signed this _____ day of September, 2011.

Affix
One Rupee
Revenue
Stamp

- Notes:
1. Proxy form must reach the Company's Registered office not less than 48 hours before the Meeting.
 2. The form should be signed across the stamp as per specimen signature registered with the Company.
 3. A Proxy need not be a member.

GREEN INITIATIVE IN CORPORATE GOVERNANCE : GO GREEN

Dear Shareholder,

The Ministry of Corporate Affairs (MCA) has taken a "Green Initiative in Corporate Governance" by allowing paperless compliances by Companies and has issued circulars (No. 17/2011 dated 21.04.2011 and No. 18/2011 dated 29.04.2011) stating that the service of documents by a Company can be made through electronic mode.

In pursuance of the same, the Company had sent a letter dated May 25, 2011 to Shareholders for registering their e-mail ID with their DP/Company, asking them to confirm their option of the mode of receiving the Annual Report for 2010-11.

In furtherance of the above mentioned initiative of the MCA, we proposed to send the documents like Notices of General Meeting (including AGM), Audited Financial Statements, Directors' Reports, Auditors' Reports, ECS Intimation, etc. henceforth in electronic form, to the e-mail address provided by you and made available to us by the Depositories, if this is acceptable to you.

In case, shares are held in physical form, please return the communication appended below, addressed to our Registrar and Share Transfer Agent - Link Intime India Private Limited, C-13, Pannalal Silk Mills Compound, L. B. S. Marg, Bhandup (West), Mumbai - 400 078 duly completing the required information.

In case, shares are held in electronic form, the e-mail address may kindly be provided to your depository participant (DP) indicating therein your desire to receive all communication in respect of your holding in the Company including the annual report and general meeting notices electronically at your e-mail address registered with the DP. In case the e-mail address has already been registered, change if any may be notified to DP promptly.

Yours faithfully,
For **GMM Pfaudler Limited**

Mittal Mehta
Company Secretary

Link Intime India Private Limited
C-13, Pannalal Silk Mills Compound,
L. B. S. Marg, Bhandup (West),
Mumbai - 400 078.

Dear Sirs,

I/We the under-mentioned shareholder(s) of **GMM PFAUDLER LIMITED** holding _____ share(s) in the Company in physical form under Folio No. _____ do hereby wish to receive all future communication from the Company in respect of my/our share holding at the following e-mail ID, unless I/We specifically ask for hard copy/ies.

Name of the Sole/Joint Holder(s)	E-mail ID & Phone

Yours faithfully,

Sole/First holder

Note : The e-mail ID provided shall be updated subject to successful verification of holder signature.

REGISTERED OFFICE & WORKS

Vithal Udyognagar,
Anand - Sojitra Road,
Karamsad - 388 325, Gujarat
Tel: +91 2692 661700 / 230416 / 230516
Fax: +91 2692 661888 / 661999
Email: worksko@gmmpfaudler.co.in

SALES OFFICES

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Tel: +91 79 2754 6822 / 2754 6924
Fax: +91 79 2754 6894
Email: sales.ahmd@gmmpfaudler.co.in

HYDERABAD

Flat # 410, 4th Floor, H. No 6-11 & 6-11/A,
Vijay Sai Towers, Main Road,
Kukatpally, Hyderabad - 500 072, Andhra Pradesh
Tel: +91 40 2315 0222
Fax: +91 40 2315 0261
Email: sales.hyd@gmmpfaudler.co.in

BANGALORE

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No. 1, 3rd Cross Lalbagh Road,
Bangalore - 560 027, Karnataka
Tel: +91 80 2227 5308
Fax: +91 80 2227 5604
Email: shivaprakash@gmmpfaudler.co.in

CORPORATE & SALES OFFICE

1001, Peninsula Towers,
Peninsula Corporate Park,
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Mumbai - 400 013, Maharashtra
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Fax: +91 22 6650 3939
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210, 2nd Floor,
Pragati Tower, 26, Rajendra Place,
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Tel: +91 11 2572 1566
Fax: +91 11 2581 4913
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"City Center" No. 4, No. 39, Ground Floor,
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Fax: +91 44 2815 8249
Email: sales.chn@gmmpfaudler.co.in

VADODARA

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Tel: +91 265 235 4790
Fax: +91 265 231 1482
Email: sales.vad@gmmpfaudler.co.in



GMM PFAUDLER LIMITED

Corporate & Sales Office:
1001, Peninsula Towers, Peninsula Corporate Park,
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