



GMM PFAUDLER LIMITED

ANNUAL REPORT 2011 - 2012



BOARD OF DIRECTORS

P. KRISHNAMURTHY
Chairman

ASHOK J. PATEL
Managing Director

PETER C. WALLACE
Director

KEVIN J. BROWN
Director

DR. S. SIVARAM
Director

DARIUS C. SHROFF
Director

TARAK A. PATEL
Executive Director

CHRISTOPHER M. HIX
Director (Resigned w.e.f. February 1, 2012)

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.com

REGISTERED OFFICE
VITHAL UDYOGNAGAR,
ANAND - SOJITRA ROAD,
KARAMSAD – 388 325, GUJARAT
TEL.: +91 2692 661700 / 230416 / 230516
FAX: +91 2692 661888 / 236467
EMAIL: worksko@gmmpfaudler.com

contents

	<i>Page</i>
Notice of the Annual General Meeting	2
Report of the Directors	8
Management Discussion & Analysis Report	11
Report on Corporate Governance	13
Report of the Auditors	19
Balance Sheet	22
Profit & Loss Statement	23
Statement of Cash Flow	24
Notes to Financial Statements	25
Five Years Financial Highlights	44
Report of the Auditors on Consolidated Accounts	45
Consolidated Balance Sheet	46
Consolidated Profit & Loss Statement	47
Statement of Consolidated Cash Flow	48
Notes to Consolidated Financial Statements	49
Statement under Section 212 of the Companies Act, 1956	65

NOTICE:

NOTICE is hereby given that the Forty-Ninth Annual General Meeting of GMM Pfaudler Limited will be held on Wednesday, September 5, 2012 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, 2012 and Profit & Loss Account for the year ended on that date together with the Reports of the Board of Directors and Auditors thereon.
2. To confirm the payment of three interim dividends paid during the year ended March 31, 2012 and to declare final dividend for the financial year ended March 31, 2012.
3. To appoint a Director in place of Dr. S. Sivaram who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. P. Krishnamurthy who retires by rotation and being eligible, offers himself for re-appointment.
5. 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:

6. To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution:

“RESOLVED THAT as per recommendation of the Remuneration Committee and approval of the Board of Directors and pursuant to the provisions contained in Sections 198, 269, 309, 349 and 350 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves the re-appointment of Mr. Tarak A. Patel as the Executive Director of the Company for a period of five years with effect from January 30, 2012 on the terms and conditions including remuneration and perquisites as set out under Item no. 6 of the Explanatory Statement annexed to this Notice.

RESOLVED FURTHER THAT in the absence or inadequacy of profits in any financial year during his tenure, he shall be paid salary and perquisites referred above, as minimum remuneration subject to the overall limits prescribed in that behalf under sub-paragraph (B) of paragraph 1 of Section II of Schedule XIII of the Companies Act, 1956 and or any statutory modifications or re-enactment thereof from time to time in force as may be decided by the Board of Directors of the Company.

RESOLVED FURTHER THAT the Chairman of the Company be and is hereby authorized to enter into an agreement on behalf of the Company with Mr. Tarak A. Patel on the said terms and conditions with liberty to the Board to alter and vary the terms and conditions of the said Agreement as may be agreed between the Board and Mr. Tarak A. Patel.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, expedient or desirable to give effect to the aforesaid resolution.”

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

Mittal Mehta
Company Secretary

Mumbai, July 17, 2012

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

NOTES:

- i. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER. Proxies, in order to be effective, should be duly stamped, completed, signed and received at the registered office of the Company not less than 48 hours before the Meeting.
- ii. The Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of the special business under Item No. 6 is annexed hereto and forms a part of this Notice.
- iii. The Register of Members and Share Transfer Books of the Company will be closed from Thursday, August 30, 2012 to Wednesday, September 5, 2012, both days inclusive, for the purpose of payment of final dividend, if declared at the ensuing Annual General Meeting and annual closure as per the requirement of the Listing Agreement with Bombay Stock Exchange Limited.
- iv. The final dividend on shares as recommended by the Board of Directors, if declared at the meeting, will be paid:
 - a) in respect of the shares held in demat form on the basis of beneficial ownership at the end of the business on August 29, 2012.
 - b) in respect of the shares held in physical form to those members whose name appears in the Register of Members of the Company after giving effect to all the valid share transfers lodged with the Share Transfer Agent on or before August 29, 2012. The Company will dispatch the dividend warrants on or after September 6, 2012.
- v. 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.
- vi. In terms of Section 205A and 205C of the Companies Act, 1956, any dividend remaining unclaimed/ unpaid for a period of seven years from the due date of payment is required to be transferred to the 'Investor Education and Protection Fund' 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 2005-06 proposed to be transferred to IEPF are given below:

Date of declaration	Dividend for the year	Dividend Rs. per share	Due date of the proposed transfer to IEPF
12.07.2005	1st Interim Dividend (2005-06)	Rs.3.00	17.08.2012
27.10.2005	2nd Interim Dividend (2005-06)	Rs.3.00	02.12.2012
23.01.2006	3rd Interim Dividend (2005-06)	Rs.3.00	28.02.2013

Members, who have not encashed the Dividend Warrants for the year 2005-06 and / or any subsequent year, 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.

- vii. 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.
- viii. Listing fees to the Bombay Stock Exchange Limited has been paid up to March 31, 2012.
- ix. 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 of this facility may send the ECS form (available on the website of the Company), along with a Xerox copy the cheque pertaining to the bank account where the shareholders like the payment to be credited to their Depository Participants (in case of shares held in dematerialized form) or to the RTA (in case of shares held in physical form) at the following address:

Link Intime India Private Limited (Unit: GMM Pfaudler Limited)
C-13, Pannalal Silk Mills Compound, L. B. S. Marg,
Bhandup (West), Mumbai – 400 078
Phone: 022-25946970, Fax: 2594 6969, email: rnt.helpdesk@linkintime.co.in
Kind Attn: Mr. Sharad Patkar.

- x. **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.
- xi. **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.
- xii. **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.
- xiii. **Disclosure in terms of Clause 49(IV)(E)(V) of the Listing Agreement with the BSE:**
None of Non Executive Directors seeking re-appointment at this Annual General Meeting have any shareholding (own or held by/ for other persons on a beneficial basis), in the Company.
- xiv. **Members seeking any information or clarifications on the Annual Report are requested to write to the Company at least seven days in advance, so as to enable the Company to compile the information and provide replies at the Meeting.**
- xv. **Ministry of Corporate Affairs has taken a "Green Initiative in Corporate Governance" by allowing paperless compliance by the Companies. The shareholders can receive various notices and documents including Annual Report of the Companies through electronic mode. To support this laudable move by the Government, the members who have not registered their e-mail address, so far, are requested to do so at the earliest, in respect of demat holding through the respective Depository Participant (DP) and in respect of the physical holding through the Registrars and Share Transfer Agents, Link Intime India Private Limited.**

The Annual Report and other documents will also be available on the Company's website www.gmmpfaudler.com. The Company will be sending physical copy of Annual Report and other documents to all shareholders whose email address is not available with the Company. You may, anytime, request a printed copy of the Annual report and other documents from the Company in spite of having registered under E-Communication facility.

ANNEXURE TO THE NOTICE:

Item No. 6

Mr. Tarak A. Patel was appointed as the Executive Director of the Company for a period of 5 years with effect from January 30, 2007. Considering Mr. Tarak A. Patel's wide experience and significant contributions made by him to the Company, the Board of Directors at its meeting held on February 1, 2012 after considering the recommendations of the Remuneration Committee, has approved his re-appointment as Executive Director of the Company for a period of five years with effect from January 30, 2012.

Also, the Board of Directors at its meeting held on July 17, 2012 after considering the recommendations of the Remuneration Committee, has approved revision in remuneration and perquisites to be paid to Mr. Tarak A. Patel w.e.f. April 1, 2012, subject to approval of the shareholders as under:

1. Remuneration

Monthly	: Basic Salary of Rs. 1,08,181/- (Rupees One Lac Eight Thousand One Hundred and Eighty One only) per month w.e.f. April 1, 2012, with an annual increment of Rs. 5,000/- (Rupees Five Thousand only) per month and such first increase to take place on April 1, 2013.
Variable Pay	: Rs. 1,00,000/- (Rupees One Lac only) per year.
Allowances	: Variable House Rent Allowance 60% of the basic salary Fixed House Rent Allowance Rs. 6,000/- (Rupees Six Thousand only) per month City Allowance Rs. 2,500/- (Rupees Two Thousand Five Hundred only) per month Education Allowance Rs. 500/- (Rupees Five Hundred only) per month Additional Allowance Rs. 6,000/- (Rupees Six Thousand only) per month

Ex-gratia in lieu of Bonus : Extra-Gratia in lieu of Bonus Rs. 8,400/- (Rupees Eight Thousand Four Hundred only) per year as per rules of the Company.

2. Perquisites In addition to the above salary Mr. Tarak Patel shall be entitled to the following perquisites. Perquisites are classified into three categories Part 'A', 'B' and 'C' as under:

PART 'A':

1. Medical : Reimbursement of medical expenses (including Hospitalization) for self and family. The total cost of which to the Company shall not exceed an amount equal to one month's basic salary in a year.
2. Leave Travel Concession (LTA) : LTA for self and family. The total cost of which to the Company shall not exceed an amount equal to one month's basic salary in a year.
3. Personal Accident Insurance : As per the rules applicable to Senior Executives of the Company.

PART 'B':

1. Provident Fund : As per rules of the Company. At present 12% of the basic salary.
2. Pension/ Super-annuating Fund : As per rules of the Company. At present 15% of the basic salary.
3. Gratuity : As per the Gratuity Rules.

PART 'C':

1. Car : Motorcar for his use with driver and full maintenance charges in respect thereof, such as fuel, repairs and maintenance.
2. Telephone : Free telephone facility at his residence. He shall reimburse the cost of personal distance calls to the Company.
3. Entertainment and other Expenses : He will be reimbursed the entertainment and other expenses incurred by him in discharging his duties.

The aforesaid remuneration payable to Mr. Tarak A. Patel is subject to the limits, as laid down under Section 198 and 309 of the Companies Act, 1956.

In the absence or inadequacy of profits in any financial year during his tenure, he shall be paid salary and perquisites referred above, as minimum remuneration subject to the overall limits prescribed in that behalf under sub-paragraph (B) of paragraph 1 of Section II of Schedule XIII of the Companies Act, 1956 and or any statutory modifications or re-enactment thereof from time to time in force as may be decided by the Board of Directors of the Company.

The other main terms and conditions of his re-appointment are as under:

- (i) The Executive Director shall exercise and perform such powers and duties as the Board shall from time to time delegate.
- (ii) The Executive Director will be paid compensation for the loss of his office or for retirement from the office in accordance with the provisions of Section 318, 319 and 320 of the Companies Act, 1956 or either provisions of the law for the time being in force.
- (iii) The Executive Director may resign his office upon giving to the Company three months notice in writing of his desired to do so.

The explanation together with accompanying notice may also be considered as an abstract of the terms of re-appointment of the Executive Director and memorandum as to nature of concern or interest of Directors in the said re-appointment as required under Section 302 of the Companies Act, 1956.

None of the directors, other than Mr. Ashok J. Patel being a relative of Mr. Tarak A. Patel may be deemed to be concerned or interested in this resolution.

The information required under Clause (iv) of Paragraph 1(B) of Section II in Part II of Schedule XIII of the Companies Act, 1956 is as under:

I. GENERAL INFORMATION

NATURE OF INDUSTRY

GMM Pfaudler Limited, formerly known as Gujarat Machinery Manufacturers Limited ("the Company") was incorporated in 1962. Our Company is a leading manufacturer of superior quality chemical processing equipment, which are primarily used in the pharmaceutical, specialty chemicals, agro chemicals and other chemical processing industries. The products manufactured by our company cover a wide range of process equipment such as corrosion resistant glasslined reactors and storage tanks, agitated nutsche filters and filter dryers, wiped film evaporators, agitators and mixing systems, fluoropolymer products and custom built chemical equipment in stainless steel and other exotic alloys.

FINANCIAL PERFORMANCE

Mr. Tarak A. Patel, was appointed Executive Director of the Company in 2007. During Mr. Patel's tenure the Company has grown satisfactorily as can be seen from the financial indicators given below:

(₹ in Millions)

Year ended March 31	2012	2011	2010	2009	2008
Income from Operations	2,018.13	1,440.21	1,544.78	1,466.81	1,420.06
Profit After Tax	91.41	110.18	114.43	102.27	155.58
Fixed Assets	409.68	346.09	288.25	299.64	298.04
Share Capital	29.23	29.23	29.23	29.23	29.23
Reserves	996.03	952.51	890.22	827.53	773.14
Dividend %	140	140	140	140	140
EPS	6.25	7.54	7.56	7.00	10.64

EXPORTS

Company's exports have grown steadily over the years as can be seen below:

(₹ in Millions)

Year ended March 31	2012	2011	2010	2009	2008
Export	154.38	34.32	60.74	122.98	218.46

Our Company is a subsidiary of Pfaudler Inc. of USA, which owns 51% of the equity capital of the company.

Our Company's products are accepted by major multinational companies and have been exported to developed countries such as USA, Germany, Netherlands, Australia and Japan. Our Company also exports to leading companies in Israel, China, Malaysia, Singapore, Indonesia and Thailand.

II. INFORMATION ABOUT THE APPOINTEE

Mr. Tarak A. Patel is a graduate from the University of Rochester, USA with a Bachelor degree in Economics with a certificate in Management Studies.

Mr. Tarak A. Patel joined the Company in 2005 as Vice President – Sales & marketing and was thereafter appointed as Executive Director on the Board of GMM on January 30, 2007. 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 organisation.

As a Director of the company, Mr. Tarak Patel was instrumental in completing the acquisition of Mavag AG, Switzerland a leading supplier of highly engineered critical equipment for the pharmaceutical, bio engineering and fine chemical industries.

Mr. Tarak A. Patel has taken keen interest in educational activities and community development activities in Karamsad, Gujarat where we are located. He is a Trustee at J. V. Patel, Industrial Training Institution.

Mr. Tarak A. Patel serves as Director on the Boards of Skyline Millars Ltd. and Ready Mix Concrete Ltd.

REMUNERATION

The terms of first appointment and remuneration of Mr. Tarak Patel as Executive Director w.e.f. January 30, 2007 were approved by the Remuneration Committee and the Board of Directors at their meetings held on October 30, 2007 and approved by the members at Extra Ordinary General Meeting on March 11, 2008 at a remuneration of ₹ 71,500/- per month plus other allowances and perquisites.

Mr. Tarak A. Patel has been re-appointed as Executive Director for a period of five years commencing from January 30, 2012. The Board of Directors at its meeting held on July 17, 2012, after considering the recommendations of the Remuneration Committee, has approved revision in remuneration and perquisites to be paid to Mr. Tarak A. Patel w.e.f. April 1, 2012 as mentioned above, subject to approval of the shareholders.

The proposed remuneration of Mr. Tarak A. Patel is comparable with remuneration norms in the industry having regard to the size and products of the Company.

JOB PROFILE AND SUITABILITY

Mr. Tarak A. Patel, as Executive Director, is responsible for the operation and affairs of the Company. He is also responsible for developing a long term strategy to ensure the Company's growth in both sales and profit. Taking into consideration Mr. Patel's qualification and experience, he is best suited for the responsibilities assigned to him by the Board of Directors.

PECUNIARY RELATIONSHIP DIRECTLY OR INDIRECTLY WITH THE COMPANY

Mr. Tarak A. Patel is the son of Mr. Ashok Patel, the Indian Promoter & Managing Director of the Company.

III. OTHER INFORMATION

For the year ended March 31, 2012, the Company reported a net profit of Rs. 91.41 Millions.

Demand for Company's product and services continue to be steady. The Company continues to have a healthy back log of orders. Several initiatives taken by the Company in strengthening its sales and marketing organization and after sales service set up has resulted in health order back log.

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

**Mittal Mehta
Company Secretary**

Mumbai, July 17, 2012

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-Ninth Annual Report and the Audited Statement of Accounts of the Company for the year ended March 31, 2012.

FINANCIAL RESULTS:

(₹ in Million)

	Year ended 31.03.12	Year ended 31.03.11
Revenue from Operations	2018.13	1440.21
Profit before tax	130.16	162.29
Profit after tax	91.41	110.18
Surplus brought forward	641.74	590.48
Amount available for appropriation	733.15	700.66
Appropriations:		
Interim Dividends	30.70	40.93
Final dividend	10.23	
Tax on distributed profit	6.96	6.96
	47.89	47.89
Transfer to General Reserve	9.14	11.03
Surplus Carried Forward to Profit & Loss Account	676.12	641.74
	733.15	700.66
Per share data (₹)		
Face value of Equity Share	2.00	2.00
Dividend per share	2.80	2.80
Market Price of Shares		
High	122.35	129.90
Low	72.05	86.00
Close on March 31	92.95	99.25
Earnings Per share	6.25	7.54

FINANCIAL REVIEW:

The business environment during the year remained challenging due to recessionary conditions in the economy leading to slowdown in demand in the second half of the year. High inflation resulted in increase in input cost and other expenses which adversely impacted the overall profitability. Directors are pleased to inform that in spite of adverse business environment, your Company has been able to maintain its overall performance due to healthy backlog of orders of ₹ 1,035 million at the beginning of the year.

Revenue from Operations for the year at ₹ 2,018.13 million reflected an increase of 40% over the previous year. Sales of both glassline products and non glassline products increased by 17% and 87% as compared to previous year. Amount of unexecuted orders at the end of the year ended March 31, 2012 was also healthy at ₹ 906 millions including ₹ 607 millions of glasslined products and ₹ 299 millions of non-glasslined products.

Increase in the cost of raw materials and other expenses due to high inflation resulted in lower Profit before tax ₹130.16 million, 20% lower than ₹ 162.29 million in the previous year. Profit after tax decreased by 17% to ₹ 91.41 million from ₹ 110.18 million in the previous year. Earnings per share reduced by 17% to ₹ 6.25 per share as compared to ₹ 7.54 of the previous year.

Sales of the Company's Swiss subsidiary, Mavag AG for the year was at ₹ 579.91 million, with an increase of 10% from ₹ 526.71 million in the previous year. However, the profitability remained low on account of continued economic slow down in the European market with pressure on price and volatility in the foreign exchange rates. Profit after tax for the year decreased by 57% to ₹ 3.42 million, as compared to ₹ 7.91 million in the previous year.

DIVIDEND:

During the year under review, the Board of Directors approved payment of three interim dividends of ₹ 0.70 per share each aggregating to ₹ 2.10 per share. The total amount distributed as interim dividends for the year amounted to ₹ 30.70 million.

Based on the performance of the Company for the year and in view of the track record of the Company, the Board of Directors is pleased to recommend the payment of a final dividend of ₹ 0.70 per equity shares amounting to ₹ 10.23 million, subject to approval of the Annual General Meeting.

The aggregate amount of interim dividends paid during the year and the final dividend recommended for the year shall be ₹ 2.80 per share amounting to ₹ 40.96 million.

FIXED DEPOSITS:

The Company has not accepted any Fixed Deposits during the year under review. There were no overdue or unclaimed deposits outstanding as on March 31, 2012.

INVESTMENTS:

The Company and its investment subsidiaries held 528,296 shares of Nile Limited at the beginning of the year. The time limit of 3 years for sale of the entire shareholding of Nile Limited by the Company and its Subsidiary, Karamsad Investments Limited has been extended by one year by mutual consent i.e. upto April 1, 2013 between the Company and Nile Ltd. During the year the Company and its subsidiaries sold 121,943 shares at a net gain of ₹ 11.6 million.

At the end of the year the Company had an investment in marketable securities of ₹ 51.45 million. There was a diminution of ₹ 0.99 million in the market value of these investments due to adverse market conditions which has been provided for in the accounts during the year.

Your Company made substantial investments in upgrading its manufacturing facility including the Enameling Plant. The up-gradation of its computer ERP system has also been taken on hand. These upgrades are expected to result in reduced manufacturing cycle time, improved business processes and prompt response to the customers.

CONSERVATION OF ENERGY:

Information pursuant to 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" and forms a part of this Report.

FOREIGN EXCHANGE:

Information on foreign exchange earnings and expenses are provided in Note 37 to 40 of 'Notes to Financial Statement for the year ended March 31, 2012'.

SUBSIDIARY COMPANIES:

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

The Ministry of Company Affairs has granted General Exemption to Companies from attaching the final 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 the shareholders of the Company. Any shareholder interested in obtaining such particulars may write to the Company Secretary at the Registered Office address.

DIRECTORS:

During the year under review, 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.

Mr. Christopher M. Hix also resigned from the Board on February 1, 2012. The Board places on record their sincere appreciation the advice and guidance extended by Mr. Hix during his tenure as a Director of the Company. Mr. Kevin J. Brown, who was earlier a Director on the Company's Board, was appointed as a Director on February 1, 2012 to fill in the casual vacancy caused by resignation of Mr. Christopher M. Hix.

Dr. S. Sivaram and Mr. P. Krishnamurthy will be retiring at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

Mr. Tarak A. Patel has been re-appointed as Executive Director of the Company for a period of 5 years with effect from January 30, 2012.

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, 2012, the applicable accounting standards have been followed along with proper explanations in case of material departures;
2. that such accounting policies as mentioned in Note 2 of Notes to Financial Statements 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 said financial year ended March 31, 2012 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, 2012 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 hereto 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 is attached hereto and forms a part of this Report.

AUDITORS:

M/s. Kalyaniwalla & Mistry, Chartered Accountants, retire 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 dedicated efforts and contribution of all the employees that ensured steady performance in a challenging business environment.

For and on behalf of the Board of Directors

P. Krishnamurthy
Chairman

Ashok J. Patel
Managing Director

Mumbai, May 7, 2012

'ANNEXURE A' TO DIRECTOR'S REPORT

1. Conservation of Energy:

- a) The Company consistently pursues various avenues to conserve energy used in the factory in various forms like electricity, natural gas and other gases. 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.
- b) 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.
- c) Electricity and Natural Gas are being the two major forms of energy consumed by the Company; constant focus is kept on its consumption in furnaces in Enameling Plant. Performance of these furnaces is monitored on daily basis in order to economize consumption of electricity and Natural gas.
- d) As part of its continued efforts to reduce cost of energy, the Company has commissioned a second Natural Gas Radiant Tube Furnace for its Enameling Plant, which is in operation since June, 2011. It has reduced the Electricity consumption by 25%.
- e) 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 Research & Development (R&D) centre which is approved by the Department of Science & Technology of the Government of India. The Company carries out continuously 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 R&D expertise and knowledge of Pfaudler Group, has helped the Company to innovate and renovate, manufacture high quality safe products and achieve more efficient operations.

The Company continues to be a member of the consurtium on Micro Reactor Technology under the auspices of National Chemical Laboratory, Pune.

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

- a) The Company has developed and manufactured Glass-lined Agitator with HE-3 blade to increase mixing efficiency.

- b) In order to provide customer trial on new products the company developed a Rotary Vacuum Paddle Dryer and a Bio Fermenter Skid.
- c) Adoption of the design of its Swiss subsidiary Mavag for the Agitated Nutsche Filters / Dryers has improved the overall quality of the product and provides a competitive edge in the market place.
- d) 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.
- e) The Company also has also implemented new NDT processes through New Digital UT machine, new high intensify illuminator and New Digital Density meter.
- f) The Company has achieved Improvement in existing production processes for Multi Nozzle Heating Torch and developed Light weight firing supports in the enameling furnaces.
- g) The Company has also installed a new state-of-art shot blasting machine, Imported from UK to improve processes efficiency and reduced pollution.

3. Technology:

Expenditure in R&D: (₹ in Million)

	Year ended 31.03.12
a) Capital	15.63
b) Recurring	3.56
Total	19.19
c) Total R&D expenditure as % of total turn over.	0.95%

For and on behalf of the Board of Directors

P. Krishnamurthy
Chairman

Ashok J. Patel
Managing Director

Mumbai, May 7, 2012

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:

The Indian economy has experienced considerable turbulence in recent times. Real GDP growth rates have been revised downward to 6.9% from 8.0%, industrial output is volatile, escalated interest rates and high inflation levels are an ongoing concern. The fall out has extended to the Indian Pharmaceutical market and Chemical Industry, the industry growth being lower than the previous year. However, with increased government measures and industry's proactive actions, outlook for the sectors remains positive. GDP Forecast for the year 2012-13 is 7.3%.

While the chemical industry in India grew as a whole at 10% in 2011 and it is expected to grow at a CAGR of 11%, the Pharmaceutical industry grew by about 15% during the year and it is expected to grow at a CAGR of 17% till 2015.

Heightened competition and a greater presence of branded generics are putting greater pricing pressures on the industry. The low priced segment of the market has almost doubled its share over the last four years. 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, the 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 the Company's products.

In addition to the inclusion of Mavag products the 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, the Company is poised to exploit the export markets as well.

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

FINANCIAL PERFORMANCE:

Growth in Sales and Operating Income for the year has been driven by the higher backlog or orders at the beginning of the year. However, profitability took beating due to high inflation leading to increase in input and other cost. The Company put greater focus on the management of working capital which resulted in significant increase in the cash flow for the year. Investment in up gradation of the manufacturing facility and computer systems has been funded from the internal accruals without resorting to any debts.

Low order intake during the year has resulted in year and order backlog of ₹ 906 million, being 12% lower than the previous year.

SEGMENT WISE OPERATIONAL PERFORMANCE:

a) 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 ₹ 1,666.38 million, 37% higher than that of previous year. This division contributes about 83% of the total sales of the Company. This Division of the Company continues to enjoy the number one manufacturer of glass-lined equipment in India. The profit from this segment was ₹ 147.59 million, a decrease of about 17% over the previous year due to the inflation trend in the economy. The capital employed for this division was ₹ 572.38 million decreased by over 7% from the previous year level.

b) 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 increased by over 80% to ₹ 199.63 million from ₹ 110.54 million in the previous financial year. The profit from this segment was ₹ 14.43 million, an increase 33% over the previous year. Capital employed for this Division was ₹ 20.57 million decreased by about 32% from the previous year.

c) 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. The Company reported a sales of ₹ 152.12 million, an increase of 39% over previous year in this Division. Profits however were lower by 19% at ₹ 5.07 million. Capital employed for this Division was ₹ 45.53 million increased by 28% from the previous year.

OUTLOOK:

In line with the overall slowdown in the economy, the demand for some of the Company's products have shown a decline from the second half of the year.

However, the Company is taking steps to focus on promoting additional value added features in Glassline product as well as high technology Mavag products.

RISKS AND CONCERNS:

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 but the continuous rise cost of natural gas as has caused concerned.

Finally, the Company's primary raw material is steel, which has 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 Directors 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 the 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, 2012 the Company's total permanent employee strength was 348 against 362 as on March 31, 2011.

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

The Corporate Governance Compliance Report of the Company for the financial year ended March 31, 2012 under Clause 49 of the Listing Agreement, is furnished below:

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

Corporate Governance primarily involves transparency, full disclosure, independent monitoring of the state of affairs and being fair to all stakeholders and is a combination of voluntary practices and compliance with laws and regulations. The Corporate Governance Code has also been incorporated in Clause 49 of the Listing Agreement 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, 2012.

For GMM Pfaudler Limited

Ashok J. Patel
Managing Director (CEO)

Mumbai, May 7, 2012

2. Board of Directors

Composition and Status of Directors:

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

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

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

During the year under review, 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.

Also, Mr. Christopher M. Hix resigned from the Board on February 1, 2012. Mr. Kevin J. Brown, who was earlier a Director on the Company's Board, was appointed as Director February 1, 2012 to fill in the casual vacancy caused by resignation of Mr. Christopher M. Hix.

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

Attendance at the Board Meetings and last Annual General Meeting:

Four Board meetings were held during the year under review and the gap between two Board meetings did not exceed four months. First meeting was held on April 28, 2011, Second on August 4, 2011, Third on November 3, 2011 and Fourth on February 1, 2012. 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	3	--	No
Mr. Ashok J. Patel	4	--	Yes
Mr. Peter C. Wallace	1	2	No
Mr. Kevin J. Brown*	--	1	N. A.
Dr. S. Sivaram	3	--	No
Mr. Darius C. Shroff	4	--	Yes
Mr. Tarak A. Patel	4	--	Yes
Mr. Christopher M. Hix**	1	2	No

* Mr. Kevin J. Brown appointed as Director on February 1, 2012

** Mr. Christopher M. Hix resigned as Director on February 1, 2012

Mr. Peter C. Wallace, Mr. Kevin J. Brown and Mr. Christopher M. 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	7	4	1
Mr. Ashok J. Patel*	Executive	4	Nil	Nil
Mr. Peter C. Wallace**	Non Executive	Nil	Nil	Nil
Mr. Kevin J. Brown	Non Executive	Nil	Nil	Nil
Dr. S. Sivaram	Non Executive & Independent	2	Nil	Nil
Mr. Darius C. Shroff	Non Executive & Independent	6	2	3
Mr. Tarak A. Patel*	Executive	2	Nil	Nil
Mr. Christopher M. Hix**	Non Executive	Nil	Nil	Nil

* Indian Promoter

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

Remuneration and Shareholding of Directors:

Mr. Ashok J. Patel is an Indian Promoter /Managing Director of the Company. Mr. Tarak A. Patel is an Indian Promoter/ Executive Director of the Company. Their remuneration structure is as under:

(₹ in Millions)

Sr. No.	Particulars	Ashok J. Patel	Tarak A. Patel
1.	Salary and allowances	6.91	2.20
2.	Provident Fund & other funds	1.16	0.37
3.	Perquisites	0.23	0.21
4.	Commission	1.70	-
	Total	10.00	2.78

Non-Executive Director's Compensation:

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

- Rs. 20,000 as sitting fees for each meeting of the Board of Directors and
- Rs. 5,000 as sitting fees for each meeting of Committees of Directors.

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

Non-Executive Director's Shareholding:

The Non-Executive Directors do not hold any shares in the Company.

3. Audit Committee:

The Audit Committee of the Company is duly constituted in accordance Clause 49(II) of the Listing Agreement. Mr. P. Krishnamurthy, Dr. S. Sivaram and Mr. Darius C. 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 28, 2011, August 4, 2011, November 3, 2011 and February 1, 2012. 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	3
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 auditor and the fixation of audit fees.
- To investigate matters referred to it by the Board or as specified.
- To review the Statutory Auditor's Audit Reports and management's response.

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

The Audit Committee also reviews the following information:

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

4. Remuneration Committee:

Remuneration Committee of Board 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.

During the financial year under review, one meeting of the Remuneration Committee was held on February 1, 2012. Mr. Darius C. Shroff and Dr. S. Sivaram attended the meeting.

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

Remuneration of the Managing Director and Executive Director is recommended by the Remuneration Committee, fixed by the Board and approved by the shareholders.

Remuneration of Directors:

Details of Remuneration paid/payable to Directors for the year ended March 31, 2012 are as follows:

₹ in Millions				
Director	Relationship with other Directors	Sitting Fees	Salary, Perquisites & Commission	Total Amount
Mr. P. Krishnamurthy	None	0.09	Nil	0.09
Mr. Ashok J. Patel	Father of Mr. Tarak Patel	Nil	10.00	10.00
Mr. Peter C. Wallace	None	0.02	Nil	0.02
Mr. Kevin J. Brown	None	Nil	Nil	Nil
Dr. S. Sivaram	None	0.10	Nil	0.10
Mr. Darius C. Shroff	None	0.13	Nil	0.13
Mr. Tarak A. Patel	Son of Mr. Ashok Patel	Nil	2.78	2.78
Mr. Christopher M. Hix	None	0.02	Nil	0.02

5. Shareholders & Investors Grievance Committee:

Shareholders & Investors Grievance Committee of the Company consists of Mr. P. Krishnamurthy (Chairman), Dr. S Sivaram and Mr. Darius C. Shroff.

The Shareholder and Investors Grievance Committee met on four occasions viz April 28, 2011, August 4, 2011, November 3, 2011 and February 1, 2012. The attendance at these meetings was as under:

Name of Director	Designation	No. of Meetings Attended
Mr. P. Krishnamurthy	Chairman	3
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 3 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.com**

6. General Body Meeting:

Last three Annual General Meetings were held at Sardar Vallabhbhai Patel and Veer Vithalbhay 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
2008-09	Forty-Sixth	September 30, 2009	10.00 a.m.	1
2009-10	Forty-Seventh	September 30, 2010	10.00 a.m.	2
2010-11	Forty-Eighth	September 30, 2011	10.00 a.m.	1

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

7. Details of Directors Appointed during the year / seeking re-appointment:

Mr. P. Krishnamurthy, age 63, has been the Chairman of our Company since 2008 and is also a member of Audit Committee, Shareholders and Investors Grievance Committee, Remuneration Committee and Share Transfer Committee. He has over 25 years of experience in Corporate Management and Strategy, Restructuring, M&A, Internal Business and Joint Ventures, Financial Management & Banking including managing and supervising business units in India and abroad.

He has served as Vice Chairman of JM Morgan Stanley, Director of JM Financial and Director of IL & FS Asset Management. Mr. P. Krishnamurthy does not hold any shares of the Company.

Mr. Krishnamurthy serves as Director on the Boards of SKIL Infrastructure Ltd, Mumbai SEZ Limited, Urban Infrastructure Venture Capital Limited, Pipavav Defence and Offshore Engineering Limited, Apodis Hotels & Resorts Limited, Retro India Limited and SICOM Limited.

Dr. S. Sivaram, age, 65, has been a Director of our Company since 2003 and is a member of the Audit Committee, Shareholders and Investors Grievance Committee and Remuneration committee. Dr. S. Sivaram has been the Director of NCL since 2002. He is a polymer chemist by training and has authored over two hundred papers in peer reviewed journals. He has eighty nine patent applications to his credit and has been cited as inventor in fifty one US patents. Dr. S. Sivaram is an elected Fellow of all the learned academies of science and engineering in India and a Fellow of the World Academy of Science, Trieste, Italy. He was conferred Padma Shri by the President of India in 2006. Before joining NCL in 1988 he was heading the Research Center at Indian Petrochemicals Corporation Ltd., Vadodara. Dr. S. Sivaram does not hold any shares of the Company.

Dr. S. Sivaram serves as Director on the Board of Asian Paints Ltd and Apcotex Industries Ltd.

Mr. Tarak A. Patel, age 36, has been an Executive Director on the Board of the Company since 2007. 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 the following Companies (excluding Private Companies, Foreign Companies and registered under Section 25 of the Companies Act, 1956) : Skyline Millars Ltd and Ready Mix Concrete Ltd.

Mr. Kevin J. Brown, age 53, has been appointed as a Director on February 1, 2012, to fill in the casual vacancy caused by the resignation of Mr. Christopher M. Hix. He was a Director on the Board of our Company for 10 years upto April 2011. He has been the Corporate Controller and Principal Accounting Officer of Robbins & Myers Inc. since 2006.

Prior to Robbins & Myers Inc., he was employed by the accounting firm of Ernst and Young LLP for 15 years. Mr. Brown has an undergraduate degree in Business Administration with a concentration in Accounting from the University of Dayton. Mr. Brown is also a Certified Public Accountant.

Mr. Kevin J. Brown does not hold any shares of the Company.

8. Disclosures:

- a) Details on transactions with related parties, viz. Promoters, Directors or the Management, their subsidiaries or relatives potentially conflicting with Company's interest are given / appended in Schedule 46 of 'Notes Forming Parts of the Accounts'. Except payment of sitting fees there has been no pecuniary transaction with any of the non-executive directors of the Company.
- b) 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.
- c) The Company has a process in place that meets the objectives of the whistle blower policy. In the opinion of the Board, there are no cases, where a person was denied access to the grievance process set up by the Company.
- d) The Company has complied with the mandatory requirements of the Corporate Governance Clause of Listing Agreement. 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 May 7, 2012 to approve the Audited Annual Accounts for the year ended March 31, 2012.

10. General Shareholder Information:

- a) Annual General Meeting:
The Forty Ninth Annual General Meeting of the Company will be held on Wednesday, September 5, 2012 at 10 a.m. at the Sardar Vallabh Patel and Veer Vithalbhaji Patel Memorial, Karamsad, Gujarat 388 325.

- b) Financial year of the Company: April to March

- c) Financial Calendar (Tentative):

Financial reporting for:

- Quarter ended June 30, 2012: 3rd week of July, 2012
- Quarter ended September 30, 2011: 1st week of November, 2012
- Quarter ended December 31, 2012: 1st week of February, 2013
- Quarter ended March 31, 2013: 2nd week of May, 2013
- Annual General Meeting for the year ended March 31, 2013 : End of September, 2013

- d) Date of Book Closure: Thursday, August 30, 2012 to Wednesday, September 5, 2012 (Both days inclusive)

- e) Dividend Payment Date: On or after September 6, 2012

- f) Listing of Stock Exchange: The Bombay Stock Exchange Limited

- g) 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 Contact Person: Mr. Sharad Patkar

- 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 2011	116.00	93.50	19,811.14	18,976.19
May 2011	110.90	94.00	19,253.87	17,786.13
June 2011	112.00	90.60	18,873.39	17,314.38
July 2011	107.00	93.55	19,131.70	18,131.86
August 2011	115.05	87.00	18,440.07	15,765.53
September 2011	101.90	91.50	17,211.80	15,801.01
October 2011	110.50	91.00	17,908.13	15,745.43
November 2011	104.20	79.00	17,702.26	15,478.69
December 2011	91.80	72.05	17,003.71	15,135.86
January 2012	105.00	78.55	17,258.97	15,358.02
February 2012	122.35	94.20	18,523.78	17,061.55
March 2012	105.00	91.15	18,040.69	16,920.61

- l) Shareholding Pattern as on March 31, 2012:

Category	No. of shares	Percent
Foreign Promoters - Pfadler Inc.	7,454,400	51.00
Indian Promoters Group	3,599,760	24.62
NRI/OCB	62,911	0.43
Financial Institution, Nationalized Bank, Insurance Companies	160,448	1.10
Domestic Companies, Clearing Members, Trusts	373,341	2.55
Individuals	2,966,640	20.30
Total	14,617,500	100.00

- m) Distribution of Shareholding as on March 31, 2012:

Sr. No	Slab of shareholding		Shareholders		Shares	
	No. of Equity shares held		Nos.	%	Nos.	%
	From	To				
1.	1	500	5,643	85.75	841,942	5.76
2.	501	1000	492	7.47	384,880	2.63
3.	1001	2000	247	3.75	367,225	2.51
4.	2001	3000	63	0.96	164,150	1.12
5.	3001	4000	29	0.44	103,181	0.71
6.	4001	5000	29	0.44	132,254	0.91
7.	5001	10000	36	0.55	257,131	1.76
8.	10001	Above	42	0.64	12,366,737	84.60
Total			6,581	100.00	14,617,500	100.00

- n) Dematerialization:

As on March 31, 2012, 94.79% of the Company's total shares representing 13,855,730 shares are held in dematerialized form and the balance 5.21% representing 761,770 shares are in Physical Form.

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

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

- p) Plant Location:

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

- q) Shareholders & Investors Correspondence:

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

Intime Spectrum Registry Limited,
C-13, Pannalal Silk Mills Compound,
L. B. S. Marg, Bhandup (West), Mumbai 400 078
Phone 022-25946970, Fax 022- 2594 6969.
Email: rnt.helpdesk@linkintime.co.in
Contact Person: Mr. Sharad Patkar

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, 2012, 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, May 7, 2012

REPORT OF THE AUDITORS

TO THE MEMBERS OF GMM PFAUDLER LIMITED

1. We have audited the attached Balance Sheet of GMM Pfudler Limited, as at March 31, 2012, the Statement of Profit and Loss 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, the Statement of Profit and Loss and Cash Flow Statement referred to in this report are in agreement with the books of account.
 - d) In our opinion, the Balance Sheet, the Statement of Profit and Loss and Cash Flow Statement 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, 2012;
 - ii) in the case of the Statement of Profit and Loss, 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, 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2012; 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, May 7, 2012

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, 2012.

- 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.
(ii) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between physical inventories and book records were not material in relation to the operations of the Company and the same 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.
- 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.
- 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) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- 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. 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 Act, 1961	Income Tax	488	1991-92	Income Tax Appellate Tribunal
Central Excise Act	Excise Duty	4348	1996-2012	Assistant Commissioner of Central Excise and Tribunal

- 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, May 7, 2012

BALANCE SHEET AS AT MARCH 31, 2012

	Note	As at 31.03.12 ₹ in Millions	As at 31.03.11 ₹ in Millions
I. EQUITY AND LIABILITIES			
Shareholders' funds			
Share Capital	3	29.23	29.23
Reserves and Surplus	4	996.03	952.51
		1,025.26	981.74
Non-current liabilities			
Deferred tax liabilities (Net)	5	51.28	36.55
Other Long term liabilities	6	0.29	0.29
		51.57	36.84
Current Liabilities			
Short-term borrowings	7	-	43.71
Trade payables	8	213.70	229.80
Other current liabilities	9	294.95	271.35
Short term provisions	10	30.34	14.13
		538.99	558.99
Total		1,615.82	1,577.57
II. ASSETS			
Non-current assets			
Fixed assets	11		
Tangible assets		370.33	285.48
Intangible assets		0.95	0.65
Capital work-in-progress		28.84	59.96
Intangible assets under Development		9.56	-
Non-current investments	12	245.41	234.87
Long term loans and advances	13	23.93	19.26
		679.02	600.22
Current assets			
Current investments	14	50.46	48.38
Inventories	15	515.78	628.00
Trade receivables	16	269.87	236.57
Cash and cash equivalents	17	66.68	6.99
Short term loans and advances	18	22.77	49.84
Other current assets	19	11.24	7.57
		936.80	977.35
Total		1,615.82	1,577.57
Summary of Significant Accounting Policies	1-2		

The accompanying Notes 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, May 7, 2012

For and on behalf of the Board

P. Krishnamurthy	Chairman
Ashok J. Patel	Managing Director
Darius C. Shroff	Director
Dr. S. Sivaram	Director
A. N. Mohanty	Financial Controller
Mittal Mehta	Company Secretary

Mumbai, May 7, 2012

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

	Note	Year ended 31.03.12 ₹ in Millions	Year ended 31.03.11 ₹ in Millions
INCOME			
Revenue from operations	20	2,167.53	1552.51
Less: Excise duty		149.40	112.30
		2,018.13	1,440.21
Other Income	21	28.80	26.15
Total		2,046.93	1,466.36
EXPENSES			
Cost of materials consumed	22	1,178.32	899.36
Change in inventories of finished goods and work-in-progress	23	45.59	(143.45)
Employee benefits expense	24	193.13	166.04
Finance costs	25	11.65	8.81
Depreciation	11	49.10	34.74
Other expenses	26	438.98	338.57
Total		1,916.77	1,304.07
Profit before exceptional and extraordinary items and tax		130.16	162.29
Exceptional items		-	-
Profit before extraordinary items and tax		130.16	162.29
Extraordinary items		-	-
Profit before tax		130.16	162.29
TAX EXPENSES			
Current tax		24.03	48.83
Deferred tax		14.72	3.28
Profit/(Loss) for the year from continuing operations (after tax)		91.41	110.18
Profit/(Loss) before tax from discontinuing operations		-	-
Tax expenses of discontinuing operations		-	-
Profit/(Loss) from discontinuing operations (after tax)		-	-
Profit/(Loss) for the year		91.41	110.18
EARNINGS PER EQUITY SHARE			
Basic		6.25	7.54
Diluted		6.25	7.54

The accompanying Notes form an integral part of the Profit and Loss Statement.

As per our report attached.

For and on behalf of
KALYANIWALLA & MISTRY
Chartered Accountants

Vinayak M. Padwal
Partner

M. No. F 49639

Mumbai, May 7, 2012

For and on behalf of the Board

P. Krishnamurthy	Chairman
Ashok J. Patel	Managing Director
Darius C. Shroff	Director
Dr. S. Sivaram	Director
A. N. Mohanty	Financial Controller
Mittal Mehta	Company Secretary

Mumbai, May 7, 2012

STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2012

	Year ended 31.03.12 ₹ in Millions	Year ended 31.03.11 ₹ in Millions
CASH FLOW FROM OPERATING ACTIVITIES		
Profit/ (Loss) before taxation from continuing operations	130.16	162.29
Profit/ (Loss) before taxation	130.16	162.29
Adjustments to reconcile profit before tax to cash provided by operations		
Depreciation	49.10	34.74
Net (gain) / loss on sale of fixed assets	-	-
Net (gain) / loss on sale of Current Investment	0.02	(0.14)
Net (gain) / loss on sale of Non-Current Investment	(2.52)	-
Interest income	(2.77)	(2.14)
Interest and financial charges	11.65	8.81
Dividend Income	(6.48)	(3.38)
Provision for doubtful debts, liquidated damages and advances	14.41	(24.36)
Provision for diminution in value of current investment	0.10	0.46
Unrealised foreign exchange fluctuation loss/(gain)	0.43	(1.32)
Operating profit before working capital changes	194.10	174.96
Adjustments for :		
(Increase)/ Decrease in Inventories	112.21	(223.82)
(Increase)/ Decrease in Trade and other receivables	(33.68)	204.48
Increase/ (Decrease) in Trade payables and other liabilities	22.98	143.08
Cash generated from operations	295.61	298.70
Direct Taxes paid	(19.25)	(58.21)
Net cash from/ (used in) operating activities	276.36	240.49
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets, including intangible assets	(113.24)	(93.37)
Proceeds from sale of fixed assets	0.56	0.80
Purchase of current investments	(26.32)	(51.05)
Purchase of non-current investments	(7.51)	(116.94)
Proceeds from sale of current investments	19.78	3.90
Proceeds from sale of non-current investments	3.82	-
Interest received	2.77	2.15
Dividend received	6.48	3.38
Net cash from/ (used in) investing activities	(113.66)	(251.15)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from borrowings	-	43.71
Repayment of borrowings	(43.70)	-
Interest paid	(11.65)	(8.81)
Dividend paid	(40.70)	(40.73)
Tax on distributed profits	(6.96)	(6.96)
Net cash from /(used in) financing activities	(103.01)	(12.79)
NET INCREASE / (DECREASE) IN CASH & CASH EQUIVALENTS	59.69	(23.45)
Cash and Cash equivalents at the beginning of the year	6.99	30.44
Cash and Cash equivalents at the end of the year	66.68	6.99
Notes: 1. Cash and Cash equivalents as per Balance Sheet:		
Cash on hand	0.62	0.88
Balances with banks	66.06	6.11
Total	66.68	6.99
2. The company has been sanctioned credit facilities for working capital of ₹ 200 million, of which facilities utilised as on March 31, 2012 were ₹ Nil		

As per our report attached.

For and on behalf of
KALYANIWALLA & MISTRY
Chartered Accountants

Vinayak M. Padwal
Partner

M. No. F 49639

Mumbai, May 7, 2012

For and on behalf of the Board

P. Krishnamurthy	Chairman
Ashok J. Patel	Managing Director
Darius C. Shroff	Director
Dr. S. Sivaram	Director
A. N. Mohanty	Financial Controller
Mittal Mehta	Company Secretary

Mumbai, May 7, 2012

NOTES TO FINANCIAL STATEMENTS

Note 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.

Note 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 in compliance with 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 include conversion cost and appropriate production overheads. Excise duty is provided on finished goods held in stock at the end of the year.

g) Foreign Exchange Transactions

Transactions in foreign currency are recorded at rates prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currency 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.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	As at 31.03.12 ₹ in Millions	As at 31.03.11 ₹ in Millions
3. SHARE CAPITAL		
Authorised		
25,000,000 (PY 25,000,000) Equity shares of Rs. 2/- each	50.00	50.00
Issued, Subscribed and Paid-up		
14,617,500 (PY 14,617,500) Equity shares of Rs.2/- each fully paid up	29.23	29.23
TOTAL	29.23	29.23
a) Reconciliation of equity shares outstanding at the beginning and end of the reporting year		
Equity Shares:	31.03.12	31.03.11
	In Number ₹ in Millions	In Numbers ₹ in Millions
At the Beginning of the year	14,617,500 29.23	14,617,500 29.23
Issued during the year	- -	- -
Outstanding as at the end of the year	14,617,500 29.23	14,617,500 29.23
b) Terms/rights attached to equity shares		
The company has only one class of equity shares having a par value Rs. 2 per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.		
In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.		
c) Details of shareholders holding more than 5% shares in the company	31.03.12	31.03.11
	No. in Millions % holding	No. in Millions % holding
Pfaunder Inc (Holding Company)	7.45 50.99%	7.45 50.99%
Skyline Millars Limited	1.63 11.12%	1.63 11.12%
4. RESERVES AND SURPLUS	As at 31.03.12 ₹ in Millions	As at 31.03.11 ₹ in Millions
Capital Reserve	0.02	0.02
Cash Subsidy Reserve	0.70	0.69
Share Premium Account	149.28	149.28
General Reserve:		
Balance as per last Balance Sheet	160.77	149.75
Add: Transfer from Profit and Loss account	9.14	11.02
	169.91	160.77
Profit and Loss Account:		
Balance as per last Balance Sheet	641.74	590.48
Add/ (Less): Net Profit/(Loss) for the year	91.41	110.18
(Less): Interim Dividend	(30.70)	(40.93)
(Less): Final Dividend	(10.23)	
(Less): Tax on distributed profits	(6.96)	(6.96)
(Less): Transfer to General Reserve	(9.14)	(11.02)
	676.12	641.74
	996.03	952.51

	As at 31.03.12 ₹ in Millions	As at 31.03.11 ₹ in Millions
5. DEFERRED TAX LIABILITY (NET)		
Deferred Tax Liabilities		
Depreciation	60.12	41.97
Lease Assets	0.02	0.05
	60.14	42.02
Deferred Tax Assets		
Technical Know-how Fees	0.08	0.11
Provision for Doubtful Debts/ Advances	8.46	5.06
Provision for Diminution in Value of Investments	0.32	0.30
	8.86	5.47
Net Deferred Tax Liability	51.28	36.55
6. OTHER LONG TERM LIABILITIES		
Other Liabilities	0.29	0.29
	0.29	0.29
7. SHORT TERM BORROWINGS		
Secured loan		
From Banks:		
Buyers Credit	-	36.99
Cash Credit	-	6.72
	-	43.71
8. TRADE PAYABLES		
- Dues to Micro, Small and Medium Enterprises	0.55	0.55
- Dues to other Creditors	213.15	229.74
	213.70	229.80
9. OTHER CURRENT LIABILITIES		
Advances from customers	224.26	194.26
Investor Education and Protection Fund *		
Unclaimed dividend	2.19	1.96
Unclaimed matured deposits	-	0.01
Other liabilities	68.50	64.89
Interim dividend payable	-	10.23
	294.95	271.35
* The said fund will be credited with the amounts outstanding and unclaimed on the respective due dates		
10. SHORT TERM PROVISIONS		
Provision for unexpired warranty	9.25	6.63
Provision for final dividend	10.23	-
Provision for gratuity	2.73	-
Provision for leave encashment	6.31	5.76
Provision for Income Tax	0.08	-
Provision for tax on distributed profits	1.74	1.74
	30.34	14.13

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

NOTE 11

FIXED ASSETS

(₹ in Millions)

ASSETS		GROSS BLOCK			DEPRECIATION			NET BLOCK			
	As on	Additions	Deductions	As on	Upto	For the	On	Upto	As on	As on	
	01.04.11			31.03.2012	01.04.2011	Year	Deductions	31.03.12	31.03.12	31.03.11	
Tangible Assets:											
Freehold Land	2.32	-	-	2.32	-	-	-	-	2.32	2.32	
Leasehold Land	1.15	-	-	1.15	0.45	0.01	-	0.46	0.70	0.71	
Lease Improvement	10.92	-	-	10.92	4.64	1.96	-	6.61	4.32	6.28	
Buildings	133.02	1.23	-	134.25	38.07	3.04	-	41.11	93.13	94.95	
Plant & Machinery	445.62	125.72	-	571.33	295.11	37.60	-	332.71	238.63	150.51	
Furniture & Fixtures	22.74	1.19	-	23.94	12.20	1.62	-	13.81	10.12	10.55	
Vehicles	33.63	6.16	1.60	38.20	13.46	4.67	1.04	17.08	21.12	20.18	
Total		649.41	134.30	1.60	363.93	48.90	1.04	411.78	370.33	285.48	
Intangible Assets:											
Computer Software	9.19	0.49	-	9.68	8.54	0.20	-	8.74	0.95	0.65	
Total		658.60	134.79	1.60	372.46	49.10	1.04	420.52	371.27	286.14	
Previous Year Total		619.19	41.15	1.74	338.67	34.74	0.95	372.46	286.14	280.52	
Capital work-in-progress											
Tangible									28.84	59.96	
Intangible									9.56	-	
										409.68	346.09

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

NOTE 12

NON CURRENT INVESTMENTS

₹ in Millions

	Face value	Number As At 31.03.12	Cost As At 31.03.12	Number As At 31.03.11	Cost As At 31.03.11
1. Non Current Investments (Fully paid)					
(a) Trade Investments (Valued at cost unless stated otherwise)					
Equity Instrument					
Quoted					
Abbott India Ltd.	10	100	0.01	100	0.01
BASF India Ltd. (merger of Ciba India with BASF)	10	276	0.01	276	0.01
Bayer Cropscience Ltd (formaly Bayer India)	10	50	0.00	50	0.00
Clarint Chemical India - (Formaly Colour Chem Ltd.)	10	50	0.00	50	0.00
Dharamshi Morarji Chemicals Co. Ltd.	10	100	0.00	100	0.00
Excel Crop Care Ltd.	5	112	-	112	-
Excel Industries Ltd.	5	112	0.01	112	0.01
Futura Polyester Ltd. (Formaly Indian Organic Chemicals Ltd.)	10	100	0.00	100	0.00
Glaxo Smithkline Pharmaceuticals Ltd.	10	122	0.01	122	0.01
GHCL (formly Gujarat Heavy Chemical Ltd)	10	100	0.00	100	0.00
Hico Products Ltd.	10	625	0.01	625	0.01
IDI Ltd	10	66	0.00	66	0.00
Innovsynth Investments Ltd (As per arrangement with Futura)	10	45	-	45	-
Kansai Nerolac Paints Ltd.	10	666	0.01	666	0.01
Nestle India Ltd.	10	93	0.01	93	0.01
Novartis (India) Ltd.	5	70	0.01	70	0.01
Piramal Healthcare Ltd (Formerly Nicholas Piramal India Ltd.)	2	399	-	390	-
Piramal Life Sciences Ltd	10	39	-	39	-
Piramal Glass Ltd (Formaly Gujarat Glass Ltd)	10	19	-	19	-
Peninsula Land Ltd.	2	1,040	0.00	1,040	0.00
Pfizer Ltd.	10	135	0.01	135	0.01
Shubh Shanti Services Ltd.	10	25	-	25	-
SI Group - India Ltd (Formly Herdillia Chemicals Ltd.)	10	50	0.01	50	0.01
Tata Chemicals Ltd.	10	161	0.01	161	0.01
United Phosphorus Ltd	2	7,500	0.41	7,500	0.41
Wyeth Ltd.	10	50	0.01	50	0.01
			0.52		0.52
(b) Equity Shares (Quoted)					
Skyline Millars Ltd (Formerly Millars India Ltd.)	1	1,406,000	1.93	1,406,000	1.93
(a company under the same management)					
Nile Ltd.	10	252,729	11.10	282,543	12.41
			13.03		14.34
(c) Subsidiary Companies					
Equity Shares					
Unquoted					
GMM Mavag Ag (Face Value CHF 1,000)	1,000	5,000	213.90	5,000	213.90
Karamsad Investment Ltd	10	260,000	2.60	260,000	2.60
Karamsad Holding Ltd.	10	350,000	3.50	350,000	3.50
			220.00		220.00
(d) Government Security					
Unquoted					
Indian Railway Finance Corp. Bonds	1,000	4,350	4.35		-
			4.35		-

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

₹ in Millions

	Face value	Number As At 31.03.12	Cost As At 31.03.12	Number As At 31.03.11	Cost As At 31.03.11
12 NON CURRENT INVESTMENTS (Continued)					
(e) Deposit with Bank					
Kotak Mahindra bank			7.50		-
			7.50		-
(f) Shares in Co-operative Societies (Unquoted)					
Karamsad Urban Co-op. Bank Ltd.	10	1,200	0.01	1,200	0.01
Charotar Gas Sahakari Mandli Ltd	500	10	0.01	10	0.01
			0.02		0.02
Total Investments			245.41		234.87
Note :					
Aggregate book value of investments					
Quoted			13.55		14.86
Unquoted			231.86		220.01
			245.41		235.87
Market value of quoted investments			40.84		53.15

	As at 31.03.12 ₹ in Millions	As at 31.03.11 ₹ in Millions
13 LONG TERM LOANS AND ADVANCES		
(Unsecured and considered good)		
Capital Advances	3.39	-
Deposits	20.54	19.26
	23.93	19.26

14 CURRENT INVESTMENTS					
Mutual Funds Unquoted	Face value	Number As At 31.03.2012	Cost As At 31.03.2012	Number As At 31.03.2011	Cost As At 31.03.2011
			(₹ in Millions)		(₹ in Millions)
HSBC Income Fund Short Term Dividend	10	111,287	1.21	316,603	3.41
23 ICICI Prudential short term Plan- Dividend Reinvest	10	366,984	4.06	470,173	5.16
DSMPL Short Term Fund Monthly- Dividend	10	352,642	3.75	511,557	5.43
Birla Sun Life MIP II-Savings 5 Plan -Monthly Dividend -Payout	10			1,101,863	12.55
Reliance MIP-Monthly Dividend Plan	10	1512,836	17.05	1,512,836	17.05
HSBC Equity Fund -Growth	10	37,825	3.80	13,014	1.40
Pru ICICI Dynamic Plan	10	29,156	3.00	13,607	1.50
DSPBR Equity Fund	10	183,986	3.00	59,171	1.00
Pru ICICI FMP Series 55-6M Plan A Dividend	10			155,000	1.55
IDFCMoney Manager Fund- treasury Plan A-Daily Dividend	10	118,553	1.19	22,016	0.22
Templeton Short Term Income Plan					
- Monthly Dividend Reinvestment	10	11,335	12.86		
Templeton India Low Duration Fund					
- Monthly Dividend Reinvestment	10	147,254	1.53		
			51.45		49.27
Provision for diminution in value of Investments			(0.99)		(0.90)
Aggregate book value of investments			50.46		48.38
Unquoted			51.45		49.27

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	As at 31.03.12 ₹ in Millions	As at 31.03.11 ₹ in Millions
15. INVENTORIES (at lower of cost or net realisable value)		
Raw materials	174.15	238.85
Work-in-progress	288.26	349.91
Finished goods	29.25	13.20
Stores and spares	24.12	26.04
	515.78	628.00
16. TRADE RECEIVABLES (Unsecured and considered good)		
Outstanding for a period over six months		
Considered good	16.19	4.16
Considered doubtful	24.77	15.68
	40.96	19.84
Other debts		
Considered good	253.68	232.41
Considered doubtful	13.08	7.75
	266.76	240.17
Less : Provision for doubtful debts	37.85	23.43
	269.87	236.57
17. CASH AND CASH EQUIVALENT		
Cash and stamps on hand	0.62	0.88
Balances with scheduled banks		
- In current accounts	27.94	4.15
- In dividend accounts	2.19	1.96
- In deposit accounts	35.93	-
	66.68	6.99
18. SHORT TERM LOANS AND ADVANCES (Unsecured and considered good)		
Loans to subsidiaries	-	6.50
Advances recoverable in cash or in kind or for value to be received	19.69	29.57
Deposits	0.79	0.89
Balance with central excise authorities	4.20	10.08
Advance payment of taxes		4.70
(Net of provision for tax Rs. 119,475 thousand)		
Prov. for Doubtful Advances	(1.90)	(1.90)
	22.77	49.84
19. OTHER CURRENT ASSETS		
Interest Receivable	0.40	0.05
Outstanding Income	1.09	1.15
Receivable Sales Commission	1.89	1.93
Sales Tax claim Receivable	1.58	0.34
Prepaid Expenses	6.64	4.11
	11.24	7.57

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	As at 31.03.12 ₹ in Millions	As at 31.03.11 ₹ in Millions
20. REVENUE FROM OPERATIONS		
Revenue from Sale of Products	2,116.47	1,518.18
Other Operating Revenues	51.06	34.33
Less: Excise Duty	149.40	112.30
Total	2,018.13	1,440.21
21. OTHER INCOME		
Interest Income (Gross)		
- Deposits with banks	0.95	0.32
- Others	1.82	1.82
Dividend Income		
- Non-Current Investments (from subsidiary)	3.25	
- Current Investments	3.23	3.38
Net Gain/ (Loss) on Sale of Investments		
- Non-Current Investments	2.52	-
- Current Investments	(0.02)	0.14
Other non-operating income		
- Bad Debts Recovered	0.24	1.69
- Profit on sale of Fixed Assets	-	-
- Miscellaneous Income	16.82	12.86
Foreign exchange gain	-	5.94
Total	28.80	26.15
22. COST OF MATERIALS CONSUMED		
Opening Stock of Raw Material & Stores	264.89	184.52
Add: Purchases during the year	1,111.70	979.72
	1,376.59	1,164.25
Less: Closing stock of Raw Material & Stores	198.27	264.89
Total	1,178.32	899.36
23. CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS		
(Increase)/ Decrease in inventory of Finished Goods	(16.06)	(6.65)
(Increase)/ Decrease in inventory of Work-in-progress	61.65	(136.80)
Total	45.59	(143.45)
24. EMPLOYEE BENEFITS EXPENSE		
Wages	42.24	35.80
Contribution to Provident and Other Funds		
- On behalf of employees	2.96	1.92
Salaries	119.69	102.52
Contribution to Provident and Other Funds		
- On behalf of employees	12.32	9.43
Staff Welfare Expenses	15.91	16.37
Total	193.13	166.04

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	As at 31.03.12 ₹ in Millions	As at 31.03.11 ₹ in Millions
25. FINANCE COSTS		
Interest Expense	5.42	3.61
Other financial charges	6.22	5.19
Total	11.65	8.81

26. OTHER EXPENSES		
Labour Charges Paid to Subcontractors	181.10	139.21
Power & Fuel	105.93	82.92
Repairs to Machinery	14.88	16.30
Repairs to Buildings	0.58	1.13
Repairs - Others	0.78	0.50
Rent	7.93	7.46
Insurance	5.20	4.89
Rates & Taxes	2.79	3.37
Royalty	10.68	8.39
Travel & Conveyance	21.45	18.77
Communication	5.55	4.42
Bad debts written off	-	5.66
Provision for doubtful debts and advances (written back)	10.83	(20.90)
Provision for Warranty expenses	2.60	0.98
Advertisement and sales promotion	1.36	7.36
Commission	(0.72)	0.10
Legal and professional fees	8.72	7.64
Freight outward	16.53	16.06
Dimunation in value of Investment	0.09	0.46
Auditors Remuneration	1.99	1.87
Miscellaneous Expenses	34.90	31.97
Foreign exchange loss	5.80	-
Total	438.98	338.57

27. TRADE RECEIVABLES			
Trade receivables include the following amount due from a subsidiary Company:			
Name of the Company	Maximum Balance	As at 31.03.12	As at 31.03.11
Mavag AG	26.28	26.23	3.00

28. LOANS AND ADVANCES			
a. Advances to subsidiaries			
Name of the Company	Maximum Balance	As at 31.03.12	As at 31.03.11
Karamsad Investments	6.50	-	6.50
GMM Mavag AG	3.26	3.26	-
b. Deposits include earnest deposit of ₹ 1.0 million (previous year ₹ 1.0 million) paid to Skyline Millars Limited and ₹ 10.70 million (previous year ₹ 10.70 million) 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.			

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	As at 31.03.12 ₹ in Millions	As at 31.03.11 ₹ in Millions
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29. CURRENT LIABILITIES

Disclosure of trade payable 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, 2012 to Micro, Small and Medium Enterprises on account of principal amount together with interest, aggregate to ₹ 35 (previous - ₹ 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.

30. PROVISIONS

(₹ in Millions)

	Current Year		Previous Year	
	Warranty	Compensated absences	Warranty	Compensated absences
At Beginning of the year	6.63	5.76	7.93	4.86
Add: Provision made during the year	3.31	4.37	0.91	3.74
	9.94	10.13	8.84	8.60
Less: Utilised during the year	0.69	3.81	2.21	2.84
At the end of the year	9.25	6.31	6.63	5.76

31. OPERATING LEASE

The Company's significant leasing arrangements are in respect of operating leases for factory shed/premises and guest house. These lease agreements, which are not non-cancellable, range up to 36 months from the end of the current financial year and are usually renewable by mutual consent on mutually agreeable terms.

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

(₹ in Millions)

	As at 31.03.12	As at 31.03.11
Payable within one year	4.97	6.71
Payable later than one year and not later than five year	2.25	7.22

32. CONTINGENT LIABILITIES AND COMMITMENTS

(₹ in Millions)

	As at 31.03.12	As at 31.03.11
1) <u>Contingent Liabilities</u>		
a) Claim against the Company not acknowledged as debts		
i) Dispute relating to Cenvat	5.28	4.17
ii) Dispute relating to tax demand	0.49	0.49
b) Guarantee issued by bank	212.79	188.87
c) Other Contingent Liability	-	-
2) <u>Commitments</u>		
a) Estimated amount of contracts remaining to be executed on	9.89	31.39

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

33. INVENTORIES

(₹ in Millions)

Items	Units	As at 31.03.12		As at 31.03.11	
		Qty	Value	Qty	Value
1. Enameled acid & alkali and chemical equipment	"Litres (in '000)"	45	13.62	-	-
2. Mild steel and stainless steel equipment	MT	60	11.03	57	11.27
3. Fusion seamed products and Isostatic moulded products					
- Carbon steel PTFE pipes	Meters	-	-	-	-
- Dip pipes and sparger	Nos.	-	-	-	-
4. Others			4.60		1.93
Total			29.25		13.20

34. SALES

(₹ in Millions)

Items	Units	As at 31.03.12		As at 31.03.11	
		Qty	Value	Qty	Value
1. Enameled acid & alkali and chemical equipment	"Litres (in '000)"	4,658	1,041.42	4,227	887.42
2. Mild steel and stainless steel equipment	MT	511	789.36	591	422.70
3. Fusion seamed products and Isostatic moulded products					
- Carbon steel PTFE pipes	Meters	-	-	-	-
- Dip pipes and sparger	Nos.	7	0.52	24	1.70
4. Others			186.83		128.39
Total			2,018.13		1,440.21

35. RAW MATERIALS AND COMPONENTS CONSUMED

(₹ in Millions)

Items	Units	As at 31.03.12		As at 31.03.11	
		Qty	Value	Qty	Value
Mild Steel	MT	5,797	353.76	6,265	339.76
Stainless Steel, Brass and Copper	MT	511	108.45	591	104.72
Pipes	Meters	280,383	92.15	94,334	44.57
Teflon Powder	KG	7,865	9.45	8,364	4.96
Motors. Gears. Mechanical Seals	No	3,558	147.77	3,194	116.96
Others			466.74		288.39
Total			1,178.32		899.36

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

(₹ in Millions)

Items	Year ended 31.03.12		Year ended 31.03.11	
	Percent	Value	Percent	Value
Raw materials (including components)				
- Imported (at landed cost)	6	63.43	3	22.46
- Indigenous	94	1,006.75	97	805.95
	100	1,070.18	100	828.41
Stores and spare parts				
- Imported (at landed cost)	-	0.40	-	0.25
- Indigenous	100	107.74	100	70.70
	100	108.14	100	70.95

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	As at 31.03.12 ₹ in Millions	As at 31.03.11 ₹ in Millions
37. VALUE OF IMPORTS ON CIF BASIS		
Raw material and components	123.15	55.35
Stores and spares	8.55	0.89
	<u>131.70</u>	<u>56.24</u>
38. EXPENDITURE IN FOREIGN CURRENCY		
Royalty	10.68	8.39
Foreign travel	3.83	3.57
Technical Servcies, Consultancy, Commission, etc	4.10	6.29
	<u>18.61</u>	<u>18.25</u>
39 DIVIDEND REMITTED IN FOREIGN CURRENCY		
4th Interim Dividend for 2010-11 on 74,54,400 Shares of ₹ 2/- each.	5.22	
1st Interim Dividend for 2011-12 on 74,54,400 Shares of ₹ 2/- each.	5.22	
2nd Interim Dividend for 2011-12 on 74,54,400 Shares of ₹ 2/- each.	5.22	
3rd Interim Dividend for 2011-12 on 74,54,400 Shares of ₹ 2/- each.	5.22	
4th Interim Dividend for 2009-10 on 74,54,400 Shares of ₹ 2/- each.		5.22
1st Interim Dividend for 2010-11 on 74,54,400 Shares of ₹ 2/- each.		5.22
2nd Interim Dividend for 2010-11 on 74,54,400 Shares of ₹ 2/- each.		5.22
3rd Interim Dividend for 2010-11 on 74,54,400 Shares of ₹ 2/- each.		5.22
Number of (non-resident) shareholders	1	1
40. EARNINGS IN FOREIGN CURRENCY		
FOB value exports	154.38	34.32
Commission	8.47	5.94
	<u>162.85</u>	<u>40.26</u>
41. AUDITORS REMUNERATION		
Audit fees	1.10	1.00
Tax audit fees	0.13	0.13
Other services		
– Certification	0.50	0.50
– Consultation and management services	0.15	0.18
Reimbursement of out-of-pocket expenses	0.11	0.06
	<u>1.99</u>	<u>1.87</u>

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	As at 31.03.12 ₹ in Millions	As at 31.03.11 ₹ in Millions
42. EMPLOYEE BENEFITS		
The amounts recognised in the Company's financial statements as at the year end are as under:		
Gratuity:		
a. Assumptions :		
Discount Rate	8.3%	8.5%
Rate of Return on Plan Assets	8.3%	8.5%
Salary Escalation	6.0%	6.0%
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	38.51	37.55
Interest cost	3.18	3.19
Current service cost	3.00	2.30
Benefit paid	(2.55)	(2.07)
Actuarial (gain)/loss on obligations	5.31	(2.46)
Liability at the end of the year	47.45	38.51
c. Change in Plan Assets:		
Fair value of Plan Assets at the beginning of the year	43.35	39.54
Expected Return on Plan Assets	3.58	3.36
Contributions	-	2.12
Benefit Paid	(2.55)	(2.07)
Actuarial gain / (loss) on Plan Assets	0.34	0.41
Fair value of Plan Assets at the end of the year	44.72	43.35
Total Actuarial Gain / (Loss) to be recognised	(4.97)	2.87
d. Actual Return on Plan Assets:		
Expected Return on Plan Assets	3.58	3.36
Actuarial gain / (loss) on Plan Assets	0.34	0.41
Actual Return on Plan Assets	3.92	3.77
e. Amount Recognised in the Balance Sheet:		
Liability at the end of the year	47.44	38.51
Fair value of Plan Assets at the end of the year	44.72	43.35
Difference	(2.73)	4.85
Amount Recognised in the Balance Sheet	(2.73)	4.85
f. Expenses Recognised in the Income Statement:		
Current Service cost	3.00	2.30
Interest Cost	3.18	3.19
Expected return on Plan Assets	(3.58)	(3.36)
Net Actuarial (gain) / loss to be recognised	4.97	(2.87)
Expense Recognised in Profit & Loss	7.58	(0.75)
g. Balance Sheet Reconciliation:		
Opening Net Liability	(4.85)	(1.99)
Expenses as above	7.58	(0.75)
Employers Contribution	-	(2.12)
Amount Recognised in Balance Sheet	2.73	(4.85)
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.		

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	Year Ended 31.03.12 ₹ in Millions	Year Ended 31.03.11 ₹ in Millions
43. BASIC AND DILUTED EARNING PER SHARE		
a) Net profit for the year available to equity shareholders after Prior Period Tax Adjustment in ₹ '000'	91.41	110.18
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 (₹)	6.25	7.54

44. RELATED PARTY DISCLOSURES
(I) List of Related parties
<p>(a) Parties where control exists:</p> <p>(i) Ultimate Holding Company: : Robbins & Myers Inc.</p> <p>(ii) Holding Company: : Pfaudler Inc.</p> <p>(iii) Subsidiary Companies: : Karamsad Holdings Ltd. Karamsad Investments Ltd. GMM Mavag AG Mavag AG</p> <p>(b) Related parties with whom transactions have taken place during the year:</p> <p>(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</p> <p>(ii) Key management personnel : Mr. Ashok J. Patel – Managing Director Mr. Tarak A. Patel – Executive Director Mr. Ashok C. Pillai – Chief Operating Officer</p> <p>(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)</p> <p>(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.</p>

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

44. RELATED PARTY DISCLOSURES (Continued)

(II) Transactions with related parties

Transaction	(₹ in Millions)													
	Ultimate Holding Company		Holding Company		Subsidiary Companies		Fellow Subsidiaries		Key Mgmt. Personnel		Relative of Key Mgmt. Personnel		Other Related Parties	
	31.03.12	31.03.11	31.03.12	31.03.11	31.03.12	31.03.11	31.03.12	31.03.11	31.03.12	31.03.11	31.03.12	31.03.11	31.03.12	31.03.11
Purchase of goods	-	-	-	-	22.74	11.99	21.70	5.63	-	-	-	-	2.29	4.98
Sale of goods	-	-	-	-	49.64	4.94	6.16	5.85	-	-	-	-	-	-
Receiving of services	-	-	-	-	-	-	-	-	-	-	-	-	18.77	18.88
Royalty paid	-	-	10.68	9.15	-	-	-	-	-	-	-	-	-	-
Lease Rent paid	-	-	-	-	-	-	-	-	-	-	-	-	7.21	7.15
Remuneration paid	-	-	-	-	-	-	-	-	17.11	17.02	-	-	-	-
Interest received	-	-	-	-	-	0.69	-	-	0.40	0.60	-	-	-	-
Dividend paid	-	-	20.87	20.87	-	-	-	-	3.39	3.40	0.84	0.84	4.55	-
Dividend received	-	-	-	-	3.25	-	-	-	-	-	-	-	-	-
Advance given	-	-	-	-	2.46	0.80	-	-	-	-	-	-	-	-
Loan refund to company	-	-	-	-	6.50	5.85	-	-	0.30	-	-	-	-	-
Commission received on services provided	8.47	5.94	-	-	-	-	-	-	-	-	-	-	-	-
Reimbursement of expenses	-	-	-	-	-	-	-	0.75	-	-	-	-	-	-
Balance outstanding as on March 31, 2012														
Payables	-	-	23.37	19.51	0.14	2.30	10.36	1.71	-	6.39	-	0.21	3.74	2.70
Receivables	1.89	1.93	-	-	29.49	3.79	4.73	0.68	0.63	0.93	-	-	-	-
Deposit outstanding	-	-	-	-	-	6.50	-	-	-	-	-	-	11.66	11.66

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

Nature of transactions		Year ended 31.03.12 ₹ in Millions	Year ended 31.03.11 ₹ in Millions
Purchase of goods	Mavag AG	22.74	11.99
	Pfaudler Werke GMBH	21.40	4.67
	Skyline Millars Limited	2.29	-
	Glass Steel & parts Services	0.23	-
	Glass Lined Equip. Co. Ltd.	-	4.98
	Pfaudler Balfour Ltd.	0.66	-
Sale of goods	Mavag AG	49.64	4.94
	Pfaudler Werke GMBH	3.75	1.38
	Pfaudler Balfour Ltd.	-	3.32
	Suzhou Pfaudler Glasslined Equip. Co. Ltd.	2.40	1.15
Receiving Services	Ready Mix Concrete Ltd.	15.46	13.05
	Skyline Millars Ltd.	3.31	5.83
Lease rent paid	Skyline Millars Ltd.	4.18	4.61
	Ready Mix Concrete Ltd.	1.68	1.69
Royalty paid	Pfaudler Inc.	10.68	9.15
Remuneration paid	Mr. Ashok J. Patel	10.00	10.00
	Mr. Ashok Pillai	4.34	4.34
	Mr. Tarak A. Patel	2.78	2.68
Interest Received	GMM Mavag AG		0.69
Dividend Received	Karamsad Investments Ltd.	3.25	
Dividend paid	Pfaudler Inc.	20.87	20.87
	Mr. Ashok J. Patel	1.42	2.91
Commission on services provided	Robbins & Myers Inc.	8.47	5.94
Loan refund to company	Karamsad Investments Ltd.	6.50	5.85
Advance given	GMM Mavag AG	2.46	
Balances outstanding as on March 31, 2012			
Payables	Pfaudler Inc.	23.37	19.51
	Skyline Millars Limited	2.24	1.53
	Ready Mix Concrete Ltd.	1.49	
	Mr. Ashok J. Patel	-	6.26
	Mavag AG	0.14	2.30
	Pfaudler Werke GMBH	10.36	1.71
Receivables	Mavag AG	29.49	21.00
	Robines & Mayer	1.89	1.93
	Pfaudler Werke GMBH	3.75	-
	Suzhou Pfaudler Glasslined Equip. Co. Ltd.	0.97	0.68
Deposit outstanding	Ready Mix Concrete Ltd.	10.70	10.70
	Karamsad Investments Ltd.	-	6.50
	Skyline Millers Limited	0.96	0.96

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

45. SEGMENT REPORTING

(a) Primary segment reporting by business segment

(₹ in Millions)

Particulars	Chemical Processing Equipment		Mixing Systems		Filtration/Separation Equipment & Others		Total
Year Ended	31.03.12	31.03.11	31.03.12	31.03.11	31.03.12	31.03.11	31.03.11
Revenue :							
Total External Sales	1,666.38	1,220.17	199.63	110.54	152.12	109.50	1,440.21
Segment Results:							
Profit/(Loss) Before Tax and Interest	147.59	177.41	14.42	10.83	5.07	6.28	194.53
Unallocated Expense(Net)							23.43
Less:Interest							8.81
Profit/(Loss) Before Tax							162.29
Taxes							52.11
Net Profit After Tax							110.18
Segment Assets	993.76	1,048.86	75.35	68.83	94.00	75.19	1,192.89
Unallocated Assets							384.68
Total Assets							1,577.56
Segment Liabilities	421.38	432.77	54.78	38.70	48.47	39.55	511.03
Unallocated Liabilities							84.79
Total Liabilities							595.82
Capital Expenditure	74.83	28.30	-	-		-	28.30
Unallocated Capital Expenditure							12.85
Depreciation							31.96
Unallocated Depreciation	42.62	30.16	0.49	0.35	2.06	1.46	2.78

(b) Secondary segment reporting by Geographical Segment:

(₹ in Millions)

Particulars	Within India		Outside India		Total
Year Ended	31.03.12	31.03.11	31.03.12	31.03.11	31.03.11
Revenue	1,863.75	1,405.88	154.38	34.32	1,440.21

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"

46. HEDGING CONTRACTS

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

	As at 31.03.12 ₹ in Millions		As at 31.03.11 ₹ in Millions	
	Receivable	Payable	Receivable	Payable
US Dollar	0.69	0.01	-	0.58
Euro	0.10	0.17	0.08	0.27
GBP		0.02	-	0.01
CHF	0.04	0.01	-	-
JPY			-	85.49

47. Prior Year's Figures have been regrouped where necessary.

FIVE YEAR FINANCIAL HIGHLIGHTS

(₹ in Millions)

Description	2011-12	2010-11	2009-10	2008-09	2007-08
OPERATING RESULTS					
Income from Operations	2,018.13	1,440.21	1,544.78	1,466.81	1,420.06
Other Income	28.80	26.16	27.02	35.22	53.70
Profit before Depreciation, Interest & Tax	190.91	205.84	207.15	203.18	267.15
Interest	11.65	8.81	6.56	13.05	16.72
Depreciation	49.10	34.74	33.34	32.61	27.40
Profit before Tax	130.16	162.29	167.25	157.52	223.03
Profit after Tax	91.41	110.18	114.43	102.27	155.58
Dividends	40.93	40.93	40.93	40.93	40.93
Dividend per share (₹)	2.80	2.80	2.80	2.80	2.80
Earning per share (₹)	6.25	7.54	7.56	7.00	10.64
Book value per share (₹)	70.14	67.19	62.90	58.62	54.89
FINANCIAL SUMMARY					
ASSETS EMPLOYED					
Fixed Assets (net)	409.68	346.09	288.25	299.64	298.04
Investments	295.87	283.24	119.48	111.98	89.55
Net Working Capital	319.71	396.12	511.72	445.14	521.60
Total	1,025.26	1,025.45	919.45	856.76	909.19
FINANCED BY					
Share Capital	29.23	29.23	29.23	29.23	29.23
Reserves & Surplus	996.03	952.51	890.22	827.53	773.14
Loan Funds	-	43.71	-	-	106.82
Total	1,025.26	1,025.45	919.45	856.76	909.19

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, 2012 and the Consolidated Statement of Profit & Loss 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 Rs. 465,679 thousand as at March 31, 2012; the group's share of total revenues of Rs. 589,422 thousand and net cash inflows amounting to of Rs. 41,488 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, 2012;
 - (b) in the case of Consolidated Statement of Profit and Loss, 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, May 7, 2012

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2012

	Notes	As at 31.03.12 ₹ in Millions	As at 31.03.11 ₹ in Millions
I. EQUITY AND LIABILITIES			
Shareholders' funds			
Share Capital	3	29.23	29.23
Reserves and Surplus	4	1,114.57	1,016.02
		1,143.80	1,045.25
Non-current liabilities			
Deferred tax liabilities(Net)	5	57.46	41.82
Other Long term liabilities	6	0.29	0.29
		57.75	42.11
Current Liabilities			
Short-term borrowings	7	-	43.71
Trade payables	8	239.05	270.56
Other current liabilities	9	356.05	355.46
Short term provisions	10	35.37	19.04
		630.47	688.77
Total		1,832.02	1,776.13
II. ASSETS			
Non-current assets			
Goodwill on Consolidation		101.92	86.84
Fixed assets	11		
Tangible assets		398.92	315.25
Intangible assets		17.86	20.14
Capital work-in-progress		28.84	59.96
Intangible assets under Development		9.57	-
Non-current investments	12	34.36	29.18
Long term loans and advances	13	24.02	20.02
		513.57	444.55
Current assets			
Current investments	14	50.46	48.38
Inventories	15	639.83	731.04
Trade receivables	16	311.16	328.76
Cash and cash equivalents	17	172.21	71.04
Short term loans and advances	18	22.77	57.95
Other current assets	19	20.10	7.57
		1,216.53	1,244.74
Total		1,832.02	1,776.13
Summary of Significant Accounting Policies	1-2		

The accompanying Notes 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, May 7, 2012

For and on behalf of the Board

P. Krishnamurthy	Chairman
Ashok J. Patel	Managing Director
Darius C. Shroff	Director
Dr. S. Sivaram	Director
A. N. Mohanty	Financial Controller
Mittal Mehta	Company Secretary

Mumbai, May 7, 2012

CONSOLIDATED PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

	Notes	Year ended 31.03.12 ₹ in Millions	Year ended 31.03.11 ₹ in Millions
Income:			
Revenue from operations	20	2,673.76	2,061.54
Less : Excise duty		149.40	112.30
		2,524.36	1,949.24
Other Income	21	36.36	29.72
Total		2,560.72	1,978.96
Expenses:			
Cost of materials consumed	22	1,383.86	1,121.31
Change in inventories of finished goods and work-in-progress	23	42.20	(95.31)
Employee benefits expense	24	420.24	353.18
Finance costs	25	11.65	8.87
Depreciation	11	63.75	42.63
Other expenses	26	498.29	373.84
Total		2,419.99	1,804.52
Profit before exceptional and extraordinary items and tax		140.73	174.44
Exceptional items		-	-
Profit before extraordinary items and tax		140.73	174.44
Extraordinary items		-	-
Profit before tax		140.73	174.44
Tax expenses:			
Current tax		26.67	49.82
Deferred tax		14.72	3.28
Profit/(Loss) for the year from continuing operations (after tax)		99.34	121.34
Profit/(Loss) before tax from discontinuing operations		-	-
Tax expenses of discontinuing operations		-	-
Profit/(Loss) from discontinuing operations (after tax)		-	-
Profit/(Loss) for the year		99.34	121.34
Earnings per equity share:			
Basic		6.80	8.30
Diluted		6.80	8.30

The accompanying Notes form an integral part of the Profit and Loss Statement.

As per our report attached.

For and on behalf of
KALYANIWALLA & MISTRY
Chartered Accountants

Vinayak M. Padwal
Partner

M. No. F 49639

Mumbai, May 7, 2012

For and on behalf of the Board

P. Krishnamurthy	Chairman
Ashok J. Patel	Managing Director
Darius C. Shroff	Director
Dr. S. Sivaram	Director
A. N. Mohanty	Financial Controller
Mittal Mehta	Company Secretary

Mumbai, May 7, 2012

STATEMENT OF CONSOLIDATED CASH FLOW FOR THE YEAR ENDED MARCH 31, 2012

	Year ended 31.03.12 ₹ in Millions	Year ended 31.03.11 ₹ in Millions
CASH FLOW FROM OPERATING ACTIVITIES		
Profit/ (Loss) before taxation from continuing operations	140.73	174.44
Profit/ (Loss) before taxation	140.73	174.44
Adjustments to reconcile profit before tax to cash provided by operations		
Depreciation	63.75	43.33
Net (gain) / loss on sale of fixed assets	-	(0.01)
Net (gain) / loss on sale of Current Investment	0.02	(0.14)
Net (gain) / loss on sale of Non-Current Investment	(11.64)	(3.70)
Interest income	(2.77)	(1.45)
Interest expense	11.65	8.12
Dividend Income	(3.23)	(3.38)
Provision for doubtful debts, liquidated damages and advances	16.51	(24.35)
Provision for diminution in value of current investments	0.09	0.46
Unrealised foreign exchange fluctuation loss/(gain)	11.00	6.64
Excess write back	-	(4.51)
Operating profit before working capital changes	226.11	195.45
Adjustments for :		
Increase/ (Decrease) in Inventories	109.24	(139.11)
Increase/ (Decrease) in Trade and other receivables	17.73	175.50
Increase/ (Decrease) in Trade payables and other liabilities	(11.14)	107.65
Cash generated from operations	341.94	339.49
Direct Taxes paid	(22.51)	(59.20)
Net cash from/ (used in) operating activities	319.43	280.29
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets, including intangible assets	(116.16)	(124.60)
Proceeds from sale of fixed assets	0.55	0.80
Purchase of current investments	(25.57)	(3.90)
Purchase of non-current investments	6.98	(164.09)
Proceeds from sale of investments	19.78	11.22
Proceeds from sale of non investments	3.82	-
Interest received	2.77	1.45
Dividend received	3.23	3.38
Net cash from/ (used in) investing activities	(104.60)	(275.74)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from borrowings	-	43.71
Repayment of borrowings	(53.83)	(6.10)
Interest paid	(11.65)	(8.12)
Dividend paid	(40.70)	(40.73)
Tax on distributed profits	(7.48)	(6.96)
Net cash (used in)/from financing activities	(113.66)	(18.20)
NET INCREASE / (DECREASE) IN CASH & CASH EQUIVALENTS	101.17	(13.65)
Cash and Cash equivalents, beginning of the year	71.04	84.69
Cash and Cash equivalents, end of the year	172.21	71.04
Note: 1. Cash and Cash equivalents as per Balance Sheet:		
Cash on hand	2.58	0.89
Balances with banks	169.63	70.15
Total	172.21	71.04
2. The company has been sanctioned credit facilities for working capital of Rs.200 million, of which facilities utilised as on March 31, 2012 were Rs. Nil.		

As per our report attached.

For and on behalf of
KALYANIWALLA & MISTRY
Chartered Accountants

Vinayak M. Padwal
Partner

M. No. F 49639

Mumbai, May 7, 2012

For and on behalf of the Board

P. Krishnamurthy
Ashok J. Patel
Darius C. Shroff
Dr. S. Sivaram
A. N. Mohanty
Mittal Mehta

Chairman
Managing Director
Director
Director
Financial Controller
Company Secretary

Mumbai, May 7, 2012

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

1. BASIS OF CONSOLIDATION:

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

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.

The subsidiary companies considered in the consolidated financial statements are:

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

The financial statements of the subsidiary companies used in the consolidation are drawn up to the same reporting date as of the Holding Company i.e. year ended March 31, 2012.

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, 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 in compliance with 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

- Investments are classified into long term and current investments.
- 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.
- 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	As at 31.03.12 ₹ in Millions	As at 31.03.11 ₹ in Millions
3. SHARE CAPITAL		
Authorised		
25,000,000 (PY 25,000,000) Equity shares of ₹ 2/- each	50.00	50.00
Issued, Subscribed and Paid-up		
14,617,500 (PY 14,617,500) Equity shares of ₹ 2/- each fully paid up	29.23	29.23
TOTAL	29.23	29.23
a) Reconciliation of equity shares outstanding at the beginning and end of the reporting year		
Equity Shares:	31.03.12	31.03.11
	In Number ₹ Millions	In Number ₹ in Millions
At the Beginning of the year	14,617,500 29.23	14,617,500 29.23
Issued during the year	- -	- -
Outstanding as at the end of the year	14,617,500 29.23	14,617,500 29.23
b) Terms/rights attached to equity shares		
The company has only one class of equity shares having a par value ₹ 2 per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.		
In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.		
c) Details of shareholders holding more than 5% shares in the company	31.03.12	31.03.11
	No. in '000' % holding	No. in '000' % holding
Pfudler Inc (Holding Company)	7.45 50.99%	7.45 50.99%
Skyline Millars Limited	1.63 11.12%	1.63 11.12%
4. RESERVES AND SURPLUS		
Capital Reserve	0.02	0.02
Cash Subsidy Reserve	0.70	0.69
Share Premium Account	149.28	149.28
Foreign Exchange Translation Reserve	93.63	46.00
General Reserve:		
Balance as per last Balance Sheet	176.64	165.62
Add: Transfer from Profit and Loss account	9.91	11.03
	186.55	176.65
Profit and Loss Account:		
Balance as per last Balance Sheet	643.38	580.94
Add/ (Less): Net Profit/(Loss) for the year	99.34	121.34
(Less): Interim Dividend	(30.70)	(40.93)
(Less): Final Dividend	(10.23)	
(Less): Tax on distributed profits	(7.48)	(6.95)
(Less): Transfer to General Reserve	(9.92)	(11.02)
	684.39	643.38
	1,114.57	1,016.02

	As at 31.03.12 ₹ in Millions	As at 31.03.11 ₹ in Millions
5. DEFERRED TAX LIABILITY (NET)		
Deferred Tax Liabilities		
Depreciation	60.12	41.97
Warranty Provision	6.18	5.27
Lease Assets	0.02	0.05
	66.32	47.29
Deferred Tax Assets		
Technical Know-how Fees	0.08	0.11
Provision for Doubtful Debts/ Advances	8.46	5.06
Provision for Diminution in Value of Investments	0.32	0.30
	8.86	5.47
Net Deferred Tax Liability	57.46	41.82
6. OTHER LONG TERM LIABILITIES		
Other Liabilities	0.29	0.29
	0.29	0.29
7. SHORT TERM BORROWINGS		
Secured loan		
From Banks:		
Buyers Credit	-	36.99
Cash Credit	-	6.72
	-	43.71
8. TRADE PAYABLES		
- Dues to Micro, Small and Medium Enterprises	0.55	0.05
- Dues to other Creditors	238.50	270.51
	239.05	270.56
9. OTHER CURRENT LIABILITIES		
Advances from customers	254.96	260.59
Investor Education and Protection Fund		
Unclaimed dividend	2.19	1.96
Unclaimed matured deposits	-	-
Other liabilities	98.90	82.68
Interim dividend payable	-	10.23
	356.05	355.46
10. SHORT TERM PROVISIONS		
Provision for unexpired warranty	14.15	11.54
Provision for final dividend	10.23	-
Provision for gratuity	2.73	-
Provision for income tax	0.21	-
Provision for leave encashment	6.31	5.76
Provision for tax on distributed profits	1.74	1.74
	35.37	19.04

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

NOTE 11

FIXED ASSETS

(₹ in Millions)

ASSETS		GROSS BLOCK			DEPRECIATION			NET BLOCK		
	As on 01.04.11	Additions	Deductions	As on 31.03.2012	Upto 01.04.2011	For the Year	On Deductions	Upto 31.03.12	As on 31.03.12	As on 31.03.11
Tangible Assets:										
Freehold land	2.32	-	-	2.32	-	-	-	-	2.32	2.32
Leasehold land	1.15	-	-	1.15	0.45	0.01	-	0.46	0.70	0.71
Lease improvement	10.92	-	-	10.92	4.64	1.96	-	6.61	4.32	6.28
Buildings	133.02	1.23	-	134.25	38.07	3.04	-	41.11	93.13	94.95
Plant & Machinery	482.19	132.72	-	614.91	303.65	45.13	-	348.79	266.12	178.53
Furniture & Fixtures	24.05	1.26	-	25.31	13.39	1.67	-	15.06	10.24	10.65
Vehicles	39.36	6.16	1.92	43.60	17.55	5.00	1.04	21.50	22.10	21.81
	693.01	141.37	1.92	832.45	377.75	56.81	1.04	433.53	398.92	315.25
Intangible Assets:										
Computer software	38.76	4.64	-	43.40	18.62	6.93		25.55	17.86	20.14
Total	731.77	146.01	1.92	875.85	396.37	63.75	1.04	459.08	416.78	335.39
Previous Year Total	655.53	77.98	1.74	731.77	354.46	42.63	0.72	396.37	335.40	
Assets under development										
Tangible									28.84	59.96
Intangible									9.57	-
									455.19	395.35

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

NOTE 12

NON CURRENT INVESTMENTS

₹ in Millions

	Face value	Number As At 31.03.12	Cost As At 31.03.12	Number As At 31.03.11	Cost As At 31.03.11
1. Non Current Investments (Fully paid)					
(a) Trade Investments (Valued at cost unless stated otherwise)					
Equity Instrument (Quoted)					
Abbott India Ltd.	10	100	0.01	100	0.01
BASF India Ltd. (merger of Ciba India with BASF)	10	276	0.01	276	0.01
Bayer Cropscience Ltd (formaly Bayer India)	10	50	0.00	50	0.00
Clarint Chemical India - (formaly Colour Chem Ltd.)	10	50	0.00	50	0.00
Dharamshi Morarji Chemicals Co. Ltd.	10	100	0.00	100	0.00
Excel Crop Care Ltd.	5	112	-	112	-
Excel Industries Ltd.	5	112	0.01	112	0.01
Futura Polyester Ltd. (formally Indian Organic Chemicals Ltd.)	10	100	0.00	100	0.00
Glaxo Smithkline Pharmaceuticals Ltd.	10	122	0.01	122	0.01
GHCL (formaly Gujarat Heavy Chemical Ltd.)	10	100	0.00	100	0.00
Hico Products Ltd.	10	625	0.01	625	0.01
IDI Ltd.	10	66	0.00	66	0.00
Innovssynth Investments Ltd (As per arrangement with Futura)	10	45	-	45	-
Kansai Nerolac Paints Ltd.	10	666	0.01	666	0.01
Nestle India Ltd.	10	93	0.01	93	0.01
Novartis (India) Ltd.	5	70	0.01	70	0.01
Piramal Healthcare Ltd (Formerly Nicholas Piramal India Ltd.)	2	399	-	390	-
Piramal Life Sciences Ltd	10	39	-	39	-
Piramal Glass Ltd (Formaly Gujarat Glass Ltd)	10	19	-	19	-
Peninsula Land Ltd.	2	1,040	0.00	1,040	0.00
Pfizer Ltd.	10	135	0.01	135	0.01
Shubh Shanti Services Ltd.	10	25	-	25	-
SI Group - India Ltd (Formly Herdillia Chemicals Ltd.)	10	50	0.01	50	0.01
Tata Chemicals Ltd.	10	161	0.01	161	0.01
United Phosphorus Ltd	2	7,500	0.41	7,500	0.41
Wyeth Ltd.	10	50	0.01	50	0.01
			0.52		0.52
(b) Other Investments					
Equity Shares (Quoted)					
Skyline Millars Ltd (Formerly Millars India Ltd.)	1	1,406,000	1.93	1,406,000	1.93
(a company under the same management)		-	-		
Nile Ltd.	10	406,353	20.04	528,296	26.71
			21.97		28.65
(d) Government Security (Unquoted)					
Indian Railway Finance Corp.	1000	4,350	4.35		
			4.35		
(e) Deposit with Bank					
Kotak Mahindra bank			7.50		-
			7.50		-
(e) Shares in Co-operative Societies (Unquoted)					
Karamsad Urban Co-op. Bank Ltd.	10	1,200	0.01	1,200	0.01
Charotar Gas Sahakari Mandli Ltd	500	10	0.01	10	0.01
			0.02		0.02
Total Investments			34.36		29.18
Note :					
Aggregate book value of investments					
Quoted			22.49		29.16
Unquoted			11.87		0.02
			34.36		29.18
Market value of quoted investments			59.22		40.78

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	As at 31.03.12 ₹ in Millions	As at 31.03.11 ₹ in Millions
13. LONG TERM LOANS AND ADVANCES		
(Unsecured and considered good)		
Capital Advances	3.39	-
Deposits	20.54	20.02
Advance payment of taxes	0.09	-
	24.02	20.02

14. CURRENT INVESTMENTS					
	Face	Number	Cost	Number	Cost
	value	As At	As At	As At	As At
	Rupees	31.03.2012	31.03.2012	31.03.2011	31.03.2011
Mutual Funds		(₹ in Millions)		(₹ in Millions)	
Unquoted					
HSBC Income Fund Short Term Dividend	10	111,287	1.21	316,603	3.41
23 ICICI Prudential short term Plan- Dividend Reinvest	10	366,984	4.06	470,173	5.16
DSMPL Short Term Fund Monthly- Dividend	10	352,642	3.75	511,557	5.43
Birla Sun Life MIP II-Savings 5 Plan -Monthly Dividend -Payout	10	-	-	1,101,863	12.55
Reliance MIP-Monthly Dividend Plan	10	1,512,836	17.05	1,512,836	17.05
HSBC Equity Fund -Growth	10	37,825	3.80	13,014	1.40
Pru ICICI Dynamic Plan	10	29,156	3.00	13,607	1.50
DSPBR Equity Fund	10	183,986	3.00	59,171	1.00
Pru ICICI FMP Series 55-6M Plan A Dividend	10	-	-	155,000	1.55
IDFCMoney Manager Fund- treasury Plan A-Daily Dividend	10	118,553	1.19	22,016	0.22
Templeton Short Term Income Plan - Monthly Dividend Reinvestment	10	11,335	12.86	-	-
Templeton India Low Duration Fund - Monthly Dividend Reinvestment	10	147,254	1.53	-	-
			51.45		49.27
Provision for diminution in value of Investments			(0.99)		(0.90)
			50.46		48.38
Aggregate book value of investments					
Unquoted			51.45		49.27

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	As at 31.03.12 ₹ in Millions	As at 31.03.11 ₹ in Millions
15. INVENTORIES (at lower of cost and or realisable value)		
Raw materials	228.29	285.35
Work-in-progress	358.17	406.45
Finished goods	29.25	13.20
Stores and spares	24.12	26.04
	639.83	731.04
16. TRADE RECEIVABLES (Unsecured and considered good)		
Outstanding for a period over six months		
Considered good	16.19	4.16
Considered doubtful	27.54	16.17
	43.73	20.33
Other debts		
Considered good	294.97	324.61
Considered doubtful	13.08	7.75
	308.05	332.36
Less : Provision for doubtful debts	40.62	23.93
	311.16	328.76
17. CASH AND CASH EQUIVALENT		
Cash and stamps in hand	2.58	0.89
Balances with scheduled banks		
- In current accounts	127.46	70.15
- In dividend accounts	2.19	-
- In deposit accounts	39.98	-
	172.21	71.04
18. SHORT TERM LOANS AND ADVANCES (Unsecured and considered good)		
Advances recoverable in cash or in kind or for value to be received	19.69	44.86
Deposits	0.78	0.89
Balance with central excise authorities	4.20	10.08
Advance payment of taxes	-	4.03
(Net of provision for tax Rs. 119,475 thousand)		
Prov. for Doubtful Advances	(1.90)	(1.90)
	22.77	57.95
19. OTHER CURRENT ASSETS		
Interest Receivable	0.15	0.05
Outstanding Income	1.09	1.14
Receivable Sales Commission	1.90	1.93
Sales Tax claim Receivable	1.58	0.34
Prepaid Expenses	6.64	4.11
Other current asset	8.74	-
	20.10	7.57

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	As at 31.03.12 ₹ in Millions	As at 31.03.11 ₹ in Millions
20. REVENUE FROM OPERATIONS		
Revenue from Sale of Products	2,620.73	2,027.21
Other Operating Revenues	53.03	34.33
Less: Excise Duty	149.40	112.30
Total	2,524.36	1,949.24
21. OTHER INCOME		
Interest Income (Gross)		
- Govt. Securities	-	-
- Deposits with banks	1.09	0.35
- Others	1.82	1.31
Dividend Income		
- Non-Current Investments	0.45	-
- Current Investments	3.23	3.63
Net Gain/ (Loss) on Sale of Investments		
- Non-Current Investments	11.64	-
- Current Investments	(0.02)	3.84
Other non-operating income		
- Bad Debts Recovered	0.24	1.69
- Profit on sale of Fixed Assets	-	0.01
- Miscellaneous Income	17.91	12.86
Foreign exchange gain	-	6.03
Total	36.36	29.72
22. COST OF MATERIALS CONSUMED		
Opening Stock of Raw Material	294.07	236.64
Add: Purchases during the year	1,323.24	1,178.74
	1,617.31	1,415.38
Less: Closing stock of Raw Material	233.45	294.07
Total	1,383.86	1,121.31
23. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE		
(Increase)/ Decrease in inventory of Finished Goods	(19.45)	(6.65)
(Increase)/ Decrease in inventory of Work-in-progress	61.65	(88.66)
Total	42.20	(95.31)
24. EMPLOYEE BENEFITS EXPENSE		
Wages	235.78	196.91
Contribution to Provident and Other Funds	-	-
- On behalf of employees	36.53	27.95
Salaries	119.70	1,02.52
Contribution to Provident and Other Funds	-	-
- On behalf of employees	12.32	9.43
Staff Welfare Expenses	15.91	16.37
Total	420.24	3,53.18

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	As at 31.03.12 ₹ in Millions	As at 31.03.11 ₹ in Millions
25. FINANCE COSTS		
Interest Expense	5.43	3.61
Other financial Charges	6.22	5.26
Total	11.65	8.87

26. OTHER EXPENSES		
Labour Charges Paid to Subcontractors	189.07	141.44
Power & Fuel	111.47	85.46
Repairs to Machinery	22.88	22.77
Repairs to Buildings	2.52	2.27
Repairs - Others	2.44	1.78
Rent	18.21	16.07
Insurance	6.76	6.26
Rates & Taxes	2.79	3.37
Royalty	10.68	8.39
Travel & Conveyance	29.25	24.69
Communication	6.60	5.86
Bad debts written off	-	5.66
Provision for doubtful debts and advances (written back)	12.92	(25.41)
Provision for Warranty expenses	2.61	0.98
Advertisement and sales promotion	3.19	7.81
Commission	(0.72)	0.10
Legal and professional fees	11.93	8.55
Freight outward	16.53	16.06
Dimunation in value of Investment	0.09	0.46
Auditors Remuneration (As per details below)	3.35	3.23
Miscellaneous Expenses	43.89	38.04
Foreign exchange loss	1.83	-
Total	498.29	373.84

27. LOANS AND ADVANCES
a. 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.

	Current Year		Previous Year	
	Warranty	Compensated absences	Warranty	Compensated absences
At Beginning of the year	11.54	5.76	12.16	4.86
Add: Provision made during the year	3.30	4.37	1.59	3.74
	14.84	10.13	13.75	8.60
Less: Utilised during the year	0.69	3.82	2.21	2.84
At the end of the year	14.15	6.31	11.54	5.76

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	As at 31.03.12 ₹ in Millions	As at 31.03.11 ₹ in Millions
29. OPERATING LEASE		
<p>The Company's significant leasing arrangements are in respect of operating leases for factory shed/premises and guest house. These lease agreements, which are not non-cancellable, range up to 36 months from the end of the current financial year and are usually renewable by mutual consent on mutually agreeable terms.</p> <p>The total future minimum lease payments under non-cancelable operating lease are as under:</p>		
	(₹ in Millions)	
	As at 31.03.12	As at 31.03.11
Payable within one year	23.13	15.32
Payable later than one year and not later than five year	20.41	15.83
30. CONTINGENT LIABILITIES AND COMMITMENTS		
	(₹ in Millions)	
	As at 31.03.12	As at 31.03.11
1) <u>Contingent Liabilities</u>		
a) Claim against the Company not acknowledged as debts		
i) Dispute relating to Cenvat	5.28	4.17
ii) Dispute relating to tax demand	0.49	0.49
b) Guarantee issued by bank	212.79	188.87
c) Other Contingent Liability		
2) <u>Commitments</u>		
a) Estimated amount of contracts remaining to be executed on	9.89	31.39
31. EMPLOYEE BENEFITS		
<p>The amounts recognised in the Company's financial statements as at the year end are as under:</p> <p>Gratuity:</p>		
	(₹ in Millions)	
	As at 31.03.12	As at 31.03.11
a. Assumptions :		
Discount Rate	8.3%	8.5%
Rate of Return on Plan Assets	8.3%	8.5%
Salary Escalation	6.0%	6.0%
Mortality	LIC 1994-96	LIC 1994-96
	Ultimate Table	Ultimate Table
b. Table showing changes in Benefit Obligation:		
Liability at the beginning of the year	38.50	37.55
Interest cost	3.18	3.19
Current service cost	3.00	2.29
Benefit paid	(2.55)	(2.07)
Actuarial (gain)/loss on obligations	5.31	(2.46)
Liability at the end of the year	47.44	38.50

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	As at 31.03.12 ₹ in Millions	As at 31.03.11 ₹ in Millions
c. Change in Plan Assets:		
Fair value of Plan Assets at the beginning of the year	43.35	39.54
Expected Return on Plan Assets	3.58	3.36
Contributions	-	2.12
Benefit Paid	(2.55)	(2.07)
Actuarial gain / (loss) on Plan Assets	0.34	0.41
Fair value of Plan Assets at the end of the year	44.72	43.35
Total Actuarial Gain / (Loss) to be recognised	(4.97)	2.87
d. Actual Return on Plan Assets:		
Expected Return on Plan Assets	3.58	3.36
Actuarial gain / (loss) on Plan Assets	0.34	0.41
Actual Return on Plan Assets	3.92	3.77
e. Amount Recognised in the Balance Sheet:		
Liability at the end of the year	47.44	38.50
Fair value of Plan Assets at the end of the year	44.72	43.35
Difference	(2.72)	4.85
Amount Recognised in the Balance Sheet	(2.72)	4.85
f. Expenses Recognised in the Income Statement:		
Current Service cost	3.00	2.29
Interest Cost	3.18	3.19
Expected return on Plan Assets	(3.58)	(3.36)
Net Actuarial (gain) / loss to be recognised	4.97	(2.87)
Expense Recognised in Profit & Loss	7.58	(0.75)
g. Balance Sheet Reconciliation:		
Opening Net Liability	(4.85)	(1.99)
Expenses as above	7.57	(0.75)
Employers Contribution	-	(2.11)
Amount Recognised in Balance Sheet	2.72	(4.85)
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.		

32. BASIC AND DILUTED EARNING PER SHARE

a) Net profit for the year available to equity shareholders after Prior Period Tax Adjustment in ₹ in Millions	99.34	121.34
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 (₹)	6.80	8.30

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

33. 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. |

(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. |

33. RELATED PARTY DISCLOSURES (Continued)

(II) Transactions with related parties

(₹ in Millions)

Transaction	Ultimate Holding Company	Holding Company	Fellow Subsidiaries	Key Mgmt. Personnel	Relative of Key Mgmt. Personnel	Other Related Parties
	31.03.12	31.03.11	31.03.12	31.03.11	31.03.12	31.03.11
Purchase of goods	-	-	21.69	-	-	2.29
Sale of goods	-	-	6.16	-	-	-
Receiving of services	-	-	-	-	-	18.88
Royalty paid	-	10.68	-	-	-	-
Lease Rent paid	-	-	-	-	-	7.15
Remuneration paid	-	-	-	17.11	-	-
Interest received	-	-	-	0.40	-	-
Dividend paid	-	20.87	-	3.39	0.84	4.55
Loan refund	-	-	-	0.30	-	-
Commission received on services provided	8.46	5.94	-	-	-	-
Reimbursement of expenses	-	-	0.75	-	-	-
Balance outstanding as on March 31, 2012						
Payables	-	23.37	10.36	-	0.20	3.74
Receivables	1.89	1.92	4.73	0.62	0.92	-
Deposit outstanding	-	-	-	-	-	11.66

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

Nature of transactions		Year ended 31.03.12 ₹ in Millions	Year ended 31.03.11 ₹ in Millions
Purchase of goods	Pfaudler Werke GMBH	21.40	4.66
	Skyline Millars Limited	2.29	-
	Glass Steel Parts and Services	0.23	-
	Glass Lined Equip. Co. Ltd.	-	4.98
	Pfaudler Balfour Ltd.	0.66	-
Sale of goods	Pfaudler Werke GMBH	3.75	1.38
	Pfaudler Balfour Ltd.	-	3.32
	Suzhou Pfaudler Glass Lined Equipment Co. Ltd.	2.40	1.15
Receiving Services	Ready Mix Concrete Ltd.	15.46	13.05
	Skyline Millars Ltd.	3.31	5.83
Lease rent paid	Skyline Millars Ltd.	4.18	4.61
	Ready Mix Concrete Ltd.	1.68	1.69
Royalty paid	Pfaudler Inc.	10.68	9.15
Remuneration paid	Mr. Ashok J. Patel	10.00	10.00
	Mr. Ashok Pillai	4.33	4.34
	Mr. Tarak A. Patel	2.78	2.68
Dividend paid	Pfaudler Inc.	20.87	20.87
	Mr. Ashok J. Patel	1.42	2.91
Commission on services provided	Robbins & Myers Inc.	8.46	5.94
Balances outstanding as on March 31, 2012			
Payables	Pfaudler Inc.	23.37	19.51
	Skyline Millars Limited	2.24	1.53
	Ready Mix Concrete Ltd.	1.48	-
	Mr. Ashok J. Patel	-	6.26
	Pfaudler Werke GMBH	10.36	1.71
Receivables	Robines & Mayer	1.89	-
	Pfaudler Werke GMBH	3.75	-
	Suzhou Pfaudler Glass Lined Equipment Co. Ltd.	0.97	-
	Ashok Pillai	0.62	-
Deposit outstanding	Ready Mix Concrete Ltd.	10.70	10.70
	Skyline Millars Limited	0.96	0.96

34. SEGMENT REPORTING

(a) Primary segment reporting by business segment

(₹ in Millions)

Particulars	Chemical Processing Equipment		Mixing Systems		Filtration/Separation Equipment & Others		Total
Year Ended	31.03.12	31.03.11	31.03.12	31.03.11	31.03.12	31.03.11	31.03.11
Revenue :							
Total External Sales	1,666.38	1,220.17	199.63	1,10.54	658.35	618.54	1,949.24
Segment Results:							
Profit/(Loss) Before Tax and Interest	147.59	177.41	14.42	10.83	9.32	15.00	203.24
Unallocated Expense(Net)							
Less:Interest							19.93
Profit/(Loss) Before Tax							8.87
Taxes							174.44
Net Profit After Tax							53.10
Segment Assets	993.76	1,058.75	75.35	69.05	414.69	320.31	1,448.12
Unallocated Assets							121.34
Total Assets							1,483.80
Segment Liabilities	421.38	432.77	54.77	38.70	139.78	164.13	327.73
Unallocated Liabilities							1,775.84
Total Liabilities							635.60
Capital Expenditure	74.83	28.30	-	-	11.22	37.07	94.99
Unallocated Capital Expenditure							730.60
Depreciation	42.62	30.16	0.49	0.35	16.71	8.85	65.37
Unallocated Depreciation							12.69
							39.35
							3.98

(b) Secondary segment reporting by Geographical Segment:

(₹ in Millions)

Particulars	Within India		Outside India		Total
Year Ended	31.03.12	31.03.11	31.03.12	31.03.11	31.03.11
Revenue	1,863.75	1,405.88	660.61	543.36	1,949.24

Notes:

- 1) The Business segments have been identified in line with the Accounting Standard 17 on "Segment Reporting", taking into account the nature of product, the nature of manufacturing process, the class of customers, the organization structure and the internal financial reporting system.
- 2) Segment revenue, results, assets and liabilities include amounts that are directly attributable to the respective segments. Amounts not directly attributable have been allocated to the segments on the best judgment of the management in the absence of detailed internal financial reporting system. Expenses not directly allocable to the segments are treated as "Unallocated Expenses"

35. HEDGING CONTRACTS

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

	As at 31.03.12 ₹ in Millions		As at 31.03.11 ₹ in Millions	
	Receivable	Payable	Receivable	Payable
US Dollar	0.69	0.14	-	0.58
Euro	0.93	0.16	0.84	0.26
GBP	-	0.21	-	0.9
CHF	0.40	0.11	-	0.4
JPY	-	-	-	85.49

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

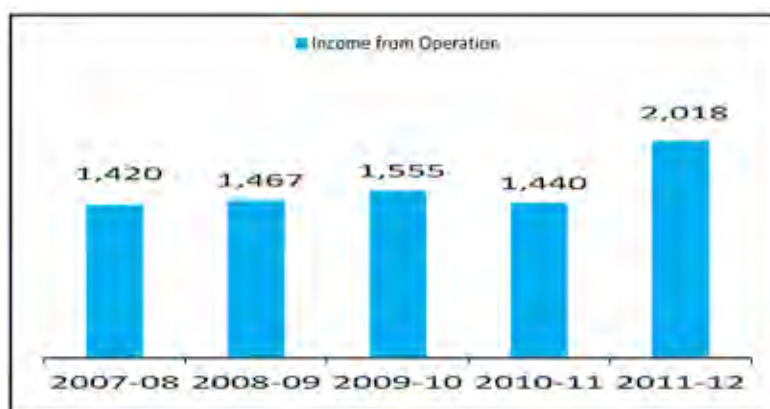
(₹ in Millions)

Name of the Subsidiary Company		Karamsad Holdings Ltd.	Karamsad Investments Ltd.	GMM MAVAG AG	MAVAG AG
Financial Year ended on		31.03.2012	31.03.2012	31.03.2012	31.03.2012
1	Capital	3.50	2.60	288.30	86.49
2	Reserves	0.74	6.57	-3.19	139.95
3	Total Assets	4.26	9.33	288.89	349.58
4	Total Liabilities	0.16	0.16	3.79	123.13
5	Details of Investment				
	– 153624 Equity Shares of Rs.10/- each fully paid up in Nile Limited	-	8.94	-	-
	– 5000 Equity Shares of CHF 1000 each fully paid up in Mavag AG	-	-	288.30	-
6	Turnover	0.14	9.58	0	607.10
7	Profit / (Loss) before taxation	0.80	9.49	-2.71	7.17
8	Provision for taxation	0.15	1.79		0.87
9	Profit after taxation	0.65	7.69	-2.71	8.04
10	Proposed / Interim Dividend	Nil	Nil	Nil	Nil
	Exchange Rate Used	NA	NA	57.66	57.66
	Local Currency	INR	INR	CHF	CHF

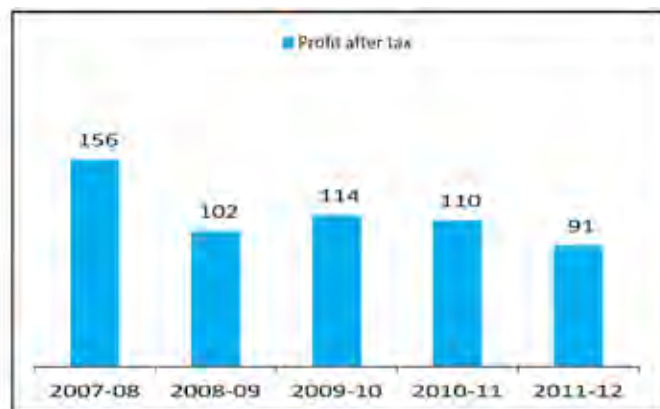
Note: The indian rupee equivalents to the figures given in the foreign currencies in the accounts of the subsidiary companies, have been given based on the exchanges rates as on 31.03.12.

FIVE YEAR FINANCIAL HIGHLIGHTS 2007-2008 TO 2011-2012

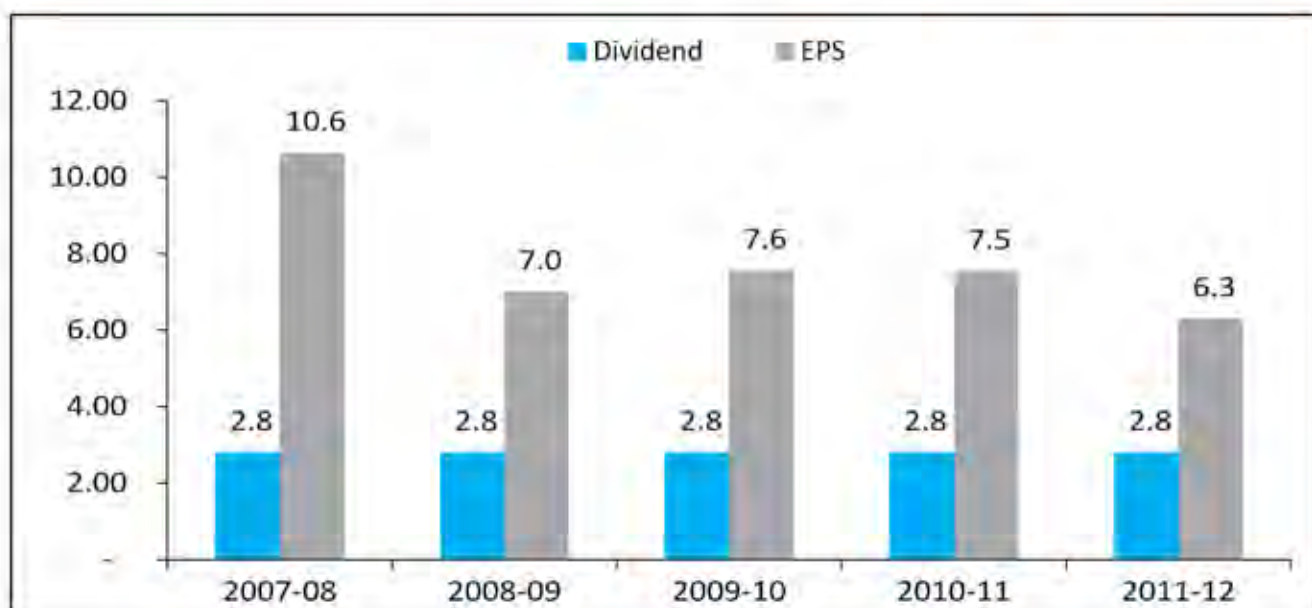
Income from Operation (₹ in Million)



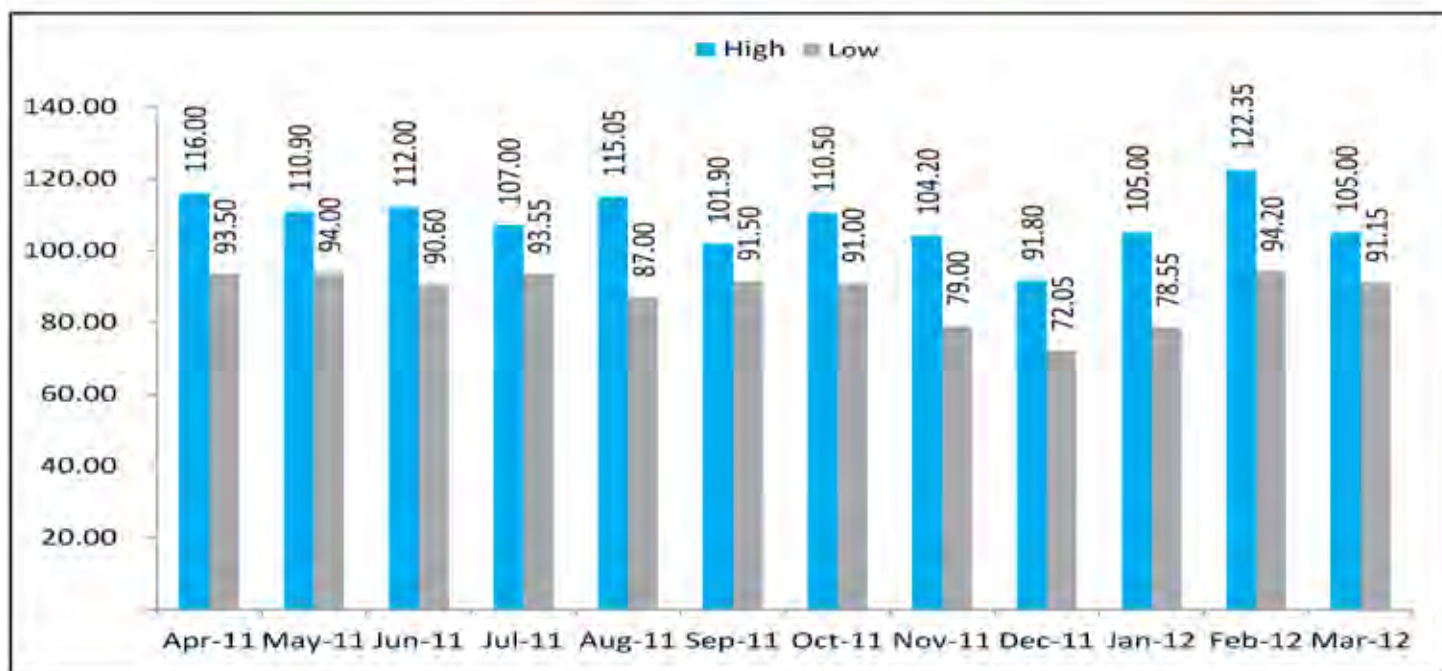
Profit After Tax (₹ in Million)



Dividend (₹) & Earning Per Share (₹)



Highs and Lows of Share Prices (₹)



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 49th Annual General Meeting of the Company at Sardar Vallabhbhai Patel and Veer Vithalbhai Patel Memorial, Anand - Sojitra Road, Karamsad - 388 325, Gujarat on Wednesday, September 5, 2012 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 49th Annual General Meeting of the Company to be held on September 5, 2012 and at any adjournment thereof.
Signed this _____ day of September, 2012.

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.

SALES OFFICES

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2, B Jadhav Chambers,
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Email: sales.chn@gmmpfaudler.com

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Fax: +91 2692 661888 / 236467
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1001, Peninsula Towers,
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Fax: +91 22 6650 3939
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Tel.: +91 22 6650 3900 • Fax: +91 22 6650 3939
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Karamsad - 388 325, Gujarat, India.
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