

NOTICE:

NOTICE is hereby given that the Fifty First Annual General Meeting of GMM Pfaudler Limited will be held on Tuesday, September 30, 2014 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, 2014 and Profit & Loss Statement 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 financial year ended March 31, 2014 and to declare final dividend for the financial year ended March 31, 2014.
3. To appoint a Director in place of Mr. Darius C. Shroff (holding DIN 00170680), who retires by rotation and being eligible, offers himself for re-appointment.
4. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 and of the Companies (Audit and Auditors) Rules, 2014, M/s. Kalyaniwalla & Mistry (Firm Registration No. 104607W), Chartered Accountants, Mumbai, be and are hereby 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 shall be fixed by the Board of Directors of the Company.”

SPECIAL BUSINESS:

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

“RESOLVED THAT Mr. Sudipta Sengupta (holding DIN 03137467), who was appointed in place of Mr. Kevin J. Brown and who in terms of Section 161 of the Companies Act, 2013 holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a Notice in writing proposing himself as a candidate for the office of Director, be and is hereby appointed as Director of the Company who shall be liable to retirement by rotation.”

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

“RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions, if any, of the Companies Act, 2013 and of the Companies (Audit and Auditors) Rules, 2014, M/s. Dalwadi & Associates (ICWA Registration No. 8996), Cost Accountants, Ahmedabad, the Cost Auditors appointed by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year ending March 31, 2015, be paid the remuneration of Rs. 125,000 (One Lakh Twenty Five Thousand) plus service tax as applicable and reimbursement of out of pocket expenses on actual basis.

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

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

“RESOLVED THAT as provided under Article 84 of the Articles of Association of the Company and pursuant to the relevant sections of the Companies Act, 2013, the Company be and hereby approves the increase in number of Directors as under:

The Board of Directors of the Company shall appoint an additional Independent Director as the eight Director of the Board. Such an Independent Director shall be a lady.”

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

**Mittal Mehta
Company Secretary**

Mumbai, September 5, 2014

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

NOTES:

- i. A member entitled to attend and vote at the Annual General Meeting (“the Meeting”) is entitled to appoint a proxy to attend and to vote on a poll instead of himself and the proxy need not be a member of the Company. The instrument appointing the Proxy should, however be deposited at the registered office of the Company not less than 48 hours before the commencement of the Meeting.

A person can act as proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company. A member holding more than 10% of the total share capital of the Company may appoint a single person as proxy. However, such person shall not act as a proxy for any other person or shareholder.

- ii. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of the business under Item Nos. 3, 5, 6 & 7 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 Saturday, September 20, 2014 to Tuesday, September 30, 2014, 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 BSE Limited.
- iv. Final dividend when declared at the Meeting will be paid on or before October 29, 2014.
- v. As required under Clause 49 of the Listing Agreement with the BSE 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 Explanatory Statement and the Corporate Governance Report forming part of the Annual Report.
- vi. In terms of the applicable provisions of the Companies Act, 1956/ Companies Act, 2013, the amount of dividend remaining unclaimed or unpaid for a period of seven years from the date of transfer to the unpaid dividend account is required to be transferred to the Investor Education and Protection Fund (IEPF). Those members who have so far not encashed their Dividend Warrants may claim or approach the Company registrar and Share Transfer Agents for the payment thereof. Kindly note that after such dates the members will have to claim such dividend from such IEPF in accordance with the Rules prescribed by the Central Government under the Companies Act, 2013.

The details of dividend declared / paid from the year 2008-09 onwards proposed to be transferred to IEPF until the conclusion of the next Annual General Meeting are given below:

Date of declaration	Dividend for the year	Dividend ₹ per share	Due date of the proposed transfer to IEPF
24-Jul-2008	1st Interim Dividend (2008-09)	Rs.0.70	30-Aug-2015
23-Oct-2008	2nd Interim Dividend (2008-09)	Rs.0.70	29-Nov-2015
27-Jan-2009	3rd Interim Dividend (2008-09)	Rs.0.70	4-Mar-2016
27-Apr-2009	4th Interim Dividend (2008-09)	Rs.0.70	2-Jun-2016
28-Jul-2009	1st Interim Dividend (2009-10)	Rs.0.70	2-Sep-2016

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 BSE Limited has been paid up to March 31, 2015.

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.

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. Information/ Clarifications on the Annual reports by Members:

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 RTA.

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.

xvi. Voting through electronic means: In compliance with the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of Companies (Management and Administration) Rules, 2014, the Company is pleased to provide its members the facility to exercise their right to vote at the 51st Annual General Meeting by electronic means. The business may be transacted through e-voting services provided by Central Depository Services (India) Limited (CDSL). A member who has voted on a resolution through the e-voting facility will not be entitled to change it subsequently. Further, a member who has voted through the e-voting facility will not be permitted to vote again at the venue of the Annual General Meeting.

The process and instructions for members (receiving physical copy or email) for voting electronically are as under:-

- (a) Log on to the e-voting website www.evotingindia.com
- (b) Click on “Shareholders” tab.
- (c) Now, select "GMM PFAUDLER LIMITED" from the drop down menu and click on “SUBMIT”
- (d) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (e) Next enter the Image Verification as displayed and Click on Login.
- (f) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

(g) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the last 8 digits of the demat account/folio number in the PAN field. In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with folio number 100 then enter RA00000100 in the PAN field.
DOB	<p>Enter the Date of Birth as recorded in your demat account or in the Company records for the said demat account or folio in dd/mm/yyyy format.</p>
Dividend Bank Details	<p>Enter the Dividend Bank Details as recorded in your demat account or in the Company records for the said demat account or folio.</p> <ul style="list-style-type: none"> Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or Company please enter the number of shares held by you as on the cut off date in the Dividend Bank details field.

(h) After entering these details appropriately, click on "SUBMIT" tab.

(i) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform. **It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.**

(j) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(k) Click on the Electronic Voting Sequence Number (EVSN) for the Company name "GMM PFAUDLER LIMITED".

(l) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(m) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(n) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(o) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(p) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.

- (q) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates.
 - They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com.
 - After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

The voting period begins on Wednesday, September 24, 2014 (9 a.m.) and ends on Friday, September 26, 2014 (5 p.m.). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of September 19, 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.co.in under help section or write an email to helpdesk.evoting@cdslindia.com.

The Company has appointed Mr. V. Sundaram of V. Sundaram & Co., Practicing Company Secretaries as the Scrutinizer for conducting the e-voting process in fair and transparent manner.

The Scrutinizer shall within a period of not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in presence of two witnesses not in employment of the Company and forward his report of the votes cast in favour or against, to the Chairman or any Director or Officer who may be authorized by the Chairman for this purpose.

The Results shall be declared on or after the Annual General Meeting (AGM). The Results declared along with the Scrutinizer's Report shall be placed on the Company's website (www.gmmpfaudler.com) and on the website of CDSL within two days (2) days of passing of the results at the AGM of the Company and communicated to the Stock Exchange.

EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 3

Mr. Darius C. Shroff, age 69, is a Non-Executive Director on the Board of our Company since 2006. He is a member of Audit Committee, Shareholders and Investors Grievance Committee and Remuneration Committee. Mr. Darius C. Shroff is a Solicitor and Advocate. He is a Senior Partner of Crawford Bayley & Co. and has over 40 years of experience in the legal profession. In his professional practice, Mr. Shroff covers a wide range of legal services and has specialized in Employment and Industrial Law.

Mr. Darius C. Shroff who was an Independent Director until March 31, 2014, has given a declaration that he does not qualify as an Independent Director with effect from April 1, 2014, under the definition of Independent Directors as per Section 149(6) of the Companies Act, 2013. However, with effect from May 29, 2014, Mr. Shroff has been appointed as nominee Director of the Foreign Promoters, Pfaudler Inc. pursuant to the letter received from the foreign promoters in this regard.

Mr. Shroff is a Director in the following other Public Limited Companies: Ingersoll-Rand (India) Limited, Kulkarni Power Tools Limited and Simens Limited. Mr. Shroff does not hold by himself or any other person on a beneficial basis, any shares in the Company.

Except Mr. Darius C. Shroff being an appointee, none of the Directors and Key Managerial Personnel of the Company nor their relatives are concerned or interested, financial or otherwise, in the resolution set out at Item No. 3. This Explanatory Statement may also be regarded as disclosure under Clause 49 of the listing agreement with the Stock Exchange.

Item No. 5

Mr. Sudipta Sengupta, age 51, is a Non-Executive Independent Director of the Company. Mr. Sengupta was nominated by PfauDler Inc. as a Director with effect from July 31, 2013 in place of Mr. Kevin J. Brown. Pursuant to provisions of Section 161 of the Companies Act, 2013, read with Article 120 of the Articles of Association of the Company, Mr. Sengupta holds office only upto the date of the forthcoming Annual General Meeting as Mr. Brown in whose place he was appointed, would have held office upto the date of the ensuing Annual General Meeting, had he not resigned. A notice has been received from Mr. Sudipta Sengupta proposing himself as a candidate for the office of Director of the Company who shall be liable to retire by rotation.

Mr. Sengupta is the India Country Group Financial Controller of National Oilwell Varco Inc. (ultimate holding Company of PfauDler Inc.) since, April 2008. Mr. Sengupta is a Chartered Accountant and a Company Secretary and has a Honors Graduate from St. Xaviers College, Kolkata. Mr. Sengupta has over 26 years of experience in various positions in industry and is also a Director in NOV India Private Limited and T-3 Energy Services India Private Ltd. Mr. Sengupta does not hold by himself or any other person on a beneficial basis, any shares in the Company.

Except Mr. Sudipta Sengupta being an appointee, none of the Directors and Key Managerial Personnel of the Company nor their relatives are concerned or interested, financial or otherwise, in the resolution set out at Item No. 5. This Explanatory Statement may also be regarded as disclosure under Clause 49 of the listing agreement with the Stock Exchange.

Item No. 6

The Board, on the recommendation of the Audit Committee, has approved the appointment of M/s. Dalwadi & Associates, Cost Accountants, Ahmedabad as Cost Auditors for conducting cost audit of the cost records of the Company for the financial year ending March 31, 2014, at a remuneration of Rs. 125,000 (One Lakh Twenty Five Thousand) plus service tax as applicable and reimbursement of out of pocket expenses on actual basis. In accordance with Section 148 of the Companies Act, 2013 and Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the remuneration so payable to the Cost Auditors are required to be ratified by the shareholders of the Company.

Hence, the resolution at Item No. 6 of the accompanying Notice, which your Board recommends for your approval.

None of the Directors and Key Managerial Personnel of the Company nor their relatives are concerned or interested, financial or otherwise, in the resolution set out at Item No. 6.

Item No. 7

The Board Directors of the Company comprises of seven Directors in accordance with Article 84 of the Articles of Association of the Company. Upto March 31, 2014 four Directors were Promoter Directors and three were Independent Directors. Due to change in status of Mr. Darius C. Shroff from Independent Director to Promoter nominee in the current year, five out of the seven Directors are Promoter Directors and two are Independent Directors.

Section 149 of the Companies Act, 2013 and Clause 49 of the Listing Agreement requires the Company to have (i) at least one-third of the total number of Directors as Independent Directors; and (ii) one woman director in the Board. The Company has time till September 30, 2014 as per the listing agreement to comply with the aforesaid requirements.

In order for the Company to comply with the Companies Act, 2013 and the Listing Agreement, it is proposed to increase the number of Directors to **eight (8)** by passing a Special resolution at a General meeting as provided in Article 84 of the Articles of Association.

The Resolution at Item No. 7 of the Notice is set out as a Special Resolution for approval by the members.

None of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested financially or otherwise, in the resolution set out at Item No. 7.

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

**Mittal Mehta
Company Secretary**

Mumbai, September 5, 2014

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

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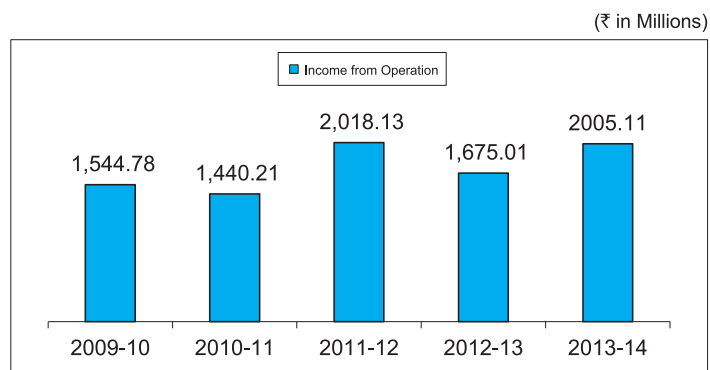
FIVE YEAR FINANCIAL HIGHLIGHTS

₹ in Millions

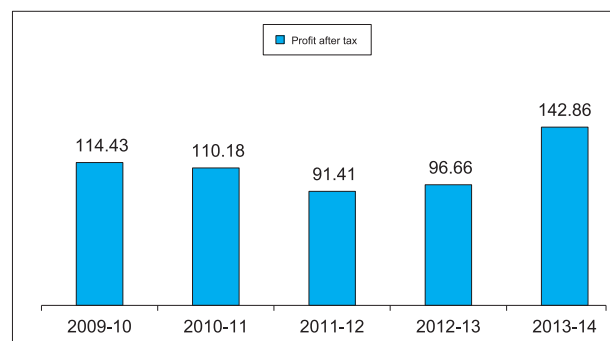
Description	2013-14	2012-13	2011-12	2010-11	2009-10
OPERATING RESULTS					
Income from Operations	2,005.11	1,675.01	2,018.13	1,440.21	1,544.78
Other Income	29.27	52.30	28.80	26.16	27.02
Profit before Depreciation, Interest & Tax	298.03	195.33	190.91	205.84	207.15
Interest	10.55	7.28	11.65	8.81	6.56
Depreciation	70.81	55.93	49.10	34.74	33.34
Profit before Tax	216.67	132.12	130.16	162.29	167.25
Profit after Tax	142.86	96.66	91.41	110.18	114.43
Dividends	43.85	40.93	40.93	40.93	40.93
Dividend per share (₹)	3.00	2.80	2.80	2.80	2.80
Earning per share (₹)	9.77	6.61	6.25	7.54	7.56
Book value per share (₹)	79.85	73.60	70.14	67.19	62.90
FINANCIAL SUMMARY					
ASSETS EMPLOYED					
Fixed Assets (net)	383.00	421.79	409.68	346.09	288.25
Investments	336.46	330.24	295.87	283.24	119.48
Net Working Capital	448.03	323.99	319.71	396.12	511.72
Total	1,167.49	1,076.02	1,025.26	1,025.45	919.45
FINANCED BY					
Share Capital	29.23	29.23	29.23	29.23	29.23
Reserves & Surplus	1,138.26	1,046.79	996.03	952.51	890.22
Loan Funds	-	-	-	43.71	-
Total	1,167.49	1,076.02	1,025.26	1,025.45	919.45

FIVE YEAR FINANCIAL HIGHLIGHTS 2009-2010 TO 2013-2014

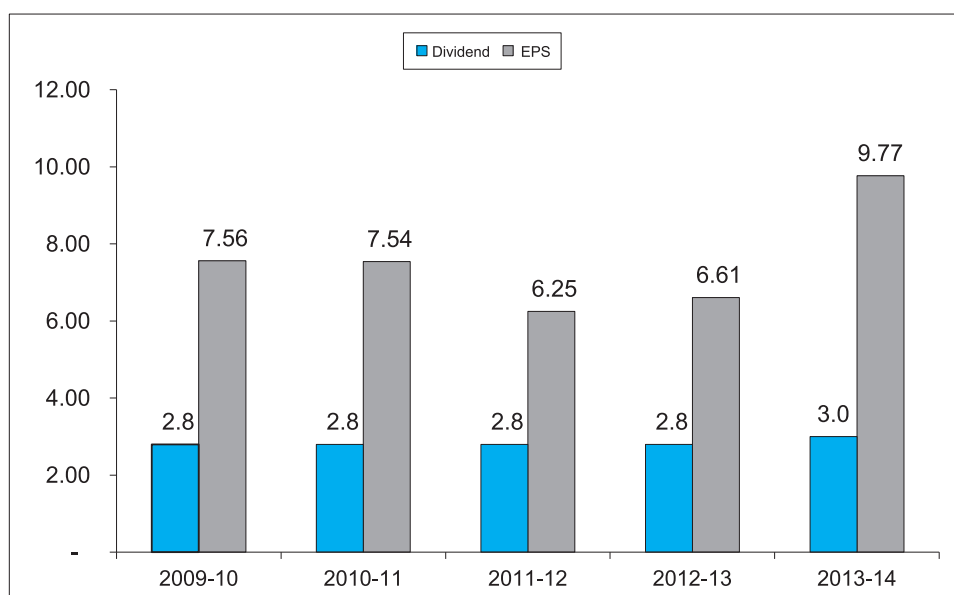
Income from Operation (₹ in Million)



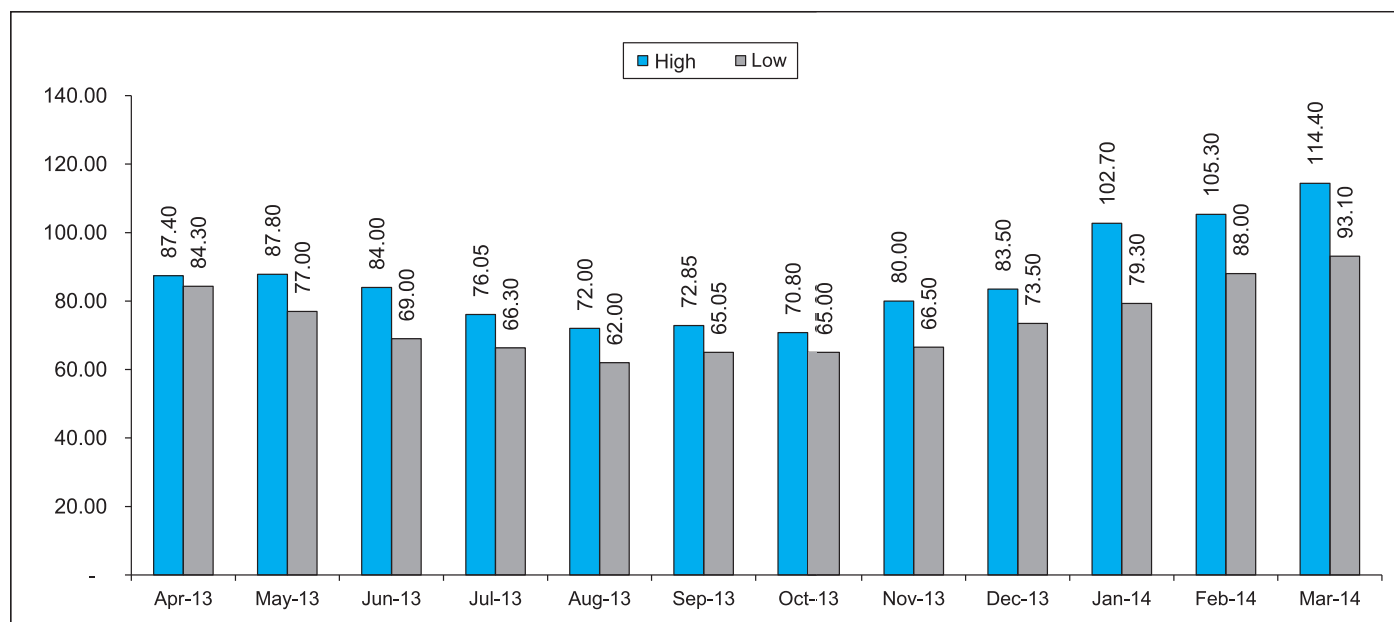
Profit After Tax (₹ in Million)



Dividend (₹) & Earning Per Share (₹)



Highs and Lows of Share Prices (₹)



REPORT OF THE DIRECTORS

To the Members:

The Directors have pleasure in presenting the Fifty First Annual Report and the Audited Statement of Accounts of the Company for the year ended March 31, 2014.

FINANCIAL RESULTS:

(₹ in Million)

	Year ended 31.03.14	Year ended 31.03.13
Sales and Other Operating Income	2,005.11	1,675.01
Profit before tax	216.67	132.12
Profit after tax	142.86	96.86
Surplus brought forward	717.21	676.12
Amount available for appropriation	860.07	772.78
Appropriations:		
Interim Dividends	30.70	30.70
Final Dividend	13.16	10.23
Tax on distributed profit	7.53	4.97
	51.39	45.90
Transfer to General Reserve	14.49	9.67
Surplus Carried Forward to Profit & Loss Account	794.19	717.21
	860.07	772.78
Per share data (₹)		
Face value of Equity Share	2.00	2.00
Dividend per share	3.00	2.80
Market Price of Shares		
High	114.40	118.0
Low	62.00	78.0
Close on March 31	104.90	86.65
Earnings Per share	9.77	6.61

FINANCIAL REVIEW:

The performance of the Company for the year improved significantly due to healthy opening order backlog and substantial exports sales both in glassine and non-glassine products. Sales & Other Operating income for the year of ₹ 2,005.11 million grew by 20% over the previous year. Export sales were 21% of sales compared to 6% in the previous year. Sales of glass line products increased by 15% and sales of non-glassline products increased by 35% over previous year. Orders receipts improved by 11% over previous year. Overall, 2013-14 was a good year.

Profit before tax for the year of ₹ 216.67 million was 64% above ₹ 132.32 million in the previous year and Profit after tax increased by 48% to ₹ 142.86 million from ₹ 96.86 million in the previous year. Earnings per share increased by 48% to ₹ 9.77 per share as compared to ₹ 6.61 of the previous year.

Performance of the Company's Swiss subsidiary, Mavag AG also showed significant improvement during the year. Sales for the year of ₹ 875.88 million was 88% above ₹ 465.75 million in the previous year. Profit after tax for the year increased by 976% to ₹ 48.75 million, as compared to ₹ 4.53 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 ₹ 0.90 per equity shares amounting to ₹ 13.16 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 ₹ 3.00 per share amounting to ₹ 43.86 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, 2014.

INVESTMENTS:

At the end of the year the Company had current investment in marketable securities of ₹ 109.64 million. There was a diminution of ₹ 0.71 million in the market value of these investments which has been provided for in the accounts during the year.

The Company's investment plan for enhancing the capacity of its manufacturing facilities including the Enameling Plant is under consideration.

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 35 to 38 of 'Notes to Financial Statement for the year ended March 31, 2014'.

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:

Mr. Darius C. Shroff retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

During the year under review, Mr. Sudipta Sengupta was appointed as a director in place of Mr. Kevin J. Brown as nominee director of Pfaudler Inc. w.e.f. July 31, 2013. The Board places on record its sincere appreciation for the advice and guidance extended by Mr. Kevin J. Brown during his tenure as a Director of the Company.

Until March 31, 2014 the Company had four Promoter Directors and three Independent Directors. Mr. Darius C. Shroff, one of the Independent Directors, has given a declaration that with effect from April 1, 2014 he does not qualify as an Independent Director under the definition of Independent Directors given under Section 149(6) of the Companies Act, 2013. However, Mr. Shroff has been appointed as a nominee Director representing the Foreign Promoters, Pfaudler Inc. pursuant to the letter dated May 29, 2014 received from Pfaudler Inc. In view of this change, the company has five Promoter Directors and two Independent Directors as on date against the requirement of three independent Directors.

Pursuant to the revision dated April 17, 2014 in Clause 49 of the Listing Agreement and under the Companies Act, 2013; the Company is required to have one third of the total directors or, three Directors, as Independent Directors. Additionally, the company is required to have one women Director in the board. However, the Company has time until September 30, 2014 to comply with the aforesaid requirements.

As on date of this Report, Mr. P. Krishnamurthy and Dr. S. Sivaram are Independent Directors as per Clause 49 of the Listing Agreement.

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 BSE Limited.

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, 2014, 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 3 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, 2014 and of the Profit & Loss Statement 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, 2014 have been prepared on a 'going concern' basis.

MANAGEMENT DISCUSSION & ANALYSIS REPORT:

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

CORPORATE GOVERNANCE REPORT:

The Report on Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the BSE 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, hold office till the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. In accordance with the provisions of section 139, 142 and other applicable provisions of the Companies Act, 2013 and of the Companies (Audit and Auditors) Rules, 2014, it is proposed to re-appoint them as the Auditors of the Company from the conclusion of this Annual General Meeting, until the conclusion of the next Annual General Meeting of the Company.

COST AUDITORS:

M/s. Dalwadi & Associates, Cost Accountants, have been duly appointed as Cost Auditors for conducting Cost Audit for the financial year ending March 31, 2014. They were also the cost auditors for the previous year ended March 31, 2013.

As required by Section 148 of the Companies Act, 2013, necessary resolution has been included in the Notice convening the Annual General Meeting, seeking ratification by the Members of the remuneration proposed to be paid to the Cost Auditors for the financial year ended March 31, 2014.

The Cost Audit Reports are required to be filed within 180 days from the end of the financial year. The Cost Audit Reports for the financial year ended March 31, 2013 were filed on July 31, 2013.

The Cost Audit Reports for the financial year ended March 31, 2014 will be filed within the prescribed period.

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, July 22, 2014

'ANNEXURE A' TO DIRECTOR'S REPORT

1. Conservation of Energy

The Company has taken various measures for the conservation of energy used in various forms including electricity, natural gas, fuels and water.

- a) The Company has its own wind farm with a capacity of 1.8 MW. We are investing regularly in its maintenance including structure replacement and repairs, epoxy weather coat painting, refurbishing of transformers & generators to maintains its efficiency. The windmills are generating 17 to 18 lakhs KWh per annum.
- b) In the Enameling Plant and for the street lighting, we have replaced metal halide light & mercury vapour fittings with LED & T5 lights. By using LED & T5 lights we are saving 50% to 60% of power and at the same time increasing lumens by 50% thereby improving lighting. We are planning to implement this lighting through out plant for further power saving.

- c) The Company has established infrastructure to procure cheaper power compared to MGVL, Gujarat (local distribution utility) through Open Access Power Trading which has the potential to save ₹ 8 millions per year.
- d) By installation of inverter based welding machine instead of rectifier machine and by replacement of DC drives and by AC drives we have achieved power saving up to 25% in those machines. New equipment like Rotators, Cranes etc. will henceforth be fitted with AC Drives only.
- e) To reduce consumption of oil, the Company has installed on-line Electrostatic Filtration equipment on the 600 ton Hydraulic Press. The filtration will improve and maintain life of oil, which prolongs the interval of oil replacement. The Company regularly undertakes Dissolved Gas Analysis on transformer oils which is conducted by Electrical Research & Development Assistance (ERDA) as a Predictive Maintenance tool. Based on its results, we are able to prolong the interval between the oil replacement.
- f) For water conservation the company has installed Multi Grade Sand Filter to filter the water that is used in vessel hydro testing allowing its reuse. Over 10,000 litre of water consumption is saved per day.
- g) The Company has commissioned ERDA to conduct thermography on the 11 KV Switch Yard, Air Circuit Breakers, Vacuum Circuit Breakers, Transformers, Low Tension Panels, Furnace Panels and other electrical connections to identify the hot spot which could be due to loose or faulty connections. By controlling these hot spot we are save electrical power, preempt breakdowns and improve safety.
- h) The Company has conducted Risk Management survey by FM Global (Risk Management consultant) to minimize the risk of loss in terms for fire, rain, wind storm.

2. Research & Development

The Company has a Department of Science & Technology; Government of India approved Research & Development (R&D) Centre. The R & D Centre carries out development activities in the process of manufacture of glasslined vessels and to improve 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 manufacture products that are safer, of a higher quality and offer the customer better efficiency. The Company continues to be a member of the consortium on Micro Reactor Technology under the auspices of National Chemical Laboratory (NCL), Pune.

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

- a) Glass lined multiple nozzle manifold: Developed for glass lined vessel to avoid number of connection opening on reactor head, one reactor nozzle can be used for verities of function.
- b) Glass Lined Dip Pipes: Import substitution - for gas sparging and baffling.
- c) Glass lined "C" Baffle with RTD: Also as an import substitute, the Company developed the C baffle for better mixing and quick response temperature measuring.
- d) Glass Lined Fill look Cover: Developed for easy filling or extraction of samples of product from glasslined reactors while allowing for better visibility into the vessel. This is an import substitute.
- e) Fractal Impeller (developed jointly with NCL): Design for stirred tank reactor comprising plurality of main braches each of which having further plurality in its sub-branches with each sub branch having plurality of blades to distribute/dissipate energy in uniform manner and to achieve uniform temperature throughout the reactor while operating it at comparably lower impeller speeds. The fractal impellers avoid high shear zones, wherein, the angular distances covered by the blades vary and yield variation in the local blade passage velocity for a given impeller rotation speed.
- f) Glasteel® Micro Reactor (developed jointly with NCL): Developed micro reactors having the ability to integrate, mix and react for corrosive chemicals under varying temperature and pressure conditions.

Expenditure in R&D:

(₹ in Million)	
Year ended 31.03.14	
a) Capital Expenditure	0.86
b) Recurring	8.01
Total	8.87
c) Total R&D expenditure as % of total turn over.	0.44%

For and on behalf of the Board of Directors

P. Krishnamurthy
 Chairman

Ashok J. Patel
 Managing Director

Mumbai, July 22, 2014

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 17 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 been experiencing considerable slowdown during the past few years. GDP growth estimate for the year has been revised downward to 4.7% from above 6%, industrial output is volatile, escalated interest rates and high inflation levels were an ongoing concern. The Indian Pharmaceutical market was subject to government price regulation which has some impact on expansion projects. The industry growth for Chemical Industry has been lower than the previous year. GDP Forecast for the year 2014-15 is 5%.

While the Chemical industry in India grew as a whole 13-14% in 2013-14 and it is also expected to grow at a CAGR of 14-15%, the Pharmaceutical industry grew by about 13% during the year and it is expected to grow at a CAGR of 14-16% till 2020.

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 multinationals, 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 accreditation 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 could hamper the industry growth.

FINANCIAL PERFORMANCE:

Sales and Operating Income for the year has grown by 20% due to reorientation of the Tailor Made business and renewed focus on export market. Profit from operation during the year improved significantly to 9.9% from 5.1% in the previous year due to improvement in sales realization driven by exports, stability in cost of major input materials, reduction of cost of outsourcing. However, continuous rise in cost of natural gas used in Enameling plant posed some concerns. In order to optimize the cost of power & fuel the company has signed agreement with the Power Trading Corporation (PTC) to draw cheaper power on daily bid basis. Company put greater focus on the management of working capital which resulted in improved cash flow for the year. The Company remains debt free

Year end order backlog of ₹ 1,082 million was equivalent to six month's production.

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 ₹ 1,641.04 million, 15% above that of previous year. This division contributed about 82% 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 ₹ 225.31 million, a increase of 77% over the previous year primarily due higher sales realization from exports. The capital employed for this division was ₹ 577.99 million, a decrease of 1 % 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 33% to ₹ 150.52 million from ₹ 113.49 million in the previous financial year. Hold put on some of the major customer delayed execution of some orders. The profit from this segment was ₹13.05 million, an increase of 39% over the previous year. Capital employed for this Division was ₹ 24.83 million, an increase by 166% from the previous year due to increase in working capital due to inventory and receivables.

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 with Mavag's high end technology and products. This segment reported a sale of ₹ 213.55 million, an increase of 60% over previous year. Profits were also higher by 245% at ₹ 21.56 million. Capital employed for this Division was ₹ 69.28 million, an increase of 23% from the previous year.

OUTLOOK:

In line with the overall slowdown in the economy, the demand for some of the Company's products have been volatile.

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 slow to recover from the slowdown and uncertainty still persists due to inflation, high interest rates and high volatility in major currencies. This may also have an impact on Company's 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. 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 natural gas and electricity. All these factors affect output and profitability. Company's investment in the natural gas furnace which helped overcome the bottleneck caused by the power supply situation now has caused concerns due to continuous rise cost of natural gas.

Finally, the Company's primary raw material is steel, prices of which had shown stability during the year. 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, 2014 the Company's total permanent employee strength was 346, three more than the strength as on March 31, 2013.

CORPORATE SOCIAL RESPONSIBILITY:

As a part of its social developments initiatives, your Company continued its dedicated efforts towards social programs by continued support for ongoing long term projects and commissioning many new activities.

The Company has taken keen interest in educational activities at J. V. Patel Industrial Training Institute and community development activities at Sardar Patel Trust at Karamsad, Gujarat where the Company's manufacturing facility and registered office is located.

The Company has undertaken a pilot Vocational Education and Training (VET) Project, a Swiss-Indian initiative launched by the Federal Office for Professional Education and Technology (OPET) together with the Swiss-Indian Chamber of Commerce (SICC). This project is undertaken by the Company for skill development.

CAUTIONARY NOTE:

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

REPORT ON CORPORATE GOVERNANCE

A report for the financial year ended March 31, 2014 on the compliance by the Company the Corporate Governance requirements under Clause 49 of the Listing Agreement, is furnished below:

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

Corporate Governance primarily involves transparency, full disclosure, independent monitoring of the state of affairs and being fair to all stakeholders and is a combination of voluntary practices and compliance with laws and regulations. The Corporate Governance Code has also been incorporated in Clause 49 of the Listing Agreement with the BSE 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. The Company has professionals on its Board of the Directors who are actively involved in the deliberations of the Board on all important policy matters.

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

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

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

Clause 49 of the Listing Agreement, which deals with Corporate Governance, has been revised by Securities and Exchange Board of India (SEBI) vide their circular dated April 17, 2014. The Company has time until September 30, 2014 to comply with the revisions as may be applicable to the Company.

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, 2014.

For GMM Pfaudler Limited

Ashok J. Patel
Managing Director (CEO)

2. Board of Directors

Composition and Status of Directors:

The Board of Directors of the Company comprises of seven Directors, i.e. two Executive and five Non-Executive Directors. Four Directors were Promoter Directors and three were Independent Directors until March 31, 2014.

Mr. Darius C. Shroff who was an Independent Director until March 31, 2014, has given a declaration that he does not qualify as an Independent Director with effect from April 1, 2014, under the definition of Independent Directors given under Section 149(6) of the Companies Act, 2013. However, with effect from May 29, 2014, Mr. Shroff has been appointed as Nominee Director of the Foreign Promoters, Pfaudler Inc. pursuant to the letter received from the foreign promoters in this regard. In view of this change, as on date, five out of the seven Directors, are Promoter Directors and two are Independent Directors.

Pursuant to the revision dated April 17, 2014 in Clause 49 of the Listing Agreement and under the new Companies Act, 2013; the Company is required to have one third of the total directors or three Directors, as Independent directors. Additionally, the Company is required to have one women director in the board. The Company has time till September 30, 2014 to comply with the aforesaid requirements.

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. Sudipta Sengupta was appointed as a Director in place of Mr. Kevin J. Brown as Nominee Director of Pfaudler Inc. w.e.f. July 31, 2013. The Board places on record their sincere appreciation for the advice and guidance extended by Mr. Kevin J. Brown during his tenure as a Director of the Company.

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

Attendance at the Board Meetings and last Annual General Meeting:

Five 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 May 30, 2013, Second on July 31, 2013, Third on November 14, 2013 and Fourth on January 29, 2014 and Fifth on March 20, 2014. 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	5	-	Yes
Mr. Ashok J. Patel	4	1	Yes
Dr. S. Sivaram	4	-	No
Mr. Darius C. Shroff	4	-	No
Mr. Tarak A. Patel	5	-	Yes
Mr. Michael Reed	1	2	No
Mr. Kevin J. Brown	-	1	-
# Mr. Sudipta Sengupta	4	-	No

appointed as Director in place of Mr. Kevin J. Brown w.e.f. July 31, 2013

Board Members and their Directorships in other Public Companies:

Name of Director	Status	Other Directorship	Memberships of other Committees	
			As Member	As Chairman
Mr. P. Krishnamurthy	Non Executive & Independent	5	1	2
Mr. Ashok J. Patel*	Executive	4	Nil	Nil
Dr. S. Sivaram	Non Executive & Independent	3	Nil	Nil
Mr. Darius C. Shroff**	Non Executive	4	1	2
Mr. Tarak A. Patel*	Executive	2	Nil	Nil
Mr. Michael C. Reed**	Non Executive	Nil	Nil	Nil
Mr. Sudipta Sengupta**	Non Executive	Nil	Nil	Nil

* Indian Promoter

** Representing Foreign Promoter, viz., Pfaudler Inc. (National Oilwell Varco Inc. Group)

Note:

- This includes Directorship in Public Limited Companies and subsidiaries of Public Limited Companies and excludes Directorship in Private Limited Companies, Foreign Companies, Section 25 Companies and Alternate Directorships
- This relates to Committees referred to in Clause 49 of the Listing Agreement, viz. Audit Committee & Investors Grievance Committee. This excludes Remuneration Committee which is not considered for the purpose of computing maximum limits under Clause 49.

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 for the year ended 31.03.2014 was as under:

(₹ in Millions)

Sr. No.	Particulars	Ashok J. Patel	Tarak A. Patel
1.	Salary and allowances	7.99	2.50
2.	Provident Fund & other funds	1.34	0.45
3.	Perquisites	0.24	0.26
4.	Commission	1.63	-
	Total	11.20	3.21

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 the Committees of Directors i.e Shareholders & Investors Grievance Committee, Remuneration Committee meeting and Audit Committee Meeting. The sitting fees for Independent Directors Committee meeting for valuation were Rs. 20,000.

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 composition, role, terms of reference as well as Powers of the Audit Committee of meets the requirements of Section 177 of the Companies Act, 2013.

The Committee comprises of 2 Independent Directors and 1 Non-Executive Director. The members of the Audit Committee possess knowledge of Accounts, Audit and Finance. The Company Secretary acts as Secretary to the Audit Committee.

The Audit Committee met on five occasions viz. May 30, 2013, July 31, 2013, November 14, 2013, and January 29, 2014 and March 20, 2014. The minutes of the Audit Committee Meetings were noted at the Board Meetings.

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

Name of Director	Category	No. of Meetings Attended
Mr. P. Krishnamurthy (Chairman)	Independent Director	5
Dr. S. Sivaram	Independent Director	4
Mr. Darius C. Shroff	Non-Executive Director	4

Ms. Mittal Mehta, Company Secretary is the Secretary of the Committee.

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 / Cost 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 the Internal Auditor's Audit Reports, management responses and corrective actions taken by the management.
- 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:

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

The Terms and Powers of the Audit Committee are under review and shall be enhanced in due course to meet the requirements of Companies Act, 2013 and 49 of the Listing Agreement.

4. Shareholders & Investors Grievance Committee:

The composition of the Shareholders & Investors Grievance Committee of the Company meets the requirements of Section 178 of the Companies Act, 2013.

The Committee comprises of 2 Independent Directors and 1 Non-Executive Director.

The Shareholder and Investors Grievance Committee met on four occasions viz May 30, 2013, July 31, 2013, November 14, 2013, and January 29, 2014. The minutes of the Shareholders & Investors Grievance Committee Meetings were noted at the Board Meetings.

The composition of the Shareholders & Investors Grievance Committee, category of its Members and their attendance at the Committee Meetings held during the period under review is given in the table below

The attendance at these meetings was as under:

Name of Director	Category	No. of Meetings Attended
Mr. P. Krishnamurthy (Chairman)	Independent Director	4
Dr. S. Sivaram	Independent Director	3
Mr. Darius C. Shroff	Non-Executive Director	3

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

The Name, Terms of Reference of the Committee, etc. is under review and shall be enhanced in due course to meet the requirements of Companies Act, 2013 and 49 of the Listing Agreement.

The Shareholders & Investors Grievance committee inter-alia reviews quarterly reports of Registrar & Transfer Agent regarding various types of complaints/ requests received, resolved and pending, if any. It also reviews quarterly shareholding patterns etc.

During the year under review, the Company received 14 complaints and the all of them were duly disposed off. No investor grievance remained unattended/ pending for more than 30 days and no request of share transfers and dematerialization received during the financial year was pending for more than 30 days and 15 days respectively. The Company does not have any pending transfers / non-attended complaint as at the closure of the year under review.

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

5. Remuneration Committee:

The Committee comprises of 2 Independent Directors and 2 Non-Executive Directors as under:

Name of Director	Category
Mr. P. Krishnamurthy (Chairman)	Independent Director
Dr. S. Sivaram	Independent Director
Mr. Darius C. Shroff	Non-Executive Director
Mr. Michael C. Reed	Non-Executive Director

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

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.

The Name, Terms of Reference of the Committee, etc. is under review and shall be enhanced in due course to meet the requirements of Companies Act, 2013 and 49 of the Listing Agreement.

Remuneration of Directors:

Details of Remuneration paid/ payable to Directors for the year ended March 31, 2014 are as follows:

(₹ in Millions)

Director	Relationship with other Directors	Sitting Fees	Salary, Perquisites & Commission	Total Amount
Mr. P. Krishnamurthy	None	0.16	Nil	0.16
Mr. Ashok J. Patel	Father of Mr. Tarak Patel	Nil	11.20	11.20
Dr. S. Sivaram	None	0.13	Nil	0.13
Mr. Darius C. Shroff	None	0.13	Nil	0.13
Mr. Tarak A. Patel	Son of Mr. Ashok Patel	Nil	3.21	3.21
Mr. Michael C. Reed	None	0.02	Nil	0.02
Mr. Sudipta Sengupta	None	0.08	Nil	0.08

6. Committee of Independent Directors for determining fair value of purchase of industrial land and factory buildings:

Committee of Independent Directors consisting of Mr. P. Krishnamurthy (Chairman), Mr. Darius C. Shroff and Dr. S. Sivaram was constituted on March 20, 2014 to make a detailed study of the Valuation Reports and determine the Fair Market Value of the land and buildings proposed to be purchased by the Company for its expansion plan.

The Committee of Independent Directors met on one occasion viz. March 31, 2014. The Minutes of the Committee of Independent Directors Meetings was noted at the Board Meeting. The attendance at this Meeting was as under:

Name of Director	Designation	No. of Meetings Attended
Mr. P. Krishnamurthy	Chairman	1
Dr. S. Sivaram	Member	1
Mr. Darius C. Shroff	Member	1

7. General Body Meeting:

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

Year	AGM	Date of Meeting	Time of Meeting	Venue	No. of Special Resolutions Passed
2010-11	48th	September 29, 2011	10.00 a.m.	Sardar Vallabhbai Patel and Veer	1
2011-12	49th	September 05, 2012	10.00 a.m.	Vithalbai Patel Memorial,	2
2012-13	50th	September 17, 2013	10.00 a.m.	Anand - Sojitra Road, Karamsad 388 325, Gujarat	2

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.

The details of Extraordinary General Meeting (EGM) of Company held during the year are as follows:

Year	EGM	Date of Meeting	Time of Meeting	Venue	No. of Special Resolutions Passed
2014-15		May 16, 2014 adjourned to May 23, 2014	2.30 p.m.	Sardar Vallabhbai Patel and Veer Vithalbai Patel Memorial, Anand - Sojitra Road, Karamsad 388 325, Gujarat	3

All the three special resolutions at the above Extraordinary General Meeting was passed by way of polling.

8. Details of Directors appointed during the year / seeking re-appointment:

Mr. Sudipta Sengupta, age 51, nominated by Pfaudler Inc has been appointed as a Director, in place of Mr. Kevin J. Brown with effect from July 31, 2013.

He is the India country group Financial Controller of National Oilwell Varco Inc. (Company's Ultimate Parent Company) since, April 2008. Mr. Sengupta is a Chartered Accountant and a Company Secretary and has a Honors Graduate from St. Xaviers College, Kolkata. Mr. Sengupta has over 26 years of experience in various positions in industry and is also a Director in NOV India Private Limited and T-3 Energy Services India Private Ltd.

Mr. Darius C. Shroff, age 69, is a Non-Executive Director on the Board of our Company since 2006. He is a member of Audit Committee, Shareholders and Investors Grievance Committee and Remuneration Committee. Mr. Darius C. Shroff is a Solicitor and Advocate. He is a Senior Partner of Crawford Bayley & Co. and has over 40 years of experience in the legal profession. In his professional practice, Mr. Shroff covers a wide range of legal services and has specialized in Employment and Industrial Law. Mr. Shroff has been appointed as a nominee director of Pfaudler Inc. with effect from May 29, 2014.

Mr. Shroff is a Director in the following other Public Limited Companies: Ingersoll-Rand (India) Limited, Kulkarni Power Tools Limited and Simens Limited.

9. 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 42 of 'Notes Forming Parts of the Accounts'. Except payment of sitting fees there has been no pecuniary transaction with any of the Non-Executive Directors of the Company.
- b) There has been no non-compliance, penalties or strictures imposed on the Company by the Stock Exchange, SEBI or any statutory authority for non-compliance of any matter related to the capital market during the last three years excepting one case in the financial year 2013-14 from SEBI. SEBI had issued a notice dated November 28, 2013 for alleged violation of Regulation 8(3) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 for the years 2002 to 2010 for delayed filing of shareholdings of promoters group in the format prescribed by SEBI.

The Company had filed a consent application with the High Power Committee, appointed by SEBI and the matter has been disposed off by SEBI vide their consent order dated June 27, 2014 after payment of fees of Rs. 1,192,125 as consent order fees.

- c) The Company has a process in place that meets the objectives of the whistle blower policy. In the opinion of the Board, there are no cases, where a person was denied access to the grievance process set up by the Company.

- d) The Company has complied with the mandatory requirements of the Corporate Governance Clause of Listing Agreement. 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.

10. Means of Communication:

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

CEO / CFO Certificate:

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

- a) They have reviewed the Financial Statements and the Cash Flow Statement for the year ended March 31, 2014 and that to the best of their knowledge and belief:
 - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii. these statements together present a true and fair view of the company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.

- b) There are, to the best of their knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violation of the Company's Code of Conduct.
- c) They accept responsibility for establishing and maintaining internal controls for financial reporting and that they have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.
- d) They have indicated to the auditors and the Audit Committee, the following:
- significant changes in internal control over financial reporting during the year, if any;
 - significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.
- d) Date of Book Closure : Saturday, September 20, 2014 to Tuesday, September 30, 2014 (Both days inclusive)
- e) Dividend Payment Date : On or before October 29, 2014
- f) Listing of Stock Exchange: BSE 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 Contact Person: Mr. Vishal Panjabi Email: rnt.helpdesk@linkintime.co.in
- j) Share Transfer System:
 Transfers are registered and returned within a period of 30 days from the date of receipt. The requests for dematerialization of shares are confirmed within 15 days from the date of receipt.
- k) Stock Market Price for the year:

Month	Market Price (₹)		BSE – Sensex	
	High	Low	High	Low
April 2013	88.40	84.30	19,622.68	18,144.22
May 2013	87.80	77.00	20,443.62	19,451.26
June 2013	84.00	69.00	19,860.19	18,467.16
July 2013	76.05	66.30	20,351.06	19,126.82
August 2013	72.00	62.00	19,569.20	17,448.71
September 2013	72.85	65.05	20,739.69	18,166.17
October 2013	70.80	65.00	21,205.44	19,264.72
November 2013	80.00	66.50	21,321.53	20,137.67
December 2013	83.50	73.50	21,483.74	20,568.70
January 2014	102.70	79.30	21,483.74	20,343.78
February 2014	105.30	88.00	21,140.51	19,963.12
March 2014	114.40	93.10	22,467.21	20,920.98

11. General Shareholder Information:

- a) Annual General Meeting:
 51st Annual General Meeting of the Company will be held on Tuesday, September 30, 2014 at 10 a.m. at the Sardar Vallabh Patel and Veer Vithalbhai 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, 2014 : Held on 22nd July, 2014
 - Quarter ended September 30, 2014 : 4th week of October, 2014
 - Quarter ended December 31, 2014 : 4th week of January, 2015
 - Quarter ended March 31, 2015 : 2nd week of May, 2015
 - Annual General Meeting for the year ended March 31, 2015 : 3rd week of September, 2015

l) Shareholding Pattern as on March 31, 2014:

Category	No. of shares	Percent
Foreign Promoters - Pfaudler Inc.	7,614,947	52.09
Indian Promoters Group	3,590,650	24.56
NRI/OCB	61,470	0.42
Financial Institution, Nationalized Bank, Insurance Companies	138,958	0.95
Domestic Companies, Clearing Members, Trusts	362,863	2.48
Individuals	2,848,612	19.50
Total	14,617,500	100.00

m) Distribution of Shareholding as on March 31, 2014:

Sr. No	Slab of shareholding		Shareholders		Shares	
	No. of Equity shares held		Nos.	%	Nos.	%
	From	To				
1.	1	500	4794	83.55	709,238	4.85
2.	501	1000	500	8.71	393,056	2.69
3.	1001	2000	244	4.25	364,224	2.49
4.	2001	3000	64	1.12	164,490	1.12
5.	3001	4000	28	0.49	98,977	0.68
6.	4001	5000	33	0.57	149,270	1.02
7.	5001	10000	36	0.63	258,446	1.77
8.	10001	Above	39	0.68	12,479,799	85.38
Total			5,738	100.00	14,617,500	100.00

n) Dematerialization:

As on March 31, 2014, 97.15% of the Company's total shares representing 14,200,510 shares are held in dematerialized form and the balance 416,990 representing 2.85% 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.
Contact Person: Mr. Vishal Punjabi
Email: rnt.helpdesk@linkintime.co.in**

To the Members,
GMM Pfaudler Limited,
Mumbai.

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

We have examined the compliance of conditions of Corporate Governance by GMM Pfaudler Limited ('the Company') for the year ended on March 31, 2014, 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

Daraius Z. Fraser
Partner
M. No: F 42454

Mumbai, July 22, 2014

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GMM PFAUDLER LIMITED

Report on Financial Statements

We have audited the accompanying financial statements of GMM Pfaudler Limited, ("the Company"), which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation, maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- 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.

Report on Other Legal and Regulatory Requirements

1. 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.
2. As required by section 227(3) of the Act, 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 those books;
 - c. The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. In our opinion, the Balance Sheet, 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, read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013;
 - e. On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of 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

Daraius Z. Fraser
PARTNER
M. No.: 42454
Mumbai: May 30, 2014

ANNEXURE TO THE AUDITOR'S REPORT

Referred to in paragraph 1 under the heading of “Report on Other Legal and Regulatory Requirements” of our report of even date on the accounts of GMM Pfaudler Limited for the year ended March 31, 2014.

- 1) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a program for physical verification of fixed assets at periodic intervals. In our opinion, the period of verification is reasonable having regard to the size of the Company and the nature of its assets. The discrepancies noticed on such verification were not material and the same have been properly dealt with in the books of account.

(c) In our opinion, the fixed assets disposed off during the year were not substantial, and do not affect the going concern assumption.
- 2) (a) The management has conducted physical verification of inventory at reasonable intervals.

(b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) The Company is maintaining proper records of inventory. 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 Millions)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	24.07	1990-91, 2009-10 & 2010-11	Income Tax Appellate Tribunal and Commissioner of Income Tax
Central Sales Tax Act	Sales Tax	1.67	Various years from 2004-05 to 2013-14	VAT Tribunal
Central Excise Act	Excise Duty	7.03	Various years from 1996-97 to 2013-14	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

Daraius Z. Fraser
Partner
M. No: F 42454

Mumbai, May 30, 2014

BALANCE SHEET AS AT MARCH 31, 2014

	Note	As at 31.03.14 ₹ in Millions	As at 31.03.13 ₹ in Millions
I. EQUITY AND LIABILITIES			
Shareholders' funds			
Share Capital	4	29.23	29.23
Reserves and Surplus	5	1,138.26	1,046.79
		1,167.49	1,076.02
Non-current liabilities			
Deferred tax liabilities (Net)	6	35.94	46.50
Current Liabilities			
Trade payables	7	253.48	203.21
Other current liabilities	8	363.42	269.84
Short term provisions	9	37.76	22.03
		654.66	495.08
Total		1,858.09	1,617.60
II. ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	10A	346.46	389.20
Intangible assets	10B	20.14	23.78
Capital work-in-progress		16.40	8.81
		383.00	421.79
Non-current investments	11	226.82	226.82
Long term loans and advances	12	46.92	42.81
Other non-current assets		—	6.05
		656.74	697.47
Current assets			
Current investments	13	109.64	103.42
Inventories	14	586.31	465.49
Trade receivables	15	318.29	254.10
Cash and Bank Balances	16	139.85	46.01
Short term loans and advances	17	35.29	26.37
Other current assets	18	11.97	24.74
		1,201.35	920.13
Total		1,858.09	1,617.60
Significant Accounting Policies	3		

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

As per our report of even date.

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

Daraius Z Fraser
Partner
M. No. 42454

Mumbai, May 30, 2014

For and on behalf of the Board

P. Krishnamurthy Chairman
Ashok J. Patel Managing Director
A. N. Mohanty Financial Controller
Mittal Mehta Company Secretary

Mumbai, May 30, 2014

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2014

	Note	Year ended 31.03.14 ₹ in Millions	Year ended 31.03.13 ₹ in Millions
REVENUE			
Revenue from operations	19	2,142.64	1,822.97
Less: Excise duty		137.53	147.96
		2,005.11	1,675.01
Other Income	20	29.27	52.30
Total Revenue		2,034.38	1,727.31
EXPENSES			
Cost of raw materials and components consumed	21	1,045.54	847.15
(Increase)/Decrease in inventories of finished goods and work-in-progress	22	(81.04)	39.97
Employee benefits expense	23	231.76	198.99
Finance costs	24	10.55	7.28
Depreciation	10	70.81	55.93
Other expenses	25	540.09	445.87
Total Expenses		1,817.71	1,595.19
Profit before tax		216.67	132.12
Tax expenses:			
Current tax		84.37	40.24
Deferred tax		(10.56)	(4.78)
Profit after tax		142.86	96.66
Earnings per equity share: Basic & Diluted		9.77	6.61
Significant Accounting Policies	3		

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

As per our report of even date.

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

Daraius Z Fraser
Partner
M. No. 42454

Mumbai, May 30, 2014

For and on behalf of the Board

P. Krishnamurthy Chairman
Ashok J. Patel Managing Director
A. N. Mohanty Financial Controller
Mittal Mehta Company Secretary

Mumbai, May 30, 2014

STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2014

	Year ended 31.03.14 ₹ in Millions	Year ended 31.03.13 ₹ in Millions
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	216.67	132.12
Adjustments for		
Depreciation	70.81	55.93
Net (gain) / loss on sale & discarding of fixed assets	(0.07)	1.26
Net (gain) / loss on sale of Current Investments	(6.45)	0.43
Net (gain) / loss on sale of Non-Current Investments	-	(16.32)
Interest income	(10.79)	(6.98)
Interest and financial charges	10.55	7.28
Dividend Income	(0.75)	(12.83)
Provision for doubtful debts, liquidated damages and advances	5.81	11.84
Provision for diminution in value of current investments	0.57	(0.85)
Unrealised foreign exchange fluctuation loss/(gain)	1.30	0.26
Operating profit before working capital changes	287.65	172.14
Adjustments for :		
(Increase)/ Decrease in Inventories	(120.83)	50.29
(Increase)/ Decrease in Trade receivable, Short term loan & advances and other assets	(69.23)	(15.65)
Increase/ (Decrease) in Trade payables, other current liabilities & Provisions	147.51	(49.25)
Cash generated from operations	245.10	157.53
Direct Taxes paid	(78.65)	(40.29)
Net cash from operating activities	166.45	117.24
	A	
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets, including intangible assets	(33.08)	(70.38)
Proceeds from sale of fixed assets	1.15	1.03
Purchase of current investments	(84.39)	(101.14)
Proceeds from sale of current investments	84.08	48.57
Proceeds from sale of non-current investments	6.05	28.87
Fixed deposits maturity proceeds from banks (net)	2.12	-
Fixed deposits placed with banks (net)	-	(22.32)
Interest received	9.74	6.98
Dividend received	0.75	3.08
Net cash used in investing activities	(13.58)	(105.31)
	B	
CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid	(10.55)	(7.28)
Dividend paid	(40.99)	(41.01)
Tax on distributed profits	(5.37)	(6.63)
Net cash used in financing activities	(56.91)	(54.92)
	C	
NET INCREASE / (DECREASE) IN CASH & CASH EQUIVALENTS	95.96	(42.99)
	A+B+C	
Cash and Cash equivalents at the beginning of the year	23.69	66.68
Cash and Cash equivalents at the end of the year	119.65	23.69
COMPONENTS OF CASH AND BANK BALANCES		
Cash and Cash Equivalent		
Balances with banks		
– In current accounts	31.38	15.53
– In deposit accounts (Less than three months maturity)	85.16	5.48
Cash on hand	1.04	0.58
Other Bank Balances		
– In unpaid dividend accounts	2.07	2.10
	119.65	23.69
The company has been sanctioned credit facilities for working capital of Rs.200 million, of which facilities utilised as on March 31, 2014 were Rs. Nil		

As per our report of even date.

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

Daraius Z Fraser
Partner
M. No. 42454

Mumbai, May 30, 2014

For and on behalf of the Board

P. Krishnamurthy Chairman
Ashok J. Patel Managing Director
A. N. Mohanty Financial Controller
Mittal Mehta Company Secretary

Mumbai, May 30, 2014

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

1. CORPORATE INFORMATION

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

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 52.09 percent of the total issued share capital of the Company. The Company's ultimate holding Company Robbins & Myers Inc, USA, merged with National Oilwell Varco Inc.(NOV) USA on February 20, 2013. By virtue of this merger NOV has become the ultimate holding company from February 21, 2013.

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. These financial statements have been prepared in accordance with the recognition and measurement principles laid down in Accounting Standard notified under the Companies Act, 1956 (which continues to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs.)

All the assets and liabilities have been classified as current and non current as per the Company's normal operating cycle and other criteria set out to Revised Schedule VI to the Companies Act, 1956. Based on the nature of service rendered and the time between the rendering of the services and their realization in cash and cash equivalent, the Company has ascertained it's operating cycle as twelve months for the purpose of current and non current classification of assets and liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES

a. Use of Estimates

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

b. 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.

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 except in the following assets which are depreciated at a higher rate than schedule XIV.

Name Of Assets	Depreciation Rate
A) Plant & Machinery :	
Burning Scaffold, Tools & Tackles and Pilot Plant	33.00%
B) Office Equipment	
Telephones and Franking Machine	33.00%
Television, Refrigerators, Electric Fans, Water Cooler and Air Cooler	25.00%
Film Projectors, Office Equipments and Air Conditioners	20.00%
Laboratory Equipment	10.00%
Weighbridge	6.67%
C) Vehicles	9.50%

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

c. 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.

d. Investments

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

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

e. 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.

f. 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 Statement of Profit and Loss. Non monetary foreign currency items are carried at cost and expressed in Indian currency at the rate of exchange prevailing at the time of transactions.

g. 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.

h. 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.

i. 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 statement of Profit and Loss of the year when the contributions accrue.

The liability for Gratuity, a defined benefit 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.

j. Operating Expenses

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

k. Leases

Operating lease expenses are recognized in the statement of Profit and Loss on straight line basis over the lease term.

l. Provisions and Contingent Liabilities

Provisions are recognized 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.

m. 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.

n. Segment Reporting

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, 2014

	As at 31.03.14 ₹ in Millions	As at 31.03.13 ₹ in Millions
4. 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
	29.23	29.23
a) Reconciliation of equity shares outstanding at the beginning and end of the reporting year		
Equity Shares:	31.03.14	31.03.13
	In Numbers ₹ 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		
	31.03.14	31.03.13
	In Numbers % holding	In Numbers % holding
Pfäudler Inc (Holding Company)	76,14,947 52.09%	74,54,400 50.99%
Millars Machinery Company Pvt. Ltd.	16,25,595 11.12%	16,25,595 11.12%
d) Buyback of Shares, Bonus Shares and Shares issued for Consideration other than cash.		
The company has not boughtback any shares, neither has it issued bonus shares nor has it issued shares for consideration other than cash in the past five years.		

	As at 31.03.14 ₹ in Millions	As at 31.03.13 ₹ in Millions
5. RESERVES AND SURPLUS		
Balance as per last Balance Sheet		
Capital Reserve	0.02	0.02
Balance as per last Balance Sheet		
Cash Subsidy Reserve	0.69	0.70
Balance as per last Balance Sheet		
Share Premium Account	149.28	149.28
General Reserve:		
Balance as per last Balance Sheet	179.58	169.91
Add: Transfer from Statement of Profit and Loss	14.49	9.67
	194.07	179.58
Surplus in Statement of Profit and loss		
Balance as per last Balance Sheet	717.21	676.12
Add: Net Profit for the year	142.86	96.66
Less: Interim Dividend	30.70	30.70
Less: Final Dividend	13.16	10.23
Less: Tax on distributed profits	7.53	4.97
Less: Transfer to General Reserve	14.49	9.67
	794.20	717.21
	1,138.26	1,046.79

	As at 31.03.14 ₹ in Millions	As at 31.03.13 ₹ in Millions
6. DEFERRED TAX LIABILITY		
Deferred Tax Liabilities		
Depreciation	51.29	57.53
Deferred Tax Assets		
Technical Know-how Fees	0.05	0.06
Provision for Doubtful Debts/ Advances	15.06	10.93
Provision for Diminution in Value of Investments	0.24	0.04
	15.35	11.03
Net Deferred Tax Liabilities	35.94	46.50
7. TRADE PAYABLES		
- Dues to Micro, Small and Medium Enterprises (Refer Note 27)	0.63	5.50
- Dues to others	252.85	197.71
	253.48	203.21
8. OTHER CURRENT LIABILITIES		
Advances from customers	264.14	197.36
Unclaimed dividend	2.07	2.10
Other liabilities	70.08	50.21
Employee benefits payable	21.54	12.55
Statutory dues payable	5.59	7.62
	363.42	269.84
There are no amounts due for payments to Investor Education and Protection Fund under section 205C of the Companies Act, 1956 as at the year end.		
9. SHORT TERM PROVISIONS		
Provision for unexpired warranty	9.11	6.19
Provision for final dividend	13.16	10.23
Provision for gratuity	7.52	5.50
Provision for Income Tax (Net of advance payment of taxes)	5.74	0.02
Provision for tax on distributed profits	2.24	0.08
	37.76	22.03

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

NOTE 10

FIXED ASSETS

₹ in Millions

ASSETS	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	As on 01.04.13	Additions	Deductions	As on 31.03.2014	Upto 01.04.2013	For the Year	On Deductions	Upto 31.03.14	As on 31.03.14	As on 31.03.13
A) Tangible Assets:										
Freehold Land	2.32	-	-	2.32	-	-	-	-	2.32	2.32
Leasehold Land	1.16	-	-	1.16	0.47	0.01	-	0.48	0.68	0.69
Lease Improvement	12.60	1.11	-	13.71	8.64	1.38	-	10.02	3.70	3.96
Buildings	170.70	-	-	170.70	44.80	4.15	-	48.95	121.75	125.90
Plant & Machinery	526.16	12.85	1.29	537.72	324.55	39.18	1.29	362.44	175.28	201.61
Office Equipment	52.07	4.09	0.26	55.91	29.65	10.92	0.21	40.36	15.55	22.42
Furniture & Fixtures	24.58	0.12	0.09	24.60	14.74	1.06	0.09	15.71	8.89	9.84
Vehicles	42.55	3.76	5.42	40.88	20.07	6.90	4.39	22.58	18.30	22.48
Total	832.13	21.93	7.06	847.00	442.92	63.60	5.98	500.54	346.46	389.21
Previous Year Total	782.11	75.65	25.63	832.13	411.78	54.43	23.29	442.92	389.21	370.33
B) Intangible Assets:										
Computer Software	25.88	3.56	-	29.44	2.10	7.21	-	9.30	20.14	23.78
Total	25.88	3.56	-	29.44	2.10	7.21	-	9.30	20.14	23.78
Previous Year Total	9.68	24.34	8.14	25.88	8.74	1.50	8.14	2.10	23.78	0.94

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

NOTE 11

₹ in Millions

	Face value	Number As At 31.03.14	Cost As At 31.03.14	Number As At 31.03.13	Cost As At 31.03.13
NON CURRENT INVESTMENTS (FULLY PAID) (VALUED AT COST UNLESS STATED OTHERWISE)					
(a) Equity Shares (quoted)					
Abbott India Ltd.	10	100	0.01	100	0.01
BASF India Ltd.	10	276	0.01	276	0.01
Bayer Cropscience Ltd.	10	50	0.00	50	0.00
Clariant Chemical India	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.	10	100	0.00	100	0.00
Glaxo Smithkline Pharmaceuticals Ltd.	10	122	0.01	122	0.01
GHCL 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.	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 Enterprise Ltd.	2	399	-	399	-
Piramal Life Sciences Ltd.	10	39	-	39	-
Piramal 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
Skyline Millars Ltd.	1	1,406,000	1.93	1,406,000	1.93
Shubh Shanti Services Ltd.	10	25	-	25	-
SI Group - India Ltd.	10	50	0.01	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
			<u>2.45</u>		<u>2.45</u>
(b) Equity Shares (unquoted)					
Subsidiary Companies					
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
			<u>220.00</u>		<u>220.00</u>
(c) Government Securities (quoted)					
Indian Railway Finance Corp. Bonds	1000	4,350	4.35	4,350	4.35
(d) Shares in Co-operative Societies (unquoted)					
Karamsad Urban Co-op. Bank Ltd.	10	1,200	0.01	1,200	0.01
Charotar Gas Sahakari Mandli Ltd.	500	10	0.01	10	0.01
			<u>0.02</u>		<u>0.02</u>
Total Investments			<u>226.82</u>		<u>226.82</u>
Aggregate amount of quoted investment			6.80		6.80
Market Value of quoted investment			12.79		13.82
Aggregate amount of unquoted investment			220.02		220.02

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

	As at 31.03.14 ₹ in Millions	As at 31.03.13 ₹ in Millions
12 LONG TERM LOANS AND ADVANCES (Unsecured and considered good unless other wise stated)		
Capital Advances	2.13	3.20
Security Deposits (Refer Note : 26)	44.96	40.26
Less : Provision for doubtful security deposits	0.17	0.65
	<u>44.79</u>	<u>39.61</u>
	<u>46.92</u>	<u>42.81</u>

Mutual Funds (Unquoted)	Face value ₹	Number		Cost	
		As At 31.03.14	As At 31.03.14	As At 31.03.13	As At 31.03.13
		₹ in Millions		₹ in Millions	
13 CURRENT INVESTMENT (VALUED AT LOWER OF COST OR FAIR VALUE)					
In Units of Mutual funds, Unquoted					
HSBC Income Fund Short Term Dividend	10	-	-	3,514	0.05
23 ICICI Prudential short term Plan - Dividend Reinvest	10	-	-	217,538	2.45
DSPBR Short Term Fund Monthly - Dividend	10	-	-	185,137	1.97
HSBC Equity Fund - Growth	10	-	-	50,619	5.00
Pru ICICI Dynamic Plan	10	-	-	47,270	5.00
DSPBR Equity Fund	10	-	-	306,474	5.00
Templeton Short Term Income Plan					
- Monthly Dividend Reinvestment	10	-	-	12,142	13.80
Templeton India Low Duration Fund					
- Monthly Dividend Reinvestment	10	-	-	158,458	1.64
Templeton India Short Term Income Plan Growth	10	-	-	9,503	20.68
Birla Sun Life Dynamic Bond Fund - Retail - Growth	10	-	-	1,127,910	20.68
HDFC Cash Management Fund					
- Treasury Advantage Plan - Retail - Weekly Dividend	10	29,382	0.34	29,382	0.29
IDFC SSIF Medium Term Plan A Growth	10	1,379,698	27.00	1,379,698	27.00
Reliance Dynamic Bond Fund Growth	10	632,586	10.31	-	-
Birla Sun Life Govt. Securities long term growth	10	606,632	21.87	-	-
Reliance Short Term Fund Growth	10	1,387,389	31.16	-	-
HDFC High Interest Fund Dynamie plan - Growth	10	283,306	11.57	-	-
ICICI Prud.In.Regular Plan Growth	10	210,936	8.10	-	-
			<u>110.35</u>		103.56
Provision for diminution in value of Investments			<u>(0.71)</u>		<u>(0.14)</u>
Aggregate book value of investments			<u>109.64</u>		<u>103.42</u>

	As at 31.03.14 ₹ in Millions	As at 31.03.13 ₹ in Millions
14. INVENTORIES (Valued at lower of cost or net realisable value)		
Raw materials	205.93	169.03
Work-in-progress	299.22	250.88
Finished goods	59.37	26.67
Stores and spares	21.79	18.91
	<u>586.31</u>	<u>465.49</u>

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

	As at 31.03.14 ₹ in Millions	As at 31.03.13 ₹ in Millions
15. TRADE RECEIVABLES		
(Unsecured)		
Outstanding for a period over six months		
Considered good	89.44	22.70
Considered doubtful	40.96	41.99
	130.40	64.69
Other debts		
Considered good	228.85	231.41
Considered doubtful	14.54	7.68
	243.39	239.09
Less : Provision for doubtful debts	55.50	49.68
	318.29	254.10
16. CASH AND BANK BALANCES		
Cash and Cash Equivalents		
Balances with banks		
- In current accounts	31.38	15.53
- In deposit accounts (Less than three months maturity)	85.16	5.48
Cash and stamps on hand	1.04	0.58
Other Bank Balances		
- In deposit accounts (Greater than three months but less than twelve months maturity)	20.20	22.32
- In unpaid dividend accounts	2.07	2.10
	139.85	46.01
17. SHORT TERM LOANS AND ADVANCES		
(Unsecured)		
Advances recoverable in cash or in kind or for value to be received	21.01	19.47
Less: Provision for Doubtful Advances	1.78	0.73
	19.23	18.74
Balance with central excise authorities	16.06	7.63
	35.29	26.37
18. OTHER CURRENT ASSETS		
Interest receivable	1.05	0.53
Miscellaneous income receivable	0.98	11.30
Sales commission receivable	-	3.26
Balances with indirect tax authorities	3.03	3.03
Prepaid expenses	6.91	6.62
	11.97	24.74
19. REVENUE FROM OPERATIONS		
Revenue from Sale of Products	2,105.17	1,782.74
Other Operating Revenues	37.47	40.23
	2,142.64	1,822.97
Less: Excise Duty	137.53	147.96
Total	2,005.11	1,675.01
For details refer Note 32		

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

	Year Ended 31.03.14 ₹ in Millions	Year Ended 31.03.13 ₹ in Millions
20. OTHER INCOME		
Interest Income (Gross)		
- Deposits with banks	9.12	5.49
- Others	1.67	1.49
Dividend Income		
- Non-Current Investments (from subsidiary)	-	9.75
- Current Investments	0.75	3.08
Net Gain/ (Loss) on Sale of Investments		
- Non-Current Investments	-	16.32
- Current Investments	6.45	(0.43)
Other non-operating income		
- Bad Debts Recovered	0.15	0.30
- Profit on sales of fixed assets	0.07	-
- Miscellaneous Income	5.83	14.95
Foreign exchange gain	5.23	1.36
	29.27	52.30
21. COST OF RAW MATERIALS AND COMPONENTS CONSUMED		
Opening Stock of Raw Materials	187.94	198.27
Add: Purchases during the year	1,085.31	836.82
	1,273.25	1,035.09
Less: Closing stock of Raw Materials	227.71	187.94
	1,045.54	847.15
22. (INCREASE)/DECREASE IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS		
(Increase)/ Decrease in inventory of Finished Goods	(32.70)	2.59
(Increase)/ Decrease in inventory of Work-in-progress	(48.34)	37.38
	(81.04)	39.97
23. EMPLOYEE BENEFITS EXPENSE		
Salaries and Wages	197.28	161.62
Contribution to Provident and Other Funds	23.93	19.59
Staff Welfare Expenses	10.55	17.77
	231.76	198.99
24. FINANCE COSTS		
Interest on bank overdraft	1.07	0.24
Other financial charges	9.48	7.04
	10.55	7.28

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

	Year Ended 31.03.14 ₹ in Millions	Year Ended 31.03.13 ₹ in Millions
25. OTHER EXPENSES		
Labour Charges Paid to Subcontractors	152.90	149.44
Power & Fuel	152.35	124.46
Repairs to Machinery	24.50	15.84
Repairs to Buildings	2.15	0.92
Repairs - Others	0.89	0.51
Rent	12.13	9.25
Insurance	5.80	5.01
Rates & Taxes	5.25	3.05
Royalty	11.54	10.88
Travel & Conveyance	26.18	24.97
Communication	6.43	5.73
Bad debts written off	6.00	0.45
Provision for doubtful debts and advances	11.38	7.08
Provision for Warranty expenses	5.66	(3.07)
Advertisement and sales promotion	1.79	6.40
Commission	10.54	0.86
Legal and professional fees	15.57	13.89
Freight outward	36.18	23.31
Provision for diminution in value of Investment	0.57	(0.85)
Auditors Remuneration	2.78	1.97
Loss on sale of Fixed Assets	-	1.26
Miscellaneous Expenses	49.50	44.52
	540.09	445.87

26. LONG TERM LOANS AND ADVANCES

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

27. CURRENT LIABILITIES

The amount of dues owed to Micro, Small and Medium Enterprises as on 31st March, 2014 amounted to ₹ 0.55 Millions (31st March, 2013 - ₹ 5.5 Millions). This amount has been outstanding for more than 45 days at the Balance Sheet date. The information regarding Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.

Disclosure under Micro, Small and Medium Enterprises Development Act, 2006

Company has sought confirmation from vendors whether they fall in the category of Micro, Small and Medium Enterprises. Based on the information available the required disclosure under Micro, Small and Medium Enterprises Development Act, 2006 is given below:

	₹ in Millions	
	2013-14	2012-13
Principal amount due to suppliers and remaining unpaid under MSMED Act, 2006	0.55	5.5
Interest accrued and due and unpaid to suppliers under MSMED Act, on the above amount	0.08	-
Interest paid	-	-
Payment made to suppliers (Other than interest) beyond the appointed day, during the year	-	-
Interest due and payable to suppliers under MSMED Act, for payments already made for the period of delay	-	-
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act	-	-
Amount of further interest remaining due and payable in succeeding year	-	-

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

	Year Ended 31.03.14 ₹ in Millions	Year Ended 31.03.13 ₹ in Millions
28. PROVISIONS		
WARRANTY		
At Beginning of the year	6.19	9.25
Add: Provision made during the year	5.66	0.87
	11.85	10.12
Less: Utilized during the year	2.74	3.93
At the end of the year	9.11	6.19

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 range up to 60 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 operating lease are as under:</p>		
	As at 31.03.14 ₹ in Millions	As at 31.03.13 ₹ in Millions
(i) Total Minimum lease payments		
Payable within one year	8.89	8.29
Payable later than one year and not later than five year	26.71	26.41
Payable after five years	-	4.05
(ii) Lease payment recognised in Statement of Profit and Loss for the year	12.13	9.25

30. CONTINGENT LIABILITIES AND COMMITMENTS		
	As at 31.03.14 ₹ in Millions	As at 31.03.13 ₹ in Millions
1) Contingent Liabilities		
a) Claim against the Company not acknowledged as debts		
i) Dispute relating to Excise, Service tax and Sales tax	8.70	8.32
ii) Dispute relating to tax demand	24.07	15.49
b) Guarantee issued by bank	241.98	239.14
2) Commitments		
a) Estimated amount of contracts remaining to be executed on capital account and not provided for	7.99	7.09

31. DETAILS OF FINISHED INVENTORIES					
Items	Units	As at 31.03.14		₹ in Millions	
		Qty	Value	Qty	Value
1. Enameled acid & alkali and chemical equipment	Litres (in '000)	178.2	49.44	69.07	14.97
2. Mild steel and stainless steel equipment	MT	9.49	7.06	42.85	10.69
3. Others		-	2.87	-	1.01
			59.37		26.67

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

32. DETAILS OF SALES

₹ in Millions

Items	Units	Year ended 31.03.14		Year ended 31.03.13	
		Qty	Value	Qty	Value
1. Enameled acid & alkali and chemical equipment	Litres (in '000)	4,420	1,188.63	4,246	1,049.07
2. Mild steel and stainless steel equipment	MT	410	591.92	371	465.28
3. Fusion seamed products and Isostatic moulded products - Dip pipes and sparger	Nos.	17	1.03	5	0.45
4. Others			223.53		160.21
			<u>2,005.11</u>		<u>1,675.01</u>

33. DETAILS OF RAW MATERIALS AND COMPONENTS CONSUMED

₹ in Millions

Items	Units	Year ended 31.03.14		Year ended 31.03.13	
		Qty	Value	Qty	Value
Mild Steel	MT	5,871	258.39	5,733	295.90
Stainless Steel, Brass and Copper	MT	410	80.59	371	75.33
Pipes	Meters	42,352	38.90	71,067	36.99
Teflon Powder	KG	25,313	15.28	10,588	10.42
Motors, Gears, Mechanical Seals	No	3,115	163.36	3,036	119.17
Others			489.02		309.34
			<u>1,045.54</u>		<u>847.15</u>

34. IMPORTED AND INDIGENOUS RAW MATERIALS AND SPARES CONSUMED

₹ in Millions

Items	Year ended 31.03.14		Year ended 31.03.13	
	Percent	Value	Percent	Value
Raw materials (including components)				
- Imported (at landed cost)	8.7%	82.94	4.7%	35.68
- Indigenous	91.3%	873.75	95.3%	727.58
	<u>100.0%</u>	<u>956.69</u>	<u>100.0%</u>	<u>763.26</u>
Stores and spare parts				
- Imported (at landed cost)	0.7%	0.60	0.3%	0.22
- Indigenous	99.3%	88.25	99.7%	83.67
	<u>100.0%</u>	<u>88.85</u>	<u>100.0%</u>	<u>83.89</u>

35. VALUE OF IMPORTS ON CIF BASIS

	Year ended 31.03.14	Year ended 31.03.13
	₹ in Millions	₹ in Millions
Raw material and components	154.19	65.68
Stores and spares	1.34	5.71
	<u>155.53</u>	<u>71.39</u>

36. EXPENDITURE IN FOREIGN CURRENCY

	Year ended 31.03.14	Year ended 31.03.13
	₹ in Millions	₹ in Millions
Royalty	11.54	10.88
Foreign travel	3.54	3.28
Technical Services, Consultancy, Commission, etc.	12.89	7.54
	<u>27.97</u>	<u>21.70</u>

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

	Year ended 31.03.14 ₹ in Millions	Year ended 31.03.13 ₹ in Millions
37. DIVIDEND REMITTED IN FOREIGN CURRENCY		
Period to which it relates	01.04.2013 to 31.03.2014	01.04.2012 to 31.03.2013
Number of (non-resident) shareholders	1	1
Number of Equity shares held on which dividend was due	7,614,947	7,454,400
Amount remitted	21.32	20.87
38. EARNINGS IN FOREIGN CURRENCY		
FOB value exports	429.80	102.56
Commission	4.37	11.33
	434.17	113.89
39. AUDITORS REMUNERATION		
Audit fees	1.42	1.10
Tax audit fees	0.20	0.13
Other services		
– Certification	0.20	0.15
– Limited review, consultation and management services	0.68	0.50
Reimbursement of out-of-pocket expenses	0.28	0.09
	2.78	1.97
40. EMPLOYEE BENEFITS		
The amounts recognised in the Company's financial statements as at the year end are as under:		
Gratuity:		
a. Assumptions :		
Discount Rate	9.39%	8.25%
Rate of Return on Plan Assets	8.70%	8.70%
Salary Escalation	7.0%	5.0%
Mortality	Indian Assured Lives Mortality 2006-08 Ultimate Table	Indian Assured Lives Mortality 2006-08 Ultimate Table
b. Table showing changes in Benefit Obligation:		
Liability at the beginning of the year	51.72	47.45
Interest cost	4.27	4.15
Current service cost	2.13	2.02
Benefit paid	(4.37)	(5.36)
Actuarial (gain)/loss on obligations	5.35	3.47
Liability at the end of the year	59.10	51.72

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

	As at 31.03.14 ₹ in Millions	As at 31.03.13 ₹ in Millions
c. Change in Plan Assets:		
Fair value of Plan Assets at the beginning of the year	46.22	44.72
Expected Return on Plan Assets	4.02	3.91
Contributions	5.50	2.76
Benefit Paid	(4.37)	(5.36)
Actuarial gain / (loss) on Plan Assets	0.20	0.19
Fair value of Plan Assets at the end of the year	51.57	46.22
Total Actuarial Gain / (Loss) to be recognized	5.15	(3.28)
d. Actual Return on Plan Assets:		
Expected Return on Plan Assets	4.02	3.91
Actuarial gain / (loss) on Plan Assets	0.20	0.19
Actual Return on Plan Assets	4.22	4.10
e. Amount Recognised in the Balance Sheet:		
Liability at the end of the year	59.10	51.72
Fair value of Plan Assets at the end of the year	51.57	46.22
Net (Liability)/Asset Recognized in the Balance Sheet	(7.53)	(5.50)
f. Expenses Recognized in the Income Statement:		
Current Service cost	2.13	2.02
Interest Cost	4.27	4.15
Expected return on Plan Assets	(4.02)	(3.91)
Net Actuarial (gain) / loss to be recognized	5.15	3.28
Expense Recognized in Profit & Loss	7.53	5.53
g. Balance Sheet Reconciliation:		
Opening Net Liability	5.50	2.73
Expenses as above	7.52	5.53
Employers Contribution	(5.50)	(2.76)
Amount Recognised in Balance Sheet	7.52	5.50
h. Other Details:		
Gratuity is payable at the rate of 15 days salary for each year of service.		
Salary escalation is considered as advised by the Company which is in line with the industry practice considering promotion and demand and supply of the employees.		
i. Category of Assets:		
Insurer Managed Funds	51.57	46.22
41. EARNING PER SHARE	Year ended 31.03.14	Year ended 31.03.13
a) Net profit for the year available to equity shareholders after Tax in ₹ Millions'	142.86	96.66
b) Weighted average number of Equity Shares during the year	14,617,500	14,617,500
c) Face value of Equity Share in ₹	2	2
d) Basic and diluted earnings per share (₹)	9.77	6.61

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

42. RELATED PARTY DISCLOSURES

(I) List of Related parties

(a) Parties where control exists:

- | | | |
|-------------------------------|---|-----------------------------|
| (i) Ultimate Holding Company: | : | National Oilwell Varco Inc. |
| (ii) Holding Company: | : | Pfudler Inc. |

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

- | | | |
|-------------------------|---|--|
| (c) Fellow Subsidiaries | : | Pfudler Werke GMBH
Pfudler Balfour Ltd.
Edlon PSI Inc.
Suzhou Pfudler Glass Lined Equipment Co. Ltd.
Glass Steel Parts and Services
Tycon Technoglass
Chemineer Inc
Robbins & Myers DE Mexico, SA.DECV
Robbins & Myers Inc.(From 21st February 2013) |
|-------------------------|---|--|

- | | | |
|------------------------------|---|--|
| (d) Key management personnel | : | Mr. Ashok J. Patel – Managing Director
Mr. Tarak A. Patel – Executive Director
Mr. Ashok C. Pillai – Chief Operating Officer |
|------------------------------|---|--|

- | | | |
|--|---|--|
| (e) 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) |
|--|---|--|

- | | | |
|--|---|---|
| (f) Enterprises over which key managerial personnel have significant influence | : | Skyline Millars Ltd.
Ready Mix Concrete Ltd. |
|--|---|---|

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

42. RELATED PARTY DISCLOSURES (Continued)

(II) Transactions with related parties

₹ in Millions

Transaction	Ultimate Holding Company		Holding Company		Subsidiary Companies		Fellow Subsidiaries		Key Management Personnel		Relative of Key Management Personnel		Other Related Parties	
	31.03.14	31.03.13	31.03.14	31.03.13	31.03.14	31.03.13	31.03.14	31.03.13	31.03.14	31.03.13	31.03.14	31.03.13	31.03.14	31.03.13
Purchase of goods	-	-	-	0.68	17.07	9.23	31.56	16.73	-	-	-	-	-	0.02
Sale of goods	-	-	-	-	53.53	6.12	39.00	18.93	-	-	-	-	-	-
Receiving of services	-	-	-	0.30	0.03	0.38	-	-	-	-	-	-	22.15	20.81
Royalty	-	-	-	11.54	-	-	-	-	-	-	-	-	-	-
Lease Rent paid	-	-	-	-	-	-	-	-	-	-	-	-	7.76	6.62
Remuneration paid	-	-	-	-	-	-	-	-	19.49	19.96	-	-	-	-
Interest received	-	-	-	-	-	-	-	-	-	0.04	-	-	-	-
Dividend paid	-	-	-	21.32	-	-	-	-	3.32	3.32	0.84	0.84	-	-
Dividend Received	-	-	-	-	-	9.75	-	-	-	-	-	-	-	-
Advance given	-	-	-	-	-	1.27	-	-	-	-	-	-	-	-
Loan refund to company	-	-	-	-	-	-	-	-	-	0.30	-	-	-	-
Commission received on services provided	-	11.33	-	-	-	-	4.37	-	-	-	-	-	-	-
Commission paid on services received	-	-	-	-	-	-	5.80	-	-	-	-	-	-	-
Balance outstanding	-	-	-	42.42	0.09	1.43	15.91	9.67	1.63	-	-	-	0.89	2.74
Payables	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Receivables	-	3.26	-	-	32.09	4.53	18.78	11.29	-	0.32	-	-	-	-
Deposit outstanding	-	-	-	-	-	-	-	-	-	-	-	-	30.70	30.70

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

Nature of transactions	Name of the Party	Year ended 31.03.14 ₹ in Millions	Year ended 31.03.13 ₹ in Millions
Purchase of goods	Mavag AG	17.07	9.23
	Pfaudler Werke GMBH	26.24	7.77
	Glass Steel & parts Services	-	0.12
	Tycon Technoglass	4.98	8.72
Sale of goods	Mavag AG	53.53	6.12
	Pfaudler Werke GMBH	34.32	2.85
Receiving Services	Ready Mix Concrete Ltd.	19.69	17.00
	Skyline Millars Ltd.	2.46	3.81
Lease rent paid	Ready Mix Concrete Ltd.	7.76	4.18
Royalty	Pfaudler Inc.	11.54	10.88
Remuneration paid	Mr. Ashok J. Patel	11.20	11.20
	Mr. Ashok Pillai	5.08	5.26
	Mr. Tarak A. Patel	3.21	3.50
Dividend Received	Karamsad Investments Ltd.	-	9.75
Dividend paid	Pfaudler Inc.	21.32	20.87
	Mr. Ashok J. Patel	2.82	2.82
Commission on Services received	Tycon Technoglass	5.02	-
	Suzhou Pfaudler	0.78	-
Commission on services provided	Robbins & Myers Inc.	-	11.33
	Chemineer Inc.	4.37	-
Advance given	GMM Mavag AG	-	1.27
Balances outstanding as on March 31, 2014			
Payables	Pfaudler Inc.	42.42	32.61
	Pfaudler Werke GMBH	12.33	0.81
	Glass Steel & Parts Services	-	0.12
	Glasslined Equipment Co. Ltd.	-	0.02
Receivables	Mavag AG	26.84	-
	Pfaudler Werke GMBH	17.90	1.03
Deposit outstanding	Ready Mix Concrete Ltd.	30.70	30.70
Key Managerial Personal			
Payable	Mr. Ashok J. Patel	1.63	0.30

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

43. SEGMENT REPORTING

(a) Primary segment reporting by Business Segment

₹ in Millions

Particulars	Chemical Processing Equipment		Mixing Systems		Filtration/Separation Equipment & Others		Total
	31.03.14	31.03.13	31.03.14	31.03.13	31.03.14	31.03.13	
Revenue :							
Total External Sales	1,641.04	1,428.07	150.52	113.49	213.55	133.45	1,675.01
Segment Results:							
Profit/(Loss) Before Tax and Interest	225.31	127.53	13.05	9.42	21.56	6.24	143.19
Unallocated Expense (Net)	-	-	-	-	-	-	3.79
Less: Interest	-	-	-	-	-	-	7.28
Profit/(Loss) Before Tax	-	-	-	-	-	-	132.12
Taxes	-	-	-	-	-	-	73.81
Net Profit After Tax	-	-	-	-	-	-	142.86
Segment Assets	1,084.02	977.16	76.94	43.43	142.56	98.17	1,118.76
Unallocated Assets	-	-	-	-	-	-	498.84
Total Assets	506.03	394.41	52.11	34.11	73.28	41.62	1,617.60
Segment Liabilities	-	-	-	-	-	-	470.14
Unallocated Liabilities	-	-	-	-	-	-	71.45
Total Liabilities	-	-	-	-	-	-	541.59
Capital Expenditure	15.28	89.72	-	-	1.21	1.68	91.40
Unallocated Capital Expenditure	-	-	-	-	-	-	8.58
Depreciation	57.09	48.66	4.47	0.56	6.34	2.24	51.46
Unallocated Depreciation	-	-	-	-	-	-	4.47

(b) Secondary segment reporting by Geographical Segment:

₹ in Millions

Particulars	Within India		Outside India		Total
	31.03.14	31.03.13	31.03.14	31.03.13	
Revenue	1,574.73	1,572.45	430.38	102.56	1,675.01

Notes:

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

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

	As at 31.03.14 ₹ in Millions		As at 31.03.13 ₹ in Millions	
	Receivable	Payable	Receivable	Payable
US Dollar	0.04	0.02	0.12	-
Euro	0.27	0.50	0.24	0.18
GBP	-	-	0.07	0.01
CHF	-	-	0.08	0.02
JPY	-	-	-	0.45

45. Previous years figures have been regrouped/reclassified wherever necessary.

INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

TO THE BOARD OF DIRECTORS OF GMM PFAUDLER LIMITED

We have audited the accompanying Consolidated financial statements of GMM Pfaudler Limited ("the Company"), and its subsidiaries, which comprise the consolidated Balance Sheet as at March 31, 2014, the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation, maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- i) in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2014;
- ii) in the case of the consolidated Statement of Profit and Loss, of the profits for the year ended on that date; and
- iii) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

Other Matter

We did not audit the financial statements of the subsidiary companies, whose financial statements reflect total assets of Rs. 740.54 million as at March 31, 2014, total revenues of Rs. 862.30 million and net cash outflows amounting to of Rs.129.69 million for the year then ended on that date. These financial statements have been audited 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.

For and on behalf of

KALYANIWALLA & MISTRY

CHARTERED ACCOUNTANTS

FIRM REGISTRATION NO. 104607W

Darius Z. Fraser

PARTNER

M. No.: 42454

Mumbai: May 30, 2014

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2014

	Notes	As at 31.03.14 ₹ in Millions	As at 31.03.13 ₹ in Millions
I. EQUITY AND LIABILITIES			
Shareholders' funds			
Share Capital	4	29.23	29.23
Reserves and Surplus	5	1,360.42	1,163.59
		1,389.65	1,192.82
Non-current liabilities			
Deferred tax liabilities (Net)	6	46.68	52.67
Current Liabilities			
Trade payables	7	285.36	238.60
Other current liabilities	8	580.34	448.50
Short term provisions	9	44.39	27.54
		910.09	714.64
Total		2,346.42	1,960.13
II. ASSETS			
Non-current assets			
Goodwill on Consolidation		119.35	101.81
Fixed assets			
Tangible assets	10A	375.43	411.33
Intangible assets	10B	30.73	36.29
Capital work-in-progress		16.40	8.81
		422.56	456.43
Non-current investments	11	6.82	6.82
Long term loans and advances	12	46.92	42.83
Other non-current assets		-	6.05
		595.65	613.94
Current assets			
Current investments	13	109.64	103.42
Inventories	14	851.04	612.75
Trade receivables	15	431.98	290.37
Cash and Bank Balances	16	299.44	290.91
Short term loans and advances	17	30.05	21.81
Other current assets	18	28.62	26.93
		1,750.77	1,346.19
Total		2,346.42	1,960.13
Significant Accounting Policies	3		

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

As per our report of even date.

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

Daraius Z Fraser
Partner
M. No. 42454

Mumbai, May 30, 2014

For and on behalf of the Board

P. Krishnamurthy Chairman
Ashok J. Patel Managing Director
A. N. Mohanty Financial Controller
Mittal Mehta Company Secretary

Mumbai, May 30, 2014

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2014

	Notes	Year ended 31.03.14 ₹ in Millions	Year ended 31.03.13 ₹ in Millions
REVENUE :			
Revenue from operations	19	2,925.39	2,276.89
Less : Excise duty		137.53	147.96
		2,787.86	2,128.93
Other Income	20	38.20	55.14
Total Revenue		2,826.06	2,184.07
EXPENSES :			
Cost of raw materials and components consumed	21	1,390.89	1,039.49
(Increase)/Decrease in inventories of finished goods and work-in-progress	22	(151.78)	4.27
Employee benefits expense	23	518.91	418.36
Finance costs	24	10.55	7.28
Depreciation	10	88.95	72.44
Other expenses	25	697.69	508.07
Total Expenses		2,555.21	2,049.91
Profit before tax		270.85	134.16
Tax expenses :			
Current tax		87.39	42.08
Deferred tax		(7.16)	(4.78)
Profit after tax		190.62	96.86
EARNINGS PER EQUITY SHARE:			
Basic & Diluted		13.04	6.63
Significant Accounting Policies	3		

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

As per our report of even date.

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

Daraius Z Fraser
 Partner
 M. No. 42454

Mumbai, May 30, 2014

For and on behalf of the Board

P. Krishnamurthy	Chairman
Ashok J. Patel	Managing Director
A. N. Mohanty	Financial Controller
Mittal Mehta	Company Secretary

Mumbai, May 30, 2014

STATEMENT OF CONSOLIDATED CASH FLOW FOR THE YEAR ENDED MARCH 31, 2014

	Year ended 31.03.14 ₹ in Millions	Year ended 31.03.13 ₹ in Millions
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	270.85	134.16
Adjustments to reconcile profit before tax to cash provided by operations		
Depreciation	88.95	72.44
Net (gain) / loss on sale & discard of fixed assets	(1.80)	1.26
Net (gain) / loss on sale of Current Investment	(6.45)	0.43
Net (gain) / loss on sale of Non-Current Investment	-	(23.74)
Interest income	(11.39)	(7.48)
Interest expense	10.55	7.28
Dividend Income	(0.75)	(3.75)
Provision for doubtful debts, liquidated damages and advances	3.83	12.04
Provision for diminution in value of current investments	0.57	(0.85)
Unrealised foreign exchange fluctuation loss / (gain)	1.30	0.57
Operating profit before working capital changes	355.66	192.35
Adjustments for :		
Increase / (Decrease) in Inventories	(212.98)	26.84
(Increase) / Decrease in Trade receivable, Short term loan & advances and other assets	(165.35)	13.94
Increase/ (Decrease) in Trade payables, other current liabilities & Provisions	168.58	53.68
Cash generated from operations	145.91	286.82
Direct Taxes paid	(81.65)	(42.17)
Net cash from / (used in) operating activities	64.26	244.65
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets, including intangible assets	(50.62)	(75.95)
Proceeds from sale of fixed assets	2.93	1.03
Purchase of current investments	(84.39)	(101.14)
Proceeds from sale of current investments	84.08	48.57
Proceeds from sale of non-current investments	6.06	45.23
Fixed deposits maturity proceeds from banks (net)	11.62	-
Fixed deposits placed with banks (net)	-	(39.87)
Interest received	9.42	7.48
Dividend received	0.62	(6.00)
Net cash used in investing activities	(20.28)	(120.65)
CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid	(10.55)	(7.28)
Dividend paid	(50.70)	(31.26)
Tax on distributed profits	(6.96)	(6.63)
Net cash used in financing activities	(68.21)	(45.17)
NET INCREASE / (DECREASE) IN CASH & CASH EQUIVALENTS	(24.23)	78.83
Cash and Cash equivalents, beginning of the year	251.04	172.21
Effect of Exchange Rate Changes [(Gain) / Loss]	44.38	-
Cash and Cash equivalents, end of the year	271.19	251.04
COMPONENTS OF CASH AND CASH EQUIVALENTS		
Cash and Cash Equivalent		
Balances with banks		
- In current accounts	182.26	241.52
- In deposit accounts (Less than three months maturity)	85.16	5.48
Cash on hand	1.70	1.94
Other Bank Balances		
- In unpaid dividend accounts	2.07	2.10
Total	271.19	251.04
The company has been sanctioned credit facilities for working capital of ₹ 200 million, of which facilities utilised as on March 31, 2014 were ₹ Nil.		

As per our report of even date.

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

Daraius Z Fraser
Partner
M. No. 42454

Mumbai, May 30, 2014

For and on behalf of the Board

P. Krishnamurthy Chairman
Ashok J. Patel Managing Director
A. N. Mohanty Financial Controller
Mittal Mehta Company Secretary

Mumbai, May 30, 2014

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

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, 2014.

2. Basis of preparation

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. These financial statements have been prepared in accordance with the recognition and measurement principles laid down in Accounting Standard notified under the Companies Act, 1956 (which continues to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs.)

All the assets and liabilities have been classified as current and non current as per the company's normal operating cycle and other criteria set out in Revised Schedule VI to the Companies Act, 1956. Based on the nature of service rendered and the time between the rendering of the services and their realization in cash and cash equivalent, the Company has ascertained its operating cycle as twelve month for the purpose of current and non current classification of assets and liabilities.

3. Significant Accounting Policies

a) Use of Estimates

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

b) 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.

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 except in the following assets which are depreciated at higher rate than schedule XIV in respect of the assets situated in India.

Name Of Assets	Depreciation Rate
A) Plant & Machinery :	
Burning Scaffold, Tools & Tackles and Pilot Plant	33.00%
B) Office Equipments	
Telephones and Franking Machine	33.00%
Television, Refrigerators, Electric Fans , Water Cooler and Air	25.00%
Film Projectors ,Office Equipments and Air Conditioners	20.00%
Laboratory Equipment	10.00%
Weighbridge	6.67%
C) Vehicles	9.50%

Depreciation is provided prorata to the period of use, in respect of the assets situated outside India on the written down value method at the rates prescribed under Swiss law in respect of the assets of the foreign subsidiaries.

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

c) 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.

d) Investments

- (i) 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.
- (ii) Current investments are stated at lower of cost and fair value and the resultant decline, if any, is charged to revenue.

e) 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.

f) 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 Statement of Profit and Loss. Non monetary foreign currency items are carried at cost and expressed in Indian currency at the rate of exchange prevailing at the time of transactions.

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.

g) 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.

h) 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.

i) Employee Benefits

Employee benefits in the form of provident fund, family pension fund and superannuation scheme and pension liability in case of foreign subsidiaries which are defined contribution schemes are charged to the Statement of Profit and Loss of the year when the contributions accrue.

The liability for Gratuity, a defined benefit 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.

j) Operating Expenses

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

k) Leases

Operating lease expenses are recognized in the statement of Profit and Loss on straight line basis over the lease term.

l) 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.

m) 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.

n) Segment reporting

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, 2014

	As at 31.03.14 ₹ in Millions	As at 31.03.13 ₹ in Millions
4. 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:	31.03.14	31.03.13
	In Numbers	₹ In Millions
At the Beginning of the year	1,46,17,500	29.23
Issued during the year	-	-
Outstanding as at the end of the year	1,46,17,500	29.23
	In Numbers	₹ in Millions
	1,46,17,500	29.23
	-	-
	1,46,17,500	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		
	31.03.14	31.03.13
	In Numbers	% holding
Pfaunder Inc (Holding Company)	76,14,947	52.09%
Millars Machinery Company Private Limited	16,25,595	11.12%
	In Numbers	% holding
	74,54,400	50.99%
	16,25,595	11.12%
d) Buyback of Shares, Bonus Shares and Shares issued for Consideration other than cash.		
The company has not bought back any shares, neither has it issued bonus shares nor has it issued shares for consideration other than cash in the past five years.		
5. RESERVES AND SURPLUS		
Balance as per last Balance Sheet		
Capital Reserve	0.02	0.02
Balance as per last Balance Sheet		
Cash Subsidy Reserve	0.69	0.70
Balance as per last Balance Sheet		
Share Premium Account	149.28	149.28
Balance as per last Balance Sheet		
Foreign exchange Transaction Reserve Accounts	93.28	93.63
Add : Foreign Exchange Translation Reserve	57.60	(0.35)
	150.88	93.28
General Reserve:		
Balance as per last Balance Sheet	197.56	186.55
Add: Transfer from Statement of Profit and Loss	15.23	11.01
	212.79	197.56
Surplus in Statement of Profit and loss		
Balance as per last Balance Sheet	722.75	684.38
Add: Net Profit for the year	190.62	96.86
Less: Interim Dividend	30.70	30.70
Less: Final Dividend	13.16	10.23
Less: Tax on distributed profits	7.53	6.55
Less: Transfer to General Reserve	15.23	11.01
	846.76	722.75
	1,360.42	1,163.59

	As at 31.03.14 ₹ in Millions	As at 31.03.13 ₹ in Millions
6. DEFERRED TAX LIABILITY		
Deferred Tax Liabilities		
Depreciation	51.29	57.53
Warranty Provision	10.74	6.17
	62.03	63.70
Deferred Tax Assets		
Technical Know-how Fees	0.05	0.06
Provision for Doubtful Debts / Advances	15.06	10.93
Provision for Diminution in Value of Investments	0.24	0.04
	15.35	11.03
	46.68	52.67
7. TRADE PAYABLES		
- Dues to Micro, Small and Medium Enterprises	0.63	5.50
- Dues to others	284.73	233.10
	285.36	238.60
8. OTHER CURRENT LIABILITIES		
Advances from customers	427.90	353.16
Unclaimed dividend	2.07	2.10
Other liabilities	123.24	73.07
Employee benefits payable	21.54	12.55
Statutory dues payable	5.59	7.62
	580.34	448.50
9. SHORT TERM PROVISIONS		
Provision for unexpired warranty	15.72	10.10
Provision for final dividend	13.16	10.23
Provision for gratuity	7.52	5.50
Provision for Income Tax (Net of advance payment of taxes)	5.76	0.06
Provision for tax on distributed profits	2.23	1.65
	44.39	27.54

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

NOTE 10

FIXED ASSETS

₹ in Millions

ASSETS	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	As on 01.04.13	Additions	Deductions	As on 31.03.14	Upto 01.04.13	For the Year	On Deductions	Upto 31.03.14	As on 31.03.14	As on 31.03.13
A) Tangible Assets:										
Freehold land	2.32	-	-	2.32	-	-	-	-	2.32	2.32
Leasehold land	1.15	-	-	1.15	0.47	0.01	-	0.48	0.67	0.68
Lease improvement	12.60	1.11	-	13.72	8.64	1.38	-	10.02	3.70	3.97
Buildings	170.70	-	-	170.70	44.80	4.15	-	48.95	121.74	125.90
Plant & machinery	573.85	18.64	1.29	591.21	350.75	48.48	1.29	397.94	193.27	223.10
Office Equipment	52.07	4.09	0.26	55.91	29.65	10.92	0.21	40.36	15.55	22.42
Furniture & Fixtures	25.82	1.55	0.09	27.28	15.99	1.26	0.09	17.16	10.12	9.83
Vehicles	47.95	15.68	5.42	58.21	24.84	9.68	4.39	30.13	28.07	23.11
Total	886.46	41.07	7.06	920.48	475.14	75.88	5.98	545.04	375.43	411.33
Previous Year Total	832.45	79.76	25.75	886.46	433.52	64.90	23.29	475.14	411.33	
B) Intangible Assets:										
Computer software	61.23	7.50	-	68.73	24.94	13.07	-	38.00	30.73	36.29
Total	61.23	7.50	-	68.73	24.94	13.07	-	38.00	30.73	36.29
Previous Year Total	43.30	25.97	8.14	61.23	25.55	7.54	8.14	24.94	36.29	

The fixed assets of the foreign subsidiary have been consolidated at the written down value as on the date of acquisition as the particulars of the original cost and accumulated depreciation are not available. The value of fixed assets in the foreign subsidiary not being significant, there is no material impact on account of depreciation on the consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

NOTE 11

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

₹ in Millions

	Face value	Number As At 31.03.14	Cost As At 31.03.14	Number As At 31.03.13	Cost As At 31.03.13
(a) Equity Shares (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. (formerly Bayer India Ltd.)	10	50	-	50	-
Clariant Chemical India Ltd. - (formerly Colour Chem Ltd.)	10	50	-	50	-
Dharamsi Morarji Chemicals Ltd.	10	100	-	100	-
Excel Crop Care Ltd.	5	112	-	112	-
Excel Industries Ltd.	5	112	0.01	112	0.01
Futura Polyester Ltd. (formerly Indian Organic Chemicals Ltd.)	10	100	-	100	-
Glaxo Smithkline Pharmaceuticals Ltd.	10	122	0.01	122	0.01
GHCL Ltd. (formerly Gujarat Heavy Chemical Ltd.)	10	100	-	100	-
Hico Products Ltd.	10	625	0.01	625	0.01
IDI Ltd.	10	66	-	66	-
Innovssynth Investments Ltd. (As per arrangement with Futura)	10	45	-	45	-
Kansai Nerolac Paints Ltd.	10	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 Enterprises Ltd. (Formerly Piramal Healthcare Ltd.)	2	399	-	399	-
Piramal Life Sciences Ltd.	10	39	-	39	-
Piramal Glass Ltd. (Formerly Gujarat Glass Ltd.)	10	19	-	19	-
Peninsula Land Ltd.	2	1,040	-	1,040	-
Pfizer Ltd.	10	135	0.01	135	0.01
Skyline Millars Ltd. (Formerly Millars India Ltd.)	1	1,406,000	1.93	1,406,000	1.93
Shubh Shanti Services Ltd.	10	25	-	25	-
SI Group - India Ltd. (Formerly 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
			2.45		2.45
(b) Government Securities (quoted)					
Indian Railway Finance Corporation Ltd.	1000	4,350	4.35	4,350	4.35
			4.35		4.35
(c) 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			6.82		6.82
Note :					
Aggregate amount of quoted investment			6.80		6.80
Market Value of quoted investment			12.79		13.82
Aggregate amount of unquoted investment			0.02		0.02

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

	As at 31.03.14 ₹ in Millions	As at 31.03.13 ₹ in Millions
12. LONG TERM LOANS AND ADVANCES		
(Unsecured)		
Capital Advances	2.13	3.20
Security Deposits (Refer Note : 26)	44.96	40.26
Less : Provision for doubtful security deposits	0.17	0.65
	<u>44.79</u>	<u>39.61</u>
Advance Payment of Taxes	-	0.02
	<u>46.92</u>	<u>42.83</u>

13. CURRENT INVESTMENT (VALUED AT LOWER OF COST OR FAIR VALUE)					
	Face value	Number As At 31.03.14	Cost As At 31.03.14	Number As At 31.03.13	Cost As At 31.03.13
	Rupees	₹ in Millions		₹ in Millions	
In Units of Mutual funds, Unquoted					
HSBC Income Fund Short Term Dividend	10	-	-	3,514	0.05
23 ICICI Prudential short term Plan - Dividend Reinvest	10	-	-	217,538	2.45
DSPBR Short Term Fund Monthly - Dividend	10	-	-	185,137	1.97
HSBC Equity Fund - Growth	10	-	-	50,619	5.00
Pru ICICI Dynamic Plan	10	-	-	47,270	5.00
DSPBR Equity Fund	10	-	-	306,474	5.00
Templeton Short Term Income Plan - Monthly Dividend Reinvestment	10	-	-	12,142	13.80
Templeton India Low Duration Fund - Monthly Dividend Reinvestment	10	-	-	158,458	1.64
Templeton India Short Term Income Plan Growth	10	-	-	9,503	20.68
Birla Sun Life Dynamic Bond Fund - Retail - Growth	10	-	-	1,127,910	20.68
HDFC Cash Management Fund - Treasury Advantage Plan - Retail - Weekly Dividend	10	29,382	0.34	29,382	0.29
IDFC SSIF Medium Term Plan A Growth	10	1,379,698	27.00	1,379,698	27.00
Reliance Dynamic Bond Fund Growth	10	632,586	10.31	-	-
Birla Sun Life Govt. Securities long term growth	10	606,632	21.87	-	-
Reliance Short Term Fund Growth	10	1,387,389	31.16	-	-
HDFC High Interest Fund Dynamie plan - Growth	10	283,306	11.57	-	-
ICICI Prud.In.Regular Plan Growth	10	210,936	8.10	-	-
			<u>110.35</u>		<u>103.56</u>
Provision for diminution in value of Investments			(0.71)		(0.14)
Aggregate book value of investments			<u>109.64</u>		<u>103.42</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

	As at 31.03.14 ₹ in Millions	As at 31.03.13 ₹ in Millions
14. INVENTORIES (Valued at lower of cost or Net realisable value)		
Raw materials	279.92	215.33
Work-in-progress	489.96	351.84
Finished goods	59.37	26.67
Stores and spares	21.79	18.91
	851.04	612.75
15. TRADE RECEIVABLES (Unsecured)		
Outstanding for a period over six months		
Considered good	89.44	22.70
Considered doubtful	41.01	44.95
	130.45	67.65
Other debts		
Considered good	342.56	267.69
Considered doubtful	15.91	7.68
	358.47	275.37
Less : Provision for doubtful debts	56.94	52.65
	431.98	290.37
16. CASH AND BANK BALANCES		
Cash and Cash Equivalents		
Balances with banks		
- In current accounts	182.26	241.52
- In deposit accounts (Less than three months maturity)	85.16	5.48
Cash and stamps in hand	1.70	1.94
Other Bank Balances		
In deposit accounts (Greater than three months but less then twelve months maturity)	28.25	39.87
- In Unpaid dividend accounts	2.07	2.10
	299.44	290.91
17. SHORT TERM LOANS AND ADVANCES (Unsecured)		
Advances recoverable in cash or in kind or for value to be received	15.77	14.91
Prov. for Doubtful Advances	1.78	0.73
	13.99	14.18
Balance with central excise authorities	16.06	7.63
	30.05	21.81
18. OTHER CURRENT ASSETS		
Interest receivable	1.05	0.53
Miscellaneous income receivable	1.56	1.77
Sales commission receivable	-	3.26
Balance with indirect tax authorities	3.03	3.03
Prepaid expenses	6.91	6.62
Others	16.07	11.72
	28.62	26.93

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

	Year ended 31.03.14 ₹ in Millions	Year ended 31.03.13 ₹ in Millions
19. REVENUE FROM OPERATIONS		
Revenue from Sale of Products	2,887.06	2,235.70
Other Operating Revenues	38.33	41.19
	2,925.39	2,276.89
Less: Excise Duty	137.53	147.96
	2,787.86	2,128.93
20. OTHER INCOME		
Interest Income (Gross)		
- Deposits with banks	9.72	5.85
- Others	1.67	1.49
Dividend Income		
- Non-Current Investments (From subsidiary)	-	0.13
- Current Investments	0.75	3.08
Net Gain/ (Loss) on Sale of Investments		
- Non-Current Investments	-	23.74
- Current Investments	6.45	(0.43)
Other non-operating income		
- Bad Debts Recovered	0.15	0.30
- Profit on sale of Fixed Assets	0.07	-
- Miscellaneous Income	7.98	15.74
Foreign exchange gain	11.41	5.24
	38.20	55.14
21. COST OF RAW MATERIALS AND COMPONENTS CONSUMED		
Opening Stock of Raw Material	234.60	233.45
Add: Purchases during the year	1,447.18	1,040.64
	1,681.78	1,274.09
Less: Closing stock of Raw Material	290.89	234.60
	1,390.89	1,039.49
22. (INCREASE)/DECREASE IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS		
(Increase)/ Decrease in inventory of Finished Goods	(32.70)	2.59
(Increase)/ Decrease in inventory of Work-in-progress	(119.08)	1.68
	(151.78)	4.27
23. EMPLOYEE BENEFITS EXPENSE		
Salaries and Wages	443.64	347.56
Contribution to Provident and Other Funds	64.72	53.03
Staff Welfare Expenses	10.55	17.77
	518.91	418.36

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

	Year ended 31.03.14 ₹ in Millions	Year ended 31.03.13 ₹ in Millions
24. FINANCE COSTS		
Interest on bank overdraft	1.07	0.24
Other financial Charges	9.48	7.04
	10.55	7.28

25. OTHER EXPENSES		
Labour Charges Paid to Subcontractors	242.57	165.02
Power & Fuel	158.34	129.75
Repairs to Machinery	36.37	22.75
Repairs to Buildings	3.99	2.17
Repairs - Others	2.04	1.72
Rent	24.68	20.06
Insurance	6.46	6.50
Rates & Taxes	5.25	3.05
Royalty	11.54	10.88
Travel & Conveyance	42.83	31.31
Communication	7.68	6.81
Bad debts written off	6.00	0.45
Provision for doubtful debts and advances	9.39	7.28
Provision for Warranty expenses	7.64	(4.05)
Advertisement and sales promotion	2.71	7.65
Commission	10.54	0.86
Legal and professional fees	15.60	15.25
Freight outward	36.18	23.31
Provision for diminution in value of Investment	0.57	(0.85)
Auditors Remuneration	6.68	3.17
Loss on sale of Fixed Assets	-	1.26
Miscellaneous Expenses	60.63	53.72
	697.69	508.07

26. LONG TERM LOANS AND ADVANCES
Security Deposits include ₹ 30.70 million (previous year ₹ 30.70 million) of security deposits paid to Ready Mix Concrete Limited for use of three additional factory sheds taken on lease by the Company from November 01, 2012.

27. PROVISIONS		
	₹ in Millions Current Year	₹ in Millions Previous Year
WARRANTY		
At Beginning of the year	10.10	14.15
Add: Provision made during the year	8.36	
	18.46	14.15
Less: Utilised during the year	2.74	4.05
At the end of the year	15.72	10.10

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

28. OPERATING LEASE

The Company's significant leasing arrangements are in respect of operating leases for factory shed/premises and guest house. These lease agreements range up to 60 months from the end of the current financial year and are usually renewable by mutual consent on mutually agreeable terms.

The total future minimum lease payments under operating lease are as under:

	As at 31.03.14 ₹ in Millions	As at 31.03.13 ₹ in Millions
(i) Total Minimum lease payments	31.03	31.03
Payable within one year	30.16	26.44
Payable later than one year and not later than five year	26.71	26.41
Payable above five years	-	4.05
(ii) Lease payment recognised in Statement of Profit and Loss for the year.	24.68	20.06

29. CONTINGENT LIABILITIES AND COMMITMENTS

	As at 31.03.14 ₹ in Millions	As at 31.03.13 ₹ in Millions
1) <u>Contingent Liabilities</u>		
a) Claim against the Company not acknowledged as debts		
ii) Dispute relating to Excise, Service tax and Sales tax	8.70	8.32
ii) Dispute relating to tax demand	24.07	15.49
b) Guarantee issued by bank	241.98	239.14
c) Other Contingent Liability	-	-
2) <u>Commitments</u>		
a) Estimated amount of contracts remaining to be executed on capital account and not provided for	7.99	7.09

30. EMPLOYEE BENEFITS

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

	As at 31.03.14 ₹ in Millions	As at 31.03.13 ₹ in Millions
a. Assumptions :		
Discount Rate	9.39%	8.25%
Rate of Return on Plan Assets	8.70%	8.70%
Salary Escalation	7.0%	5.0%
Mortality	Indian Assured Lives Mortality 2006-08 Ultimate Table	Indian Assured Lives Mortality 2006-08 Ultimate Table
b. Table showing changes in Benefit Obligation:		
Liability at the beginning of the year	51.72	47.45
Interest cost	4.27	4.15
Current service cost	2.13	2.02
Benefit paid	(4.37)	(5.36)
Actuarial (gain)/loss on obligations	5.35	3.47
Liability at the end of the year	59.10	51.72

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

	As at 31.03.14 ₹ in Millions	As at 31.03.13 ₹ in Millions
c. Change in Plan Assets:		
Fair value of Plan Assets at the beginning of the year	46.22	44.72
Expected Return on Plan Assets	4.02	3.91
Contributions	5.50	2.76
Benefit Paid	(4.37)	(5.36)
Actuarial gain / (loss) on Plan Assets	0.20	0.19
Fair value of Plan Assets at the end of the year	51.57	46.22
Total Actuarial Gain / (Loss) to be recognised	5.15	(3.28)
d. Actual Return on Plan Assets:		
Expected Return on Plan Assets	4.02	3.91
Actuarial gain / (loss) on Plan Assets	0.20	0.19
Actual Return on Plan Assets	4.22	4.10
e. Amount Recognised in the Balance Sheet:		
Liability at the end of the year	59.10	51.72
Fair value of Plan Assets at the end of the year	51.57	46.22
Net (Liability) / Asset Recognized in the Balance Sheet	(7.53)	(5.50)
f. Expenses Recognised in the Income Statement:		
Current Service cost	2.13	2.02
Interest Cost	4.27	4.15
Expected return on Plan Assets	(4.02)	(3.91)
Net Actuarial (gain) / loss to be recognised	5.15	3.28
Expense Recognised in Profit & Loss	7.53	5.53
g. Balance Sheet Reconciliation:		
Opening Net Liability	5.50	2.73
Expenses as above	7.52	5.53
Employers Contribution	(5.50)	(2.76)
Amount Recognised in Balance Sheet	7.52	5.50
h. Other Details:		
Gratuity is payable at the rate of 15 days salary for each year of service. Salary escalation is considered as advised by the Company which is in line with the industry practice considering promotion and demand and supply of the employees.		
i. Category of Assets:		
Insurer Managed Funds	51.57	46.22

31. EARNING PER SHARE	Year ended 31-03-14	Year ended 31-03-13
a) Net profit for the year available to equity shareholders after Tax in ₹ Millions'	190.62	96.86
b) Weighted average number of Equity Shares during the year	14,617,500	14,617,500
c) Face value of Equity Share in ₹	2	2
d) Basic and diluted earnings per share (₹)	13.04	6.63

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

32. RELATED PARTY DISCLOSURES

(I) List of Related parties

(a) Parties where control exists:

- | | | |
|-------------------------------|---|-----------------------------|
| (i) Ultimate Holding Company: | : | National Oilwell Varco Inc. |
| (ii) Holding Company: | : | Pfudler Inc. |

(b) Fellow Subsidiaries:

- | | |
|---|---|
| : | Pfudler Werke GMBH |
| : | Pfudler Balfour Ltd. |
| : | Edlon PSI Inc. |
| : | Suzhou Pfudler Glass Lined Equipment Co. Ltd. |
| : | Glass Steel Parts and Services |
| : | Tycon Technoglass |
| : | Chemineer Inc. |
| : | Robbins & Myers DE Mexico, SA.DECV |
| : | Robbins & Myers Inc. |

(c) Key management personnel

- | | |
|---|---|
| : | Mr. Ashok J. Patel – Managing Director |
| : | Mr. Tarak A. Patel – Executive Director |
| : | Mr. Ashok C. Pillai – Chief Operating Officer |

(d) 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) |

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

- | | |
|---|-------------------------|
| : | Skyline Millars Ltd. |
| : | Ready Mix Concrete Ltd. |

32. RELATED PARTY DISCLOSURES (Continued)

(II) Transactions with related parties

₹ in Millions

Transaction	Ultimate Holding Company		Holding Company		Fellow Subsidiaries		Key Management Personnel		Relative of Key Management Personnel		Other Related Parties	
	31.03.14	31.03.13	31.03.14	31.03.13	31.03.14	31.03.13	31.03.14	31.03.13	31.03.14	31.03.13	31.03.14	31.03.13
Purchase of goods	-	-	-	0.68	31.56	16.73	-	-	-	-	0.02	-
Sale of goods	-	-	-	-	39.00	18.93	-	-	-	-	-	-
Purchase of fixed assets	-	-	-	-	-	-	-	-	-	-	-	-
Receiving of services	-	-	-	0.30	-	-	-	-	-	-	22.15	20.81
Royalty	-	-	-	11.54	-	-	-	-	-	-	-	-
Lease Rent paid	-	-	-	-	-	-	-	-	-	-	7.76	6.62
Remuneration paid	-	-	-	-	-	-	19.49	19.96	-	-	-	-
Interest received	-	-	-	-	-	-	-	0.04	-	-	-	-
Dividend paid	-	-	-	21.32	-	-	3.32	3.32	0.84	0.84	-	-
Loan refund to company	-	-	-	-	-	-	-	0.30	-	-	-	-
Commission received on services provided	-	11.33	-	-	4.37	-	-	-	-	-	-	-
Commission paid on services received	-	-	-	-	5.80	-	-	-	-	-	-	-
Balance outstanding as on March 31, 2014												
Payables	-	-	-	42.42	15.91	9.67	1.63	-	-	-	0.89	2.74
Receivables	-	3.26	-	-	18.78	11.29	0.32	-	-	-	-	-
Deposit outstanding	-	-	-	-	-	-	-	-	-	-	30.70	30.70

RELATED PARTY DISCLOSURES (Continued)

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

Nature of transactions	Name of party	Year ended 31.03.14 ₹ in Millions	Year ended 31.03.13 ₹ in Millions	
Purchase of goods	Pfaudler Werke GMBH	26.24	7.77	
	Glass Steel & Parts Services	-	0.12	
	Tycon Technoglass	4.98	8.72	
Sale of goods	Pfaudler Werke GMBH	34.32	2.85	
	Pfaudler Balfour Ltd.	-	5.58	
	Suzoh Pfaudler	3.60	2.68	
	Tycon Technoglass	1.08	6.40	
Receiving Services	Ready Mix Concrete Ltd.	19.69	17.00	
	Skyline Millars Ltd.	2.46	3.81	
Lease rent paid	Skyline Millars Ltd.	-	2.44	
	Ready Mix Concrete Ltd.	7.76	4.18	
Royalty	Pfaudler Inc.	11.54	10.88	
Remuneration paid	Mr. Ashok J. Patel	11.20	11.20	
	Mr. Ashok Pillai	5.08	5.26	
	Mr. Tarak A. Patel	3.21	3.50	
Dividend paid	Pfaudler Inc.	21.32	20.87	
	Mr. Ashok J. Patel	2.82	2.82	
Commission on Services received	Tycon Technoglass	5.02	-	
Commission on services provided	Robbins & Myers Inc.	-	11.33	
	Chemineer Inc.	4.37	-	
Balances outstanding as on March 31, 2014				
Payables	Pfaudler Inc.	42.42	32.61	
	Skyline Millars Limited	0.37	0.77	
	Ready Mix Ltd.	0.52	1.96	
	Pfaudler Werke GMBH	12.33	0.81	
	Tycon Technoglass	2.80	8.72	
	Suzhou Pfaudler	0.78	-	
	Glass Steel & Parts Services	-	0.12	
	Glasslined Equipment Co. Ltd.	-	0.02	
	Receivables	Robbins & Myers Inc.	-	3.26
		Pfaudler Werke GMBH	17.90	1.03
Suzoh Pfaudler		2.55	1.50	
Mr. Ashok Pillai		-	0.33	
Tycon Technoglass		(0.22)	3.06	
Pfaudler Balfour Ltd.		-	5.58	
Pfaudler Inc.		(1.45)	-	
Deposit outstanding	Ready Mix Concrete Ltd.	30.70	30.70	
Key Managerial Personal Payable	Mr. Ashok J. Patel	1.63	0.30	

33. SEGMENT REPORTING

(a) Primary segment reporting by business segment

₹ in Millions

Particulars	Chemical Processing Equipment		Mixing Systems		Filtration/Separation Equipment & Others		Total
	31.03.14	31.03.13	31.03.14	31.03.13	31.03.14	31.03.13	
Revenue :							
Total External Sales	1,641.04	1,428.07	150.52	113.49	996.30	587.37	2,787.86
Segment Results:							
Profit/(Loss) Before Tax and Interest	225.31	127.53	13.05	9.42	75.24	12.03	313.60
Unallocated Expense (Net)	-	-	-	-	-	-	32.20
Less: Interest	-	-	-	-	-	-	10.55
Profit/(Loss) Before Tax	-	-	-	-	-	-	270.85
Taxes	-	-	-	-	-	-	80.23
Net Profit After Tax	-	-	-	-	-	-	190.62
Segment Assets	1,084.02	977.16	76.94	43.43	691.17	278.61	1,852.13
Unallocated Assets	-	-	-	-	-	-	494.29
Total Assets	-	-	-	-	-	-	2,346.42
Segment Liabilities	506.03	394.41	52.11	34.11	328.72	249.82	1,960.13
Unallocated Liabilities	-	-	-	-	-	-	886.86
Total Liabilities	-	-	-	-	-	-	66.49
Capital Expenditure	15.28	89.72	-	-	24.29	7.43	39.57
Unallocated Capital Expenditure	-	-	-	-	-	-	9.00
Depreciation	57.09	48.66	4.47	0.56	24.48	18.74	86.04
Unallocated Depreciation	-	-	-	-	-	-	2.91
							97.15
							8.58
							67.96
							4.48

(b) Secondary segment reporting by Geographical Segment:

₹ in Millions

Particulars	Within India		Outside India		Total
	31.03.14	31.03.13	31.03.14	31.03.13	
Year Ended	31.03.14	31.03.13	31.03.14	31.03.13	31.03.13
Revenue	1,574.73	1,572.45	1,213.13	556.48	2,787.86

Notes:

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

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

	As at 31.03.14 ₹ in Millions		As at 31.03.13 ₹ in Millions	
	Receivable	Payable	Receivable	Payable
US Dollar	0.04	0.02	0.12	-
Euro	0.27	0.50	0.24	0.18
GBP	-	-	0.07	0.01
JPY	-	-	-	0.45

35. Previous years figures have been regrouped/reclassified wherever necessary.

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		31.03.2014	31.03.2014	31.03.2014	31.03.2014
1	Capital	3.50	2.60	337.58	101.27
2	Reserves	1.29	1.92	(5.21)	217.53
3	Total Assets	4.83	4.56	338.02	611.44
4	Total Liabilities	0.04	0.04	5.65	292.64
5	Details of Investment				
	5000 Equity Shares of CHF 1000 each fully paid up in Mavag AG	-	-	337.58	-
6	Turnover	0.42	0.32	-	875.88
7	Profit / (Loss) before taxation	0.38	0.14	(0.21)	55.17
8	Provision for taxation	0.09	0.03		6.42
9	Profit after taxation	0.29	0.11	(0.21)	48.75
10	Proposed / Interim Dividend	Nil	Nil	Nil	Nil
	Exchange Rate Used	NA	NA	67.52	67.52
	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 March 31, 2014.

NOTES

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Registered Office: Vithal Udyognagar, Karamsad – 388 325, Gujarat.

CIN: L29199GJ1962PLC001171

ATTENDANCE SLIP

Name of the Shareholder and address:	
Folio No./ Client Id	
DP Id	
No. of Shares	

I / We hereby record my / our presence at the 51st Annual General Meeting of the Company held on Tuesday, September 30, 2014 at 10 a.m. at Sardar Vallabhbhai Patel and Veer Vithalbai Patel Memorial, Anand-Sojitra Road, Karamsad - 388 325, Gujarat.

NAME OF THE SHAREHOLDER / PROXY : _____
(IN BLOCK LETTERS)

SIGNATURE OF THE SHAREHOLDER / PROXY: _____

Note: Please complete this Attendance slip and hand over at the entrance of the meeting hall. Please also bring your copy of the Annual Report.

PROXY FORM

Name of the Member:	
Registered address of the Member:	
Email id:	
Folio No. / Client Id:	
DP Id:	

I / We being the Member(s) of _____ shares of GMM Pfaudler Limited hereby appoint:

- 1) Name _____ Address _____
 _____ E-mail Id: _____ Signature _____, or failing him;
- 2) Name _____ Address _____
 _____ E-mail Id: _____ Signature _____, or failing him;
- 3) Name _____ Address _____
 _____ E-mail Id: _____ Signature _____.

as my / our proxy to attend and vote (on a poll) for me / us on my / our behalf at the 51st Annual General Meeting of the Company on Tuesday, September 30, 2014 at Sardar Vallabhbhai Patel and Veer Vithalbhai Patel Memorial, Anand-Sojitra Road, Karamsad - 388 325, Gujarat and at any adjournment thereof in respect of such resolutions as are indicate below:

Resolution No.	Description	Vote (Optional – See Notes 4 & 5)	
		For	Against
1.	Adoption of Financial Statement for the year ended March 31, 2014.		
2.	To confirm payment of three interim dividend paid already during the financial year ended March 31, 2014 and to declare final dividend for the financial year ended March 31, 2014.		
3.	Re-Appointment of Mr. Darius C. Shroff as a Director who retires by rotation.		
4.	Appointment of M/s. Kalyaniwalla & Mistry, Chartered Accountants as Statutory Auditors.		
5.	Appointment of Mr. Sudipta Sengupta as a Director retiring by rotation.		
6.	Appointment of M/s. Dalwadi & Associates as Cost Auditors.		
7.	Special Resolution to consider increase in number of Directors from seven (7) to eight (8).		

Signed this _____ day of _____, 2014.

Signature of the Member _____

Signature of Proxy holder(s) _____



Notes:

- 1) This Form of proxy in order to be effective should be duly completed, stamped, signed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
- 2) A Proxy need not be a member of the Company.
- 3) A person can act as a proxy on behalf of members, not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
- 4) You may place tick (☐) in the columns 'For' or 'Against' – Optional.
- 5) If you leave the 'For' or 'Against' column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
- 6) Appointing a proxy does not prevent a member from attending the meeting in person if he/she so wishes.