

**Board of Directors :**

Mr. Atul C. Kirloskar	Chairman
Mr. Nihal G. Kulkarni	Vice Chairman
Mr. Dattatraya R. Swar	
Ms. Aditi V. Chirmule	
Mr. Vinod R. Sethi	
Mr. Jeetendra M. Shende	Executive Director

**Company Secretary :**

Mrs. Prajakta V. Gokhale

**Audit Committee :**

Mr. Dattatraya R. Swar	Chairman of the Committee
Mr. Nihal G. Kulkarni	
Ms. Aditi V. Chirmule	
Mr. Vinod R. Sethi	

**Share Transfer cum Shareholders' Grievance Committee :**

Mr. Nihal G. Kulkarni
Ms. Aditi V. Chirmule
Mr. Jeetendra M. Shende

**Remuneration Committee :**

Mr. Dattatray R. Swar	Chairman of the Committee
Ms. Aditi V. Chirmule	
Mr. Vinod R. Sethi	

**Investment Sub-Committee :**

Mr. Nihal G. Kulkarni
Ms. Aditi V. Chirmule
Mr. Vinod R. Sethi

**Auditors :**

Joshi & Kulkarni,  
Chartered Accountants, C.T.S. No. 108/10,  
"UTKARSH", Bharati Niwas Society,  
Off Prabhat Road Lane No. 14, Erandawane,  
PUNE – 411 004.  
Firm Regn. No. 115751W

**Bankers :**

- 1) Punjab National Bank
- 2) HDFC Bank Limited
- 3) State Bank of India
- 4) Bank of Maharashtra
- 5) Abhyudaya Co-op Bank Limited

**Registrar & Transfer Agents :**

Link Intime India Private Limited  
(Formerly known as Intime Spectrum Registry Limited),  
Block No. 202, Akshay Complex, Off Dhole Patil Road,  
Near Ganesh Temple, Pune 411 001

**Registered Office :**

Dandekarwadi, Bhiwandi 421 302  
Dist. Thane, Maharashtra  
Tel : (02522) 229870 / 229871 / 229872  
Fax : (02522) 229873  
Website : www.ggdandekar.com

**Regional Office:**

Akarshan Busiplex, 5th Floor,  
Central Bazaar Road,  
Ramdaspath, Nagpur-440 010  
Phone No:0712-2440519

Contents	Page Nos.
Notice	3
Director's Report	11
Compliance Certificate	17
Report on Corporate Governance	20
Auditor's Report	31
Balance Sheet	34
Profit & Loss Account	35
Schedules to the Accounts	36
Cash Flow Statement	44
Auditor's Report on Consolidated- -Financial Statement	53
Consolidated Balance Sheet	54
Consolidated Profit & Loss Account	55
Consolidated Schedules to the Accounts	56
Consolidated Cash Flow Statement	64
Statement pursuant to Section 212	71
Green Initiative	73

**Information for Shareholders:**

Annual General Meeting :  
Date: 28 September 2011  
Time: 11.00 a.m.  
Venue: Dandekarwadi, Bhiwandi, 421 302, Dist. Thane  
Proposed Dividend: 300%  
(Rs. 3/- per share of Re. 1/- each)  
Dates of Book Closure: 20 September 2011 to  
28 September 2011 (both days inclusive)

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## NOTICE

Notice is hereby given that the 72<sup>nd</sup> Annual General Meeting of G. G. Dandekar Machine Works Limited will be held on Wednesday, the 28<sup>th</sup> day of September 2011 at 11.00 AM at the Registered Office of the Company at Dandekarwadi, Bhiwandi 421 302, Dist. Thane to transact the following business:

### ORDINARY BUSINESS:

#### ITEM NO.1 :

To receive, consider and adopt the Audited Profit and Loss Account for the Financial Year ended 31 March 2011, the Balance Sheet as at that date and the Reports of the Board of Directors and Auditors thereon.

#### ITEM NO.2 :

To declare final dividend on equity shares for the financial year ended on 31st March 2011.

#### ITEM NO.3 :

To appoint a Director in place of Ms. Aditi V. Chirmule, who retires by rotation and being eligible, offers herself for re-appointment.

#### ITEM NO. 4:

To appoint a Director in place of Mr. Jeetendra M. Shende, who retires by rotation and being eligible, offers himself for re-appointment.

#### ITEM NO.5:

To appoint Auditors of the Company for the period commencing from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

### SPECIAL BUSINESS:

#### ITEM NO.6:

To pass with or without modification(s) the following Resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to Section 16 of the Companies Act, 1956 and all other applicable provisions, if any, of the Companies Act, 1956, the existing clause 2 of the Memorandum of Association of the Company be and is hereby substituted by the following new clause 2:

2. The Registered Office of the Company will be situated in the State of Maharashtra, within the jurisdiction of the Registrar of Companies, Mumbai.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds and things as may be required to give effect to this resolution."

#### ITEM NO. 7:

To pass with or without modification(s) the following resolution as a **Special Resolution**:

"**RESOLVED THAT** pursuant to sub-Section (5B) of Section 309 of the Companies Act, 1956 and all other applicable provisions of the Companies Act, 1956, if any, and subject to the approval of Central Government, consent of the members be and is hereby accorded to waive recovery of excess remuneration of Rs. 1,43,150/- paid to Mr. Jeetendra M. Shende, Executive Director of the Company during the Financial Year 2010-11 in excess of the limits prescribed under Section 198, 309 of the Companies Act, 1956 read with Schedule XIII to the Companies Act, 1956 .

**RESOLVED FURTHER THAT** Mrs. Prajakta V. Gokhale, Company Secretary be and is hereby authorized to make necessary submissions, application and representation to the Central Government and / or such other authorities as may be prescribed in this behalf, to receive or issue any letter, notice and true copy, certificates, acknowledgements of any nature on behalf of the Company and do all such acts, deeds and things as may be required to give effect to this resolution."

## **G. G. DANDEKAR MACHINE WORKS LIMITED**

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### **ITEM NO. 8:**

To pass with or without modification(s) the following resolution as a **Special Resolution**:

**“RESOLVED THAT**, in super-session of the earlier resolution passed and pursuant to the provisions of Section 198, 269, 309 and other applicable provisions, if any, read with Schedule XIII to the Companies Act, 1956, the members of the Company do hereby approve, with effect from 1 April 2011 till the end of his tenure i.e. 20 January, 2014, following remuneration to be paid to Mr. Jeetendra M. Shende, who has been appointed as an Executive Director of the Company for a period of 5 years with effect from 21 January 2009 (vide resolution passed by the Board of Directors in its meeting dated 21 January 2009 “the resolution”), PROVIDED HOWEVER that the proposed increase or any further increase during the tenure, shall at all times, remain within the limits prescribed by Section 198, 309 and Part II of Schedule XIII to the Companies Act, 1956.

#### **BASIC SALARY :**

Rs.100,000/- (Rupees One Lac only) per month.

#### **ALLOWANCES:**

- House Rent Allowance: Rs. 40,000/- (Rupees Forty Thousand only) per month.
- Conveyance Allowance: Rs.15,000/- (Rupees Fifteen Thousand only) per month.
- Medical Allowance: Rs. 15,000/- (Rupees Fifteen Thousand only) per month.
- Special Allowances: Rs. 25,000/- (Rupees Twenty Five Thousand Only) per month.

#### **PERQUISITES :**

In addition to the aforesaid salary, Mr. Jeetendra M. Shende as an Executive Director shall be entitled to the following perquisites:

1. Hospitalisation expenses incurred for self and family will be paid on actual basis.
2. Leave Travel Assistance for self and family Rs. 13,000/- (Rupees Thirteen Thousand only) per month.
3. Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
4. Gratuity at the rate of 15 days' salary for each completed year of service, and
5. Leave at the rate of one month for every eleven months of service. Leave not availed of, may be encashed at the end of the tenure.

“Family” for the above purpose means wife, dependent children and dependent parents of the Executive Director.

Perquisites shall be evaluated as per the provisions of the Income Tax Rules.

#### **COMMISSION :**

Amount of commission shall be decided by the Board of Directors based on the net profits of the Company each year, subject to the condition that the aggregate remuneration of an Executive Director shall not exceed the limit laid down under Section 198, 309 and other applicable provisions of the Companies Act, 1956.

#### **MINIMUM REMUNERATION :**

In the event of loss or inadequacy of profits in any Financial Year during the currency of his tenure as an Executive Director, remuneration by way of salary, perquisites and other allowances shall be in accordance with the ceiling prescribed in Section II of Part II of Schedule XIII to the Companies Act, 1956, or any statutory modification thereof, as minimum remuneration.

For the purpose of computation of minimum remuneration, the following shall not be included in the remuneration:

1. Contribution to provident fund, superannuation fund or annuity fund to the extent of these either singly or put together are not taxable under the Income Tax Act, 1961.
2. Gratuity at a rate of 15 days' salary for each completed year of service, and
3. Encashment of leave at the end of the tenure.

The aggregate remuneration, considering the above restructure, shall always be subject to the overall ceilings laid down in Sections 198, 309 and all other applicable provisions of the Companies Act, 1956.

Where, in any financial year, during the tenure of Mr. Jeetendra M. Shende, the Company incurs a loss or its profits are inadequate, the Company shall pay to Mr. Jeetendra M. Shende, the above remuneration by way of salary, perquisites and other allowances as a minimum remuneration subject to the limits specified under Section II of Part II of Schedule XIII to the Companies Act, 1956 ( including any statutory modifications or re-enactments thereof, for the time being in force) or such other limits as may be prescribed by the Government from time to time as minimum remuneration.

**RESOLVED FURTHER THAT** for the purposes of giving effect to restructuring of remuneration resolved hereinbefore, the Board and other designated officers of the Company be and are hereby authorised on behalf of the Company to do all such acts, deeds, matters and things as it may at its discretion deem necessary or desirable for such purpose."

By Order of the Board of Directors

Place: Pune  
Date: 26.07.2011

P V Gokhale  
..  
Prajakta V. Gokhale  
Company Secretary

## **G. G. DANDEKAR MACHINE WORKS LIMITED**

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### **NOTES:**

- i. A MEMBER OF THE COMPANY ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
- ii. Proxies, if any, in order to be effective must be received at the Company's Registered Office not later than 48 hours before the time fixed for holding the meeting. Proxies shall not have any right to speak at the meeting.
- iii. The Register of Members and share transfer books of the Company will remain closed from 20 September 2011 to 28 September 2011, both days inclusive.
- iv. Dividend on shares as recommended by the Directors, if declared, at this Annual General Meeting, will be paid to those members whose names will appear on the Register of Members as on 28 September 2011. In respect of the shares in the electronic form, the dividend will be payable on the basis of beneficial ownership as per details furnished by National Securities Depository Limited and Central Depository Services (India) Limited for this purpose.
- v. Pursuant to Section 205A of the Companies Act, 1956, the amount of unclaimed dividend for the year ended 31 March 2003 has already been transferred to the Investor Education and Protection Fund on 8 November 2010.
- vi. Pursuant to Section 205A and 205C of the Companies Act, 1956, any money transferred to the unpaid dividend account which remains unpaid or unclaimed for a period of 7 years from the date of such transfer is now required to be transferred to the Investor Education and Protection Fund set up by the Central Government. Accordingly, the unpaid/unclaimed dividend for the years 2003-04 onwards will become transferable at the end of respective seven years to the said Fund. Once the amount is so transferred, no claim shall lie against the Fund or the Company in respect of dividend amount thereafter. Shareholders are requested to send their claims, if any, for the financial year 2003-04 onwards before the amount becomes due for transfer to the above Fund. Shareholders are requested to encash the dividend demand drafts immediately on their receipt by them.
- vii. In order to get their dividend through Electronic Clearing Service, members who are holding shares in physical form are requested to inform their bank account details such as the name of the bank, branch, its address, account number and type of account i.e. Savings or Current or Cash Credit etc. to Link Intime India Private Limited (formerly known as Intime Spectrum Registry Limited), Registrar and Transfer Agent of the Company having its office at Akshay Complex, Block No. 202, 2<sup>nd</sup> Floor, Off Dhole Patil Road, Near Ganesh Temple, Pune 411 001. Shareholders holding shares in demat form are requested to inform their bank account particulars to their respective Depository Participant and not to the Registrar and Transfer Agent/Company. Those shareholders who do not opt for ECS facility may inform these details for printing the same on the dividend warrant to ensure safety.
- viii. Members are requested to immediately notify the Registrar and Transfer Agents (Depository Participant, in case of shares held in demat form) of any change in their address.
- ix. In case members wish to ask for any information about accounts and operations of the Company, they are requested to send their queries in writing at least 7 days in advance of the date of the meeting so that the information can be made available at the time of the meeting.
- x. Members may avail of the facility of dematerialisation by opening Depository Accounts with the Depository Participants of either National Securities Depository Limited OR Central Depository Services (India) Limited and get the equity share certificates held by them dematerialised.
- xi. Members are requested to bring their attendance slip and copy of the Annual Report at the meeting.

**By Order of the Board of Directors**

P V Gokhale

**Prajakta V. Gokhale**  
**Company Secretary**

**Place: Pune**  
**Date: 26.07.2011**

**ANNEXURE TO THE NOTICE  
EXPLANATORY STATEMENT**

As required by Section 173 of the Companies Act, 1956, and pursuant to Clause 49 of the Listing Agreement, the following Explanatory Statement sets out all material facts relating to Item No. 6, 7 and 8 in the accompanying notice of Annual General Meeting of the Company to be held on Wednesday, the 28<sup>th</sup> day of September 2011 at 11.00 A.M. at the Registered Office of the Company at Dandekarwadi, Bhiwandi 421 302, Dist. Thane.

**ITEM NO. 6 OF THE NOTICE:**

The Members of the Company have approved, by Special Resolution passed by means of Postal Ballot on 20 July 2011, the shifting of the Registered Office of the Company from Dandekarwadi, Bhiwandi 421302, Dist. Thane to 211 / A MIDC Buti Bori Industrial Area, Village Kinhi, Tal. Hingana, Dist. Nagpur 441122, i.e. from one city to another city but in the state of Maharashtra, within the jurisdiction of the Registrar of Companies, Mumbai w.e.f. 1 October 2011.

The existing Clause 2 of Memorandum of Association of the Company reads as follows:

“The Registered Office of the Company will be situated at Bhiwandi District or such other place in Bombay Presidency as the Directors may from time to time fix.”

For giving effect to the Shifting of the Registered Office of the Company and consequent to the postal ballot, the existing Clause 2 of the Memorandum of Association of the Company needs to be altered.

Pursuant to Section 16 of the Companies Act, 1956 and other applicable provisions of the Companies Act, 1956 approval of Members of the Company is required to alter the Memorandum of Association of the Company.

In view of the above, approval of the members of the Company is being sought for substituting the existing Clause 2 of the Memorandum of Association of the Company by the following new clause 2:

**Clause 2: The Registered Office of the Company will be situated in the State of Maharashtra, within the jurisdiction of the Registrar of Companies, Mumbai.**

The proposed change is incidental to the shifting of Registered Office of the Company and will in no way be detrimental to the interest of any member of Public, Employees or other Associate of the Company in any manner whatsoever.

None of the Directors of the Company are concerned or interested in the said resolution except in the capacity as member of the Company.

The Directors recommend the passing of the ordinary resolution as set out in the item No. 6 to the Notice.

**ITEM NO. 7 OF THE NOTICE:**

Mr. Jeetendra M. Shende was appointed as an Executive Director of the Company by a resolution passed by Board of Directors in the meeting held on 21 January 2009 for a period of 5 years and his appointment and remuneration was duly approved by the Members in their meeting held on 30 July 2009.

The Board of Directors in the meeting held on 28 May 2010 revised the remuneration payable to Mr. Jeetendra M. Shende and the same was duly approved by the members in their meeting held on 12 August 2010.

In accordance with Section 198, 309 of the Companies Act, 1956 read with Schedule XIII to the Companies Act, 1956 the Company could pay a total remuneration of Rs. 15, 00,000/- to Mr. Jeetendra M. Shende as Executive Director during the financial year 2010-11.

However in accordance with Section III of Schedule XIII to the Companies Act, 1956, if a person is managerial person in more than one company then his total remuneration drawn from all the companies taken together should not exceed the higher maximum limit admissible from any one of the companies of which he is a managerial person.

Mr. Jeetendra M. Shende is also an Executive Director i.e. managerial person in Kirloskar Consultants Limited, where he has drawn a remuneration of Rs. 4,20,000/- during the F.Y. 2010-11.

## **G. G. DANDEKAR MACHINE WORKS LIMITED**

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The Company has paid remuneration of Rs. 16, 43,150/- to Mr. Jeetendra M. Shende during the F.Y. 2010-11 this includes the remuneration of Rs. 420,000/- paid by Kirloskar Consultants Limited to Mr. Jeetendra M. Shende during the financial year 2010-11.

Pursuant to para 1(A), Part II, Section II of Schedule XIII to the Companies Act, 1956 read with Section III of Schedule XIII to the Companies Act, 1956 , maximum remuneration payable to Mr. Jeetendra M. Shende, from all the companies in which he is a managerial person, should not exceed Rs. 15,00,000/-. Company has paid a excess remuneration of Rs. 1, 43,150/- to Mr. Jeetendra M. Shende during the financial year 2010-11.

Pursuant to Section 309 (5A), any remuneration paid to a Director of the Company in excess of the limits specified in the Section 198, 309 of the Companies Act, 1956 read with Schedule XIII to the Companies Act, 1956 should be held in trust by such Director and he must refund the same to the Company.

However, pursuant to Section 309(5B) of the Companies Act, 1956, company can waive the recovery of such excess remuneration if the same is approved by members of the Company and the Central Government.

The Board is of an opinion that Mr. Jeetendra M. Shende has been contributing a lot for the Company and it would be only fair to waive the excess remuneration paid to him during the financial year 2010-11.

Accordingly it is proposed to make an application to the Central Government seeking approval under Section 309(5B) of the Companies Act 1956.

Members of the Company are requested to approve the waiver of excess remuneration of Rs. 1, 43,150/- paid to Mr. Jeetendra M. Shende during the financial year 2010-11.

None of the Directors except Mr. Jeetendra M. Shende is interested in this resolution.

The Directors recommend the passing of the special resolution as set out in the item No. 7 to the Notice.

### **ITEM NO. 8 TO THE NOTICE:**

Mr. Jeetendra M. Shende was appointed as an Executive Director of the Company by a resolution passed by Board of Directors in the meeting held on 21 January 2009 for a period of 5 years and his appointment and remuneration was duly approved by the Members in their meeting held on 30 July 2009.

The Board of Directors in the meeting held on 28 May 2010, revised the remuneration payable to Mr. Jeetendra M. Shende and the same was duly approved by the members in their meeting held on 12 August 2010.

He is currently drawing the following remuneration:

#### **SALARY:**

Rs. 38,500/- (Rupees Thirty Eight Thousand Five Hundred only) per month.

#### **ALLOWANCES:**

1. House Rent Allowance: Rs. 18,000/- (Rupees Eighteen Thousand only) per month
2. Conveyance Allowance: Rs. 10,000/- (Rupees Ten Thousand only) per month
3. Medical Allowance: Rs. 10,000/- (Rupees Ten Thousand only) per month
4. Education Allowance: Rs. 14,400/- (Rupees Fourteen Thousand and Four Hundred only) per month

#### **PERQUISITES:**

In addition to the aforesaid salary, Mr. Jeetendra M. Shende as an Executive Director shall be entitled to the following perquisites:

1. Hospitalisation expenses incurred for self and family will be paid on actual basis.
2. Leave travel assistance for self and family not exceeding Rs. 120,000/- per annum.
3. Personal accident insurance, premium whereof does not exceed Rs. 6,000/- per annum.



4. Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
5. Gratuity at the rate of 15 days' salary for each completed year of service, and
6. Leave at the rate of one month for every eleven months of service. Leave not availed of, may be encashed at the end of the tenure.

"Family" for the above purpose means wife, dependent children and dependent parents of the Executive Director.

Perquisites shall be evaluated as per the provisions of the Income Tax Rules.

**COMMISSION:**

Commission shall be decided by the Board of Directors based on the net profits of the Company each year, subject to the condition that the aggregate remuneration of an Executive Director shall not exceed the limit laid down under Section 309 of the Companies Act, 1956.

**MINIMUM REMUNERATION:**

In the event of loss or inadequacy of profits in any Financial Year during the currency of his tenure as an Executive Director, remuneration by way of salary, perquisites and other allowances shall be in accordance with the ceiling prescribed in Section II of Part II of Schedule XIII to the Companies Act, 1956, or any statutory modification thereof, as minimum remuneration.

For the purpose of computation of minimum remuneration, the following shall not be included:

1. Contribution to provident fund, superannuation fund or annuity fund to the extent of these either singly or put together are not taxable under the Income Tax Act, 1961.
2. Gratuity at a rate of 15 days' salary for each completed year of service, and
3. Encashment of leave at the end of the tenure.

The aggregate remuneration, considering the proposed increase, shall always be subject to the overall ceilings laid down in Sections 198 and 309 and other applicable provisions of the Companies Act, 1956.

Where in any financial year, during the tenure of Mr. Jeetendra M. Shende, the Company incurs a loss or its profits are inadequate, the Company shall pay to Mr. Jeetendra M. Shende, the above remuneration by way of salary, perquisites and other allowances as a minimum remuneration subject to the limits specified under Section II of Part II of Schedule XIII of the Companies Act, 1956 ( including any statutory modifications or re-enactments thereof, for the time being in force) or such other limits as may be prescribed by the Government from time to time as minimum remuneration.

In view of his invaluable contribution to the Company, the Board of Directors in their meeting held on 12 May 2011, on the recommendation of Remuneration Committee, have decided to restructure the remuneration of Mr. Jeetendra M. Shende, with effect from 01 April 2011, as stated in the resolution as set out in Item No. 8 to the Notice, for the balance tenure as an Executive Director.

Mr. Jeetendra M. Shende has been with the Kirloskar group since last 15 years. He has a strong background in Finance, Economics, and Project Management & Strategy. Having a wide experience of Automotive, Industrial & Engineering Industry. He has worked in Marketing, Sales, After- Sales Service & Strategic Planning Departments with various business units in the group. During his previous assignment in Kirloskar Oil Engines Ltd. (KOEL), He has played a key role in the developing & deploying long term & short term strategies for the flagship products of the group.

The remuneration proposed by the Board of Directors is at par with its peers in the industry with respect to the profile of Mr. Jeetendra M. Shende and his position in the Company.

The General Information viz: Nature of Industry, Financial Performance, Export Performance etc. as required under para 1(B) of Section II, Part II of Schedule XIII to the Companies Act, 1956 is provided in the Directors Report.

The Company is setting up a plant at Nagpur for which it has incurred heavy capital expenditure. Further the Company has given VRS to its workers at Bhiwandi plant. Hence the profits may not be adequate to pay the desired remuneration to the Executive Director. Hence to enable the Company to pay a minimum remuneration, as provided in Schedule XIII to the Companies Act, 1956, the Special Resolution, as set out in Item No. 8 of the Notice, is proposed for the approval of the Members.

## **G. G. DANDEKAR MACHINE WORKS LIMITED**

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The Directors are taking all necessary steps to improve the productivity and operational profits of the Company. Setting up of Nagpur plant is a part of such efforts.

Mr. Jeetendra M. Shende has stepped down from the Directorship of Kirloskar Consultants Limited w.e.f. 12 May 2011 and has been appointed as Chief Executive officer w.e.f. 13 May 2011. He is also a Director in G. G. Dandekar Investments Pte. Ltd., Wholly Owned Subsidiary of the Company incorporated in Singapore.

He has not been drawing any remuneration from any of these two companies since 1 April 2011.

He does not hold any equity shares in the Company.

Mr. Jeetendra M. Shende is not related to any of the Directors on the Board of the Company as per the provisions of Section 6 of the Companies Act, 1956.

No Director other than Mr. Jeetendra M. Shende is concerned or interested in the above item.

The Board of Directors recommends the Special Resolution, as set out in Item No. 8 of the Notice, for the approval of the Members.

**By Order of the Board of Directors**

P V Gokhale

Prajakta V. Gokhale  
Company Secretary

Place: Pune  
Date: 26 July 2011

## Directors' Report

To the Members,

The Directors have pleasure in presenting the 72<sup>nd</sup> Annual Report together with audited annual accounts of the Company for the Financial Year ended 31 March 2011.

### 1. Financial Performance:

	(Rupees)	
	Year ending March 31,	
	2011	2010
Sales (Net)	<b>165,690,478</b>	192,562,146
Other Income	<b>13,513,031</b>	9,878,230
Profit on sale of Fixed Asset	<b>16,818,015</b>	0
Profit on sale of Investments	<b>15,591,948</b>	-6,085,316
Profit before Tax	<b>22,760,169</b>	31,754,356
Provision for Tax:		
Current Tax	<b>4,000,000</b>	13,000,000
Deferred Tax	<b>488,400</b>	2,094,904
Fringe Benefit Tax	<b>274,689</b>	0
<b>Net Profit for the Year</b>	<b>17,997,080</b>	16,659,452
Profit brought forward from the previous year	<b>208,505,709</b>	210,502,839
Amount available for appropriation		227,162,291
<b>Appropriations</b>		
(a) Proposed Dividend	<b>14,284,161</b>	14,284,161
(b) Corporate Dividend Tax	<b>2,372,421</b>	2,372,421
(c) Transfer to General Reserve	<b>2,000,000</b>	2,000,000
(d) Balance carried to Balance Sheet	<b>207,846,207</b>	208,505,709

### 2. Dividend

Your Directors recommend a dividend of Rs. 3/- per share (300%) for the financial year ended 31<sup>st</sup> March 2011. (Previous Year Rs. 3/- per share (300%).

### 3. Management Discussion & Analysis

The Company is involved in the business of providing post-harvest processing solutions for rice and cereals. This includes consulting, design, manufacturing, sales, installation and commissioning. The Company also provides spare parts and service support throughout the lifetime of the product.

#### Industry Overview:

During 2010-2011, the rice processing industry went through a very tough period due to delayed rainfall, rising input costs, credit crunch and political uncertainty in various states of the country. The industry witnessed a high number of project cancellations and delays which was further compounded by inadequate supply of paddy. As per government estimates, there would be a 10 – 15% decline in the overall production of rice in India.

## **G. G. DANDEKAR MACHINE WORKS LIMITED**

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### **Opportunities and Threats:**

This year the Company witnessed a high demand for its new products like 5 tonnes per hour Pneumatic Sheller, 5 tonnes per hour Rice Whitener, Silky Polisher and the cleaning section comprising of Vibro Cleaner and Vibro Destoner.

The rising input cost coupled with high financing cost is a major threat not only for rice but the entire food processing industry.

The change in various markets from boiled rice to raw rice is also a threat to our traditional machines like Cone Polisher and Table-type Separator.

### **Segment-Wise Performance:**

The Company exclusively deals with single segment of manufacturing of food processing machinery.

### **Outlook:**

In spite of the threats mentioned above, the Company with its strengthened marketing and sales network spread across the country as well as the positive response to the new products, believes that there would be sustained growth in the near future. The Company would continue its investment in design and manufacturing, to create competencies into complimentary verticals.

### **Concerns:**

The Company in its endeavor to invest in growth will continue to have higher operating costs which will in turn affect the profitability of the Company. This risk has been mitigated by various strategic action plans for growth.

### **Adequacy of internal controls:**

The Company has a proper and adequate system of internal controls to ensure that all assets are safeguarded and protected against loss from unauthorised use or disposition and that transactions are authorised, recorded and reported correctly.

The Company has an extensive system of internal controls which ensures optimal utilization and protection of resources, IT security, accurate reporting of financial transactions and compliance with applicable laws and regulation as also internal policies and procedures.

The Company has successfully implemented SAP/B1 financial and business management systems. These systems facilitate effective checks and controls as well as tight monitoring on a continuous basis.

The Company has appointed Independent Internal Auditors, who monitor and review all transactions independently to get higher level of efficiency and reports directly to the Audit Committee, which consists of a majority of independent Directors, on quarterly basis. The internal Auditors conduct audits in all key business areas as per the audit plan. All significant audit observations and follow up actions are reported to the Audit Committee along with Internal Audit Reports. The minutes of Audit Committee are reviewed by the Board for its suggestions/recommendations to further improve the internal control systems.

The Audit Committee periodically reviews audit plans, observations and recommendations of the Internal Auditors as well as external auditors with reference to significant risk area and adequacy of internal controls.

### **Human Resource Development:**

The Company has always considered the Human Resource as its integral part, which also acts as a Strategic Contributor to the organization. We believe that employees are the assets of the Organization and through various HR initiatives we invest in these assets and help them add value and fervor to the Organization. Along with it, it is also our strong belief that there should be a good blend of youth and experience to drive the organization towards the betterment and it shows in our current age band across the managerial cadre.

Major HR interventions relate to hiring the right candidate, leadership development and pipeline, Performance management and employee engagement. The Company has adopted a new Performance Management System to review the Performances of its employees against their assigned KRA's, to identify training needs and to provide with an appropriate feedback and also a performance linked incentives for all its employees.

The Company is focusing on Training aspect of their employees to increase their Domain knowledge and skills and to expand their business acumen and overall personality. It also helps in inculcating the sense of team spirit and team work which in turn helps in creating a Healthy Organizational culture.

Total team strength of the Company as on 31 March 2011 was 249.

After the end of the financial year 2010-11, at the request of the workers, the company declared Voluntary Retirement Scheme (VRS) for them. All the workers opted for the VRS with effect from 30 April 2011.

**Industrial Relations:**

Company continues to enjoy healthy and productive relationship with workers.

**Environment:**

The Company has obtained certification of ISO 9001:2008, for the purpose of standardization. The Company takes due care in the selection and usage of appropriate material and methods in order to avoid violation of norms formulated to safeguard the environment.

**Shifting of Registered Office:**

The Members of the Company have approved, by a Special Resolution passed by means of Postal Ballot on 20 July 2011, the shifting of the Registered Office of the Company from Dandekarwadi, Bhiwandi 421302, Dist. Thane to 211 / A MIDC Buti Bori Industrial Area, Village Kinhi, Tal. Hingana, Dist. Nagpur 441122, i.e. from one city to another city but within the state of Maharashtra w.e.f. 1 October 2011.

Consequently the Board of Directors has proposed to alter the Clause II of the Memorandum of Association of the Company at the ensuing Annual General Meeting of the Company.

**Nagpur Project**

The Company has set up a plant at Nagpur, being located geographically in the center of the country, was one of the key reasons that went in favor of Nagpur as the location of choice. The plant features world class infrastructure to manufacture high end quality products, conforming to global norms. Initially the focus will be on manufacturing post harvest food processing machinery. Our ready state-of-the-art manufacturing plant has a dedicated R&D center, which will bring out advanced and more reliable food processing machinery.

The plant is scheduled to start the operations in October 2011. The Company will manufacture various finishing machines required for Rice and Cereals.

**Note on Subsidiaries:**

The Company has incorporated a wholly owned subsidiary in the name of G. G. Dandekar Investments Pte. Ltd., an Investment Company to enable smooth long term investment in overseas projects, which has its Registered Office in Singapore. Pursuant to Section 212 of the Companies Act, 1956, the consolidated Financial Statements are enclosed with the Accounts, prepared in accordance with Accounting Standard 21.

**Consolidated Accounts:**

In this report, the section 'Consolidated Accounts' prepared in accordance with the Accounting Standards prescribed by The Institute of Chartered Accountants of India, indicates the Annual Audited Consolidated Accounts and Cash Flow Statement for G. G. Dandekar Machine Works Ltd. and its subsidiary Company.

The Auditor' Report on the Consolidated Accounts is also attached.

### **Forward –Looking Statements:**

The report comprises of forward-looking statements that reflect the Company's aspiration to grow, excel and rise above the threats it is facing in the current market. Terms like 'believe', 'will', 'projects', 'plans' or other analogous terms that not only acknowledge the projections about the future but also mention the product development, rise in market position, financial results and strategic growth of the Company, are forward-looking statements.

These statements are based on certain assumptions and expectations of future events that cannot be guaranteed to be accurate or to be realized by the Company as the actual results may vary from those projected in these statements. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events.

### **4. Directors**

Mr. Jeetendra M. Shende and Ms. Aditi V. Chirmule retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

The brief resume and other details, as required to be disclosed under Clause 49 of the Listing Agreement, form part of the Report on Corporate Governance.

### **5. Auditors**

Joshi & Kulkarni, Chartered Accountants, Statutory Auditors ( Firm Registration No. 115751 W) of the Company retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. Members are requested to appoint Auditors for the current year and to authorise Board to fix their remuneration.

### **6. Corporate Governance**

A report on the Corporate Governance, along with the certificate of compliance from the Practising Company Secretary, forms part of this report.

### **7. SEBI Regulations & Listing Fees**

The Annual Report, Corporate Governance Report, Financial Results, Share Holding Pattern, etc. statements of your Company can be accessed at website of Bombay Stock Exchange at [www.bseindia.com](http://www.bseindia.com) as well as on the Company Website [www.ggdandekar.com](http://www.ggdandekar.com).

### **8. Fixed Deposits**

The Company does not accept fixed deposits.

### **9. Directors' Responsibility Statement**

Pursuant to Section 217(2AA) of the Companies Act, 1956 the Board of Directors state:

- (a) That in the preparation of the annual accounts, the applicable accounting standards have been followed along with the proper explanation relating to material departures;
- (b) That the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- (c) That the Directors had taken proper and sufficient care 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; and
- (d) That the Directors have prepared the annual accounts on a going concern basis.

### **10. Subsidiary Companies and Consolidated Financial Statements**

As on 31st March 2011, the Company has one wholly owned subsidiary viz: G. G. Dandekar Investment Pte. Ltd. incorporated in Singapore.

The Board presents audited consolidated financial statement incorporating the financial statements of the subsidiaries and prepared in compliance with the Accounting Standards and Listing Agreement as prescribed by SEBI.

The Central Government vide its circular dated 8th February 2011 issued directions under Section 212 of the Companies Act , 1956, granting general permission to all the companies for not attaching the Annual Accounts of subsidiary companies under certain conditions.

Accordingly, the Board of Directors of the Company at its meeting held on 12th May 2011 decided to not to attach the annual accounts of its subsidiary. The Company has attached to the Annual Accounts, the audited consolidated financial statements as required by the said circular.

Further, the Company undertakes that the Annual Accounts of the subsidiary company and the related information shall be made available to the shareholders on demand, at any point of time. The Annual Accounts of the subsidiary company shall also be kept open for inspection by any shareholder at the Registered Office of the Company.

#### 11. Statutory Disclosures

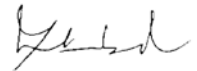
The information relating to conservation of energy, technology absorption and foreign exchange earnings and outgo as required under Section 217(1)(e) of the Companies Act, 1956 read with the rules there under is given in Annexure A forming part of this report.

As required under Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, a statement giving the required information relating to the employees covered there under is given in Annexure B forming part of this report.

#### 12. Acknowledgments

Your Directors would like to place on record their appreciation of the contribution made and support provided to the Company by the shareholders, employees, bankers, suppliers and customers during the period under report.

For and on behalf of the Board of Directors



ATUL C. KIRLOSKAR  
Chairman

Date: 26 July 2011

Place: Pune

### Annexure A

#### A. CONSERVATION OF ENERGY:

(i) Power & Fuel consumption : Form A (see rule 2)

Particulars	Current Year 2010-11	Previous Year 2009-10
<b>ELECTRICITY:</b>		
(I) Purchased units	275,109	290,272
Total Amount	1,776,209	1,683,394
Rate/Unit (Rs.)	6.46	5.8
(II) Own Generation		
Through Diesel Generation	3,006	6,685
Unit/litre of Diesel	1.41	2.32
Cost/Unit	29.05	15.63
(III) Total Energy Consumption:		
Units	278,115	296,957
Cost/Unit (Rs.)	6.70	6.02

#### B. TECHNOLOGY ABSORPTION:

Efforts made in the technology absorption as per form B	During the last five years, no technology has been imported by way of collaboration or otherwise for the existing products of the Company
Benefits derived as a result of the above efforts	

## **G. G. DANDEKAR MACHINE WORKS LIMITED**

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### **Research & Development:**

1) Shining machine: Shining Machine is used to obtain high degree of smoothness and shine. It is made from stainless steel non corrosive polishing roll and screw feeder. A special arrangement with water dozing pump and water control system is provided. Due to its unique construction it generates very less broken. The design is very compact. It has specially designed stainless steel harden screen. This machine is suitable for Raw and boiled rice.

2) Plan Sifter: Plan Sifter mainly used for gradation of rice and broken. In this machine sieving is done with rotary motion. Better sieving is achieved by provision of rubber balls. This machine is used for raw and boiled rice. It is available in 4 and 5 decks. depends on the quality of broken.

3) Vibro Cleaner: Vibro cleaner is specially designed for effective cleaning of all type of Paddy as well as Wheat, Barley, Corn, Soyabean, Peas, Various Pulses, Seeds, Cereals, Green Coffee and all granulated products. Two airlocks with motor are provided to collect immature, chaff, dead grains and waste separately. This helps rice millers for increasing yield as well as improving the quality of final product. This machine ensures higher cleaning efficiency than all other cleaners. The machine has a fully enclosed body for dust proof operation with shock absorber.

### **C. FOREIGN EXCHANGE EARNING & OUTGO:**

The required information in respect of foreign exchange earnings and outgo is given in Note No. B 15(d), 15(e) and 15(g) of the Notes to Accounts.

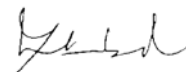
### **Annexure B**

Since the Company does not have any employee who is drawing salary as specified in Section 217(2A) of the Companies Act, 1956, read with the Companies (Particular of Employees), Rules, 1975 as amended by Companies (Particular of Employees), amendment Rules, 2011, i.e. Rs. 60,00,000 per annum for those who are employed throughout the financial year or Rs. 5,00,000 per month for those who are employed for the part of the financial year, hence the disclosure is not required to be made.

**For and on behalf of the Board of Directors**

**Date: 26 July 2011**

**Place: Pune**



**ATUL C. KIRLOSKAR**  
Chairman



**COMPLIANCE CERTIFICATE****Company Identification Number:** L99999MH1938PLC002869**Authorized Capital:** Rupees. 20,000,000/-**Issued, Subscribed & Paid up Capital:** Rupees. 4,761,387/-**Company No.: 11 - 2869**

To,  
 The Members.  
 G. G. Dandekar Machine Works Limited  
 Bhiwandi.

We have examined the registers, records, books and papers of **G. G. DANDEKAR MACHINE WORKS LIMITED** (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31<sup>st</sup> March 2011. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the company, its officers and agents, we certify that in respect of the aforesaid financial year:

1. The company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions and the rules made there under and all entries therein have been duly recorded.
2. The company has duly filed the forms and returns, as stated in Annexure 'B' to this certificate with the Registrar of Companies within the time prescribed under the Act and the rules made there under.
3. The Company being a Public Limited Company, comments are not required.  
 However in any case Company during the year ended 31<sup>st</sup> March 2011:
  - a. has not invited public to subscribe for its shares or debentures; and
  - b. has not invited or accepted any deposits from persons other than its members, Directors or their relatives.
4. The Board of Directors duly met 5 (five) times on 10<sup>th</sup> May 2010, 28<sup>th</sup> May 2010, 12<sup>th</sup> August 2010, 12<sup>th</sup> November 2010 and 27<sup>th</sup> January 2011 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose. The Company has passed resolutions by Circulation on 28<sup>th</sup> March 2011.
5. The company has closed its Register of Members from 1<sup>st</sup> August 2010 to 12<sup>th</sup> August 2010 during the financial year ended 31<sup>st</sup> March 2011 after complying with the provisions of Section 154 of the Act.
6. The Annual General Meeting for the financial year ended on 31<sup>st</sup> March, 2010 was held on 12<sup>th</sup> August 2010 after giving due notice to the members of the company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No Extra Ordinary General Meeting was held during the financial year ended 31<sup>st</sup> March 2011.
8. The company has not advanced any loans to the Directors and / or firms or companies referred in the Section 295 of the Act during the financial year ended 31<sup>st</sup> March 2011.
9. The company has not entered into any fresh contracts as specified under Section 297 of the Act during the financial year ended 31<sup>st</sup> March 2011.
10. The company has entered into contracts, which attract provisions of Section 301 of the Act and entries were made in the register maintained as per provisions of Section 301 of the Act.
11. As there were no instances falling within purview of Section 314 of the Act during the financial year ended 31<sup>st</sup> March 2011, the company has not obtained any approvals from the Board of Directors, Members or Central Government as the case may be.
12. The Board of Directors has approved the issue of duplicate share certificates during the financial ended on 31<sup>st</sup> March 2011.
13. The Company has:
  - a) has not made any allotment of securities . It has delivered all the certificates on lodgment thereof for transfer and transmission of shares in accordance with the provisions of the Act during the financial year 2010-11.
  - b) Deposited the amount of dividend in a separate Bank account on 13<sup>th</sup> August 2010 which was within 5 days from the date of declaration of such dividend.

## **G. G. DANDEKAR MACHINE WORKS LIMITED**

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- c) Paid dividends by way of issuing warrants to all the members within a period of 30 (Thirty) days from the date of declaration.
  - d) Transferred the amounts in unpaid Dividend Account which have remained unclaimed, unpaid for a period of seven years to Investors Education and Protection Fund.
  - e) Duly complied with the requirements of Section 217 of the Act.
14. The board of Directors of the company is duly constituted. There was no appointment of Directors, additional Directors, alternate Directors and Directors to fill casual vacancy during the financial year ended 31st March 2011.
  15. The company has not appointed any whole time Director during the financial year ended on 31<sup>st</sup> March 2011. The terms of appointment of Mr. Jeetendra M. Shende, Executive Director were modified during the year.
  16. The company has not appointed any sole selling agents during the financial year ended on 31<sup>st</sup> March 2011.
  17. The company has initiated petition under Section 141 to Company Law Board for condonation of delay in registration of charges on 18<sup>th</sup> November 2010 during the financial year ended 31<sup>st</sup> March 2011, the company has not obtained any approvals from the Central Government, Company Law Board, Regional Director, Registrar or such other authorities as may be prescribed under the various provisions of the Act.
  18. The Directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
  19. The company has not issued any Equity Shares / Debentures or other securities during the financial year ended on 31<sup>st</sup> March 2011.
  20. The company has not bought back any shares during the financial year ending 31<sup>st</sup> March 2011.
  21. The company does not have preference share capital therefore there is no redemption and has not issued debentures.
  22. There were no transactions necessitating the company to keep in abeyance the rights to dividend, right shares and bonus shares pending registration of transfer of shares.
  23. The company has not invited or accepted any deposit including any unsecured loans falling within the purview of Section 58A during the financial year ended on 31<sup>st</sup> March 2011.
  24. The company has not made any borrowings during the financial year ended 31st March 2011.
  25. The Company has made investments and has complied with the provisions of Section 372A and other provisions of the Act and necessary entries in the register are made. Company has not made any loans or advances or given guarantees or provided securities to other bodies corporate.
  26. The company has not altered the provisions of the Memorandum with respect to situation of the company's registered office from one state to another during the year ended on 31<sup>st</sup> March 2011.
  27. The company has not altered the provisions of the Memorandum with respect to the objects of the company during the year ended on 31<sup>st</sup> March 2011.
  28. The company has not altered the provisions of the Memorandum with respect to name of the company during the year ended on 31<sup>st</sup> March 2011.
  29. The company has not altered the provisions of the Memorandum with respect to share capital of the company during the year ended on 31<sup>st</sup> March 2011.
  30. The Company has not altered the provisions of Articles of Association during the year ended on 31<sup>st</sup> March 2011.
  31. There were no prosecutions initiated against or show cause notices received by the Company and no fines or penalties or any other punishment was imposed on the Company during the financial year, for offences under the Act.
  32. The company has not received any money as security from its employees during the financial year ended on 31<sup>st</sup> March 2011.
  33. The Company has not framed any scheme of Provident Fund for its employees as contemplated by Section 418 of the Companies Act 1956.

**KANJ & ASSOCIATES  
COMPANY SECRETARIES**

**DATE: 4<sup>th</sup> May 2011  
PLACE: PUNE**

**MAHESH A. ATHAVALE  
PARTNER  
CP NO.: 1488**

**COMPLIANCE CERTIFICATE  
G. G. DANDEKAR MACHINE WORKS LIMITED**

**Annexure A**

Statutory Registers as maintained by the Company during the financial year ended 31<sup>st</sup> March 2011

Sr. No.	Name of the Register	Section
1	Register of Members	150
2	Register of Charges	143
3	Minute book for General Meetings & Board Meetings.	193
4	Books of Accounts	209
5	Register of particulars of contracts in which Directors are interested	301
6	Register of Director, Managing Director, Manager, Secretary.	303
7	Register of Director's Shareholdings	307
8	Register of Investments	372A
9	Transfer Register	108
10	Register of Duplicate Share Certificates	113
11	Register of Proxies	176
12	Register of Director's Attendance	—

**Annexure B**

Forms and Returns as filed by the Company with the Registrar of Companies, during the financial year ending on 31<sup>st</sup> March, 2010

Sr. No.	Particulars of Form	Section	Purpose of Filing	Date of Filing & SRN
1	Form 8	125	Creation of Charge	21/07/2010 A89581821
2	Form 8	125	Creation of Charge	22/07/2010 A89727127
3	Form 8	125	Creation of Charge	22/07/2010 A89726210
4	Form 67		Addendum for Form 23	08/10/2010
5	Form 66	383A	Compliance Certificate	20/08/2010 P50575315
6	Form 23AC & 23ACA	220	Annual Filing	09/09/2010 P52067592
7	Form 23	192	Change in Remuneration Structure of MR. J. M. Shende	09/09/2010 A93658599
8	Form 20B	159	Annual Return	11/10/2010 P54162771
9	Form 1		Deposit of unpaid/unclaimed Dividend	01/11/2010 A97213946
10	Form 21	141	Notice of CLB order for Petition	18/11/2010 A98441959
11	Form 17	138	Satisfaction of Charges	23/11/2010 A98840770

**KANJ & ASSOCIATES  
COMPANY SECRETARIES**

DATE: 4<sup>th</sup> May 2011  
PLACE: PUNE

**MAHESH A. ATHAVALE  
PARTNER  
CP NO.: 1488**

### Report on Corporate Governance (Pursuant to clause 49 of the Listing Agreement)

#### **1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE**

The Company's philosophy on Corporate Governance is to conduct its affairs in a manner, which is ethical and transparent with all stakeholders in the Company, including shareholders, lenders, creditors and employees. To this end, the Company's philosophy on Corporate Governance is to endeavour to ensure:

- That systems and procedures which monitor compliance with laws, rules and regulations are in place in each area of its business.
- That relevant information regarding the Company and its operation is disclosed, disseminated and easily available to its stakeholders.

Your Company's policy is aimed at adhering to all the laws, rules, regulations meant for Corporate Governance at all times and have the best management team that can also effectively monitor corporate decisions for sustained growth.

#### **2. BOARD OF DIRECTORS**

##### **a. Composition of the Board**

The strength of the Board was six Directors as on 31 March 2011, comprising of one Executive Director and five Non-Executive Directors, including Chairman. The Non-Executive Directors constituted more than one third of the total number of Directors. Three out of six Directors were independent Directors, which duly complies with the requirement of Clause 49 I (A) of the Listing Agreement.

##### **b. Number of Board Meetings**

The Board met 5 (Five) times during the financial year 2010-11 on 10 May 2010, 28 May 2010, 12 August 2010, 12 November 2010 and 27 January 2011. The gap between two board meetings did not exceed four months.

##### **c. Board Procedure**

Board members are provided appropriate documents and information under Annexure IA to Clause 49 pertaining to the matters to be considered at each board and committee meetings, to enable the Board to discharge its responsibilities effectively.

Among others, the information supplied to the Board includes:

- review of Annual operating plans of business, capital budgets, updates;
- quarterly results of the Company and its operating divisions or business segments;
- minutes of meetings of audit committee and other committees;
- the information on recruitment and remuneration to senior officers just below the Board level;
- materially important show cause, demand, prosecution and penalty notices;
- fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems;
- any material relevant default in financial obligations to and by the Company, or substantial non-payment for goods sold by the Company;
- any issue, which involves possible public or product liability claims of substantial nature;
- details of any joint venture or collaboration agreement;
- transactions that involve substantial payment towards goodwill, brand equity, or intellectual rights;
- significant labour problems and their proposed solutions;
- significant development in human resources and industrial relation fronts;

- sale of material nature, of investments and assets, which is not in the normal course of business;
- non-compliance of any regulatory, statutory provision or listing requirements as well as shareholders service such as non-payment of dividend and delay in share transfer.

**d. Directorships held by the Directors in other Companies and their attendance record**

The information on composition of the Board as on 31 March 2011, category of Directors, attendance at Board meetings held during the financial year and at the last Annual General Meeting, Directorships in other public companies and Committees of other public companies of which the Director is a Member/ Chairman is as under:

Sr. No.	Name of Director	Category	Financial Year 2010-11 Attendance at		No. of Directorships in other public companies incorporated in India	Committee positions held in other companies	
			Board Meetings	Last AGM		+C	#M
1	Mr. Atul C. Kirloskar	Chairman NED + @	4	Present	6	2	1
2	Mr. Nihal G. Kulkarni	VC and NED@	5	Present	4	-	4
3	Mr. Jeetendra M. Shende	ED	5	Present	1	-	-
4	Mr. Dattatraya R. Swar	I and NED	5	Present	4	-	1
5	Ms. Aditi V. Chirmule	I and NED	5	Present	1	-	-
6	Mr. Vinod R. Sethi	I and NED	1	Present	9	4	13

**Abbreviations:**

ED : Executive Director, I : Independent, NED : Non-Executive Director, + : Chairman, # : Member

@ Deemed as Promoters within the meaning of SEBI (Substantial Acquisition of Shares & Takeovers) Regulations, 1997.

None of the Directors is related to any other Director of the Company within the meaning of Section 6 of the Companies Act, 1956.

Shareholding of Non Executive Directors:

Mr. Atul C. Kirloskar, Non Executive Chairman holds 7,97,645 (16.75%) equity shares in the Company.

**3. AUDIT COMMITTEE**

The terms of reference of the Audit committee include the matters specified under Clause 49 of the Listing Agreement entered into with the Bombay Stock Exchange Limited as well as those in Section 292A of the Companies Act, 1956 and inter-alia includes the following:

- Oversee the Company's financial reporting process and disclosures of financial information to ensure that the financial statement is sufficient and credible.
- Recommending to the Board, the appointment, re-appointment and if required, the replacement or removal of the Statutory Auditor and the fixation of audit fees.
- Review internal audit function as regards its adequacy, scope, frequency and review of the reports etc.
- Discussion with the Internal Auditors of any significant findings and follow up thereon.
- Reviewing the annual financial statements before submission to the Board.

## G. G. DANDEKAR MACHINE WORKS LIMITED

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- Review Auditor's report, internal controls and recommendations relating thereto.
- Reviewing with the Management, the quarterly financial statements before submission to the Board for approval.

The composition of audit committee is in compliance with the requirements of Clause 49(II)(A) of the listing agreement. It consists of four members, three of whom including the Chairman are independent Directors. The Chairman of the Audit Committee was present at the last Annual General Meeting of the Company. The Executive Director, Head-Finance, representatives of the Statutory and Internal Auditors of the Company are invited to attend the meetings of the audit committee from time to time. The Company Secretary of the Company acts as the secretary to the Audit Committee.

During the year under review, 5 meetings of the Committee were held on 10 May 2010, 28 May 2010, 12 August 2010, 12 November 2010 and 27 January 2011. The composition of the committee and attendance at its meetings is given below:

Sr.	Name of the member Director	No. of Meetings attended
1	Mr. Dattatraya R. Swar - Chairman	5
2	Ms. Aditi V. Chirmule	5
3	Mr. Nihal G. Kulkarni	5
4	Mr. Vinod R. Sethi	1

#### 4. REMUNERATION OF DIRECTORS:

##### Remuneration Committee

The remuneration committee was constituted by the Board of Directors in the meeting held on 12 May 2011. The members of the committee are as follows:

Mr. Dattatray R. Swar, Chairman  
Ms. Aditi V. Chirmule, Member  
Mr. Vinod R. Sethi, Member

The meeting of remuneration committee was held on 12 May 2011 to review the remuneration being paid to the Executive Director during the financial year 2010-11 and for recommending the remuneration payable to Mr. Jeetendra M. Shende, Executive Director for the remaining tenure of his service.

All members named above except Mr. Vinod R. Sethi were present at the meeting.

##### Remuneration to Directors

The payment made to Executive Director during the Financial Year 2010-11 was reviewed and confirmed by the remuneration committee in its meeting held on 12 May 2011. The Company pays remuneration by way of salary, perquisites and allowances (fixed component) and commission (variable component) to its Executive Director. The Board also decides the commission payable to the Executive Director on determination of the profits for the Financial Year, within the ceilings prescribed under Sections 198 and 309 of the Companies Act, 1956.

The Non-Executive Directors (NEDs) are paid remuneration by way of Commission and Sitting Fees. In terms of the shareholders' approval obtained at the AGM held on 30 July 2009, the Commission is paid at a rate not exceeding 1% per annum of the profits of the Company (computed in accordance with Section 309(5) of the Companies Act, 1956). The distribution of Commission amongst the NEDs is placed before the Board. The Commission is distributed on the basis of their attendance and contribution at the Board and certain Committee Meetings as well as time spent on operational matters other than at the meetings. However in absence of profits from operations, no commission is paid to Non Executive Directors for the financial Year 2010-11.

The sitting fee of Rs. 5,000/- per meeting of the Board and any committee thereof, attended by the Non-Executive Directors is payable to them.

The details of the remuneration of the Directors.

**Remuneration of the Directors during the year 2010 -11**

Directors	Salary (Rs.)	Perquisites (Rs.)	Allowances (Rs.)	Commission (Rs.)	Sitting Fees (Rs.)	Total (Rs.)
Mr. Atul C. Kirloskar	-	-	-	--	20,000	20,000
Mr. Nihal G. Kulkarni	-	-	-	--	65,000	65,000
Mr. Jeetendra M. Shende	462,000	132,350	628,800	--	--	1,223,150
Mr. Dattatraya R. Swar	-	-	-	--	50,000	50,000
Ms. Aditi V. Chirmule	-	-	-	--	65,000	65,000
Mr. Vinod R. Sethi	-	-	-	--	10,000	10,000
<b>Total</b>	<b>462,000</b>	<b>132,350</b>	<b>628,800</b>		<b>260,000</b>	<b>1,483,150</b>

**Notes:** Salary = Basic salary only.

Perquisites include reimbursement of hospitalization expenses for self and family at actual, leave travel assistance not exceeding Rs. 1,20,000 p.a, Personal accident insurance, premium whereof not exceeding Rs. 6,000/- per annum, contributions to provident fund and superannuation fund, provision for gratuity and leave encashment, perquisite value as per Income-tax Rules for furniture at residence and provision of motor car.

The Company does not have a scheme for grant of stock options.

**5. INVESTORS/SHAREHOLDERS GRIEVANCE COMMITTEE**

The Shareholders'/Investors' Grievance Committee of the Board has been constituted to look into complaints like transfer of shares, non-receipt of Balance Sheet, non-receipt of dividend etc., and redressal thereof. The Committee is headed by Ms. Aditi V. Chirmule (Non Executive Director) as Chairperson and other members of the Committee are Mr. Nihal G. Kulkarni, and Mr. Jeetendra M. Shende.

Mr. Jeetendra M. Shende, Executive Director jointly with Mrs. Prajakta V. Gokhale, Company Secretary are the Compliance Officers. The Compliance Officers can be contacted at:

G. G. Dandekar Machine Works Limited

Dandekarwadi, Bhiwandi 421 302, Dist. Thane

Tel No: (02522) 229870 / 71 / 72

Fax: (02522) 229873

E-mail: [ijten.shende@ggdandekar.com](mailto:ijten.shende@ggdandekar.com) / [prajakta.bhide@ggdandekar.com](mailto:prajakta.bhide@ggdandekar.com)

Separate email-id for redressal of investors' complaints

As per Clause 47(f) of the listing agreement with stock exchanges, the Company has designated a separate email id - [ir@ggdandekar.com](mailto:ir@ggdandekar.com) exclusively for redressal of investors' complaints.

The total number of complaints received and replied to the satisfaction of the shareholders during the year ended 31 March 2011 were Five (5) and there were no complaints outstanding as on 31 March 2011.

The Company had no share transfer requests pending as on 31 March 2011.

## G. G. DANDEKAR MACHINE WORKS LIMITED

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### 6. GENERAL BODY MEETINGS

Previous General Meetings of the shareholders of the Company were held as under :

Financial Year	Status	Date	Time
2007-2008*	AGM	21 July 2008	11.00 a.m.
2008-2009**	AGM	30 July 2009	11.00 a.m.
2009-2010***	AGM	12 August 2010	2.30 p.m.

In the previous General Meetings, Special Resolutions were passed by shareholders in respect of the following matters :

- \* Alteration of Articles of Association of the Company by replacing and / or omitting or deleting the redundant provisions.
- \*\* Appointment of M/s Joshi & Kulkarni, Chartered Accountants as Statutory Auditors of the Company in place of retiring Auditors M/s S P Ghanekar & Co., Chartered Accountants.
- \*\* Appointment of Jeetendra M. Shende as the Executive Director of the Company and payment of Remuneration under Section 198, 269, 309, 311 and Schedule XIII of the Companies Act, 1956.
- \*\* Payment of Commission to Directors (Other than the Working Directors, if any) under Section 309 of the Companies Act, 1956.
- \*\*\* Restructure of the remuneration of Mr. Jeetendra M. Shende, Executive Director considering his invaluable contribution to the Company.

All the three Annual General Meetings were held at the Registered Office of the Company.

No special resolutions passed at the above Annual General Meetings were required to be put through postal ballot.

### 7. DISCLOSURES

**(a) Related Party Transactions :**

Please refer to Note No. B-13 of Notes to Accounts for materially significant related party transactions.

**(b) Statutory compliance, Penalties and Strictures :**

There has been no non-compliance of any legal requirements not have there been any strictures imposed by any Stock Exchange or SEBI or any other statutory authorities on any matters relating to the Capital Market over the last three years.

**(c) Listing Agreement Compliance :**

The Company complies with all the requirements of the Listing Agreement including the mandatory requirements of Clause 49 of the Agreement.

**(d) Code of conduct :**

The Board has introduced a Code of Conduct for the Board of Directors and Senior Management. The Code is posted on Company's website [www.ggdandekar.com](http://www.ggdandekar.com).

The Board members and Senior Management personnel have affirmed compliance with the Code. A declaration to that effect signed by Mr. Atul C. Kirloskar, Chairman forms a part of this Report.

The Company has complied with the mandatory requirements of Clause 49 of the Listing Agreement. The extent of adoption of non-mandatory requirements are as follows:

#### i. The Board

The Chairman of the Company is a Non Executive Director. No office is being maintained by him at company expense.

There is no limit on the tenure of the Independent Directors on the Board of the Company.



**ii. Shareholder Rights**

Since the Company publishes its quarterly results in newspapers (English and Marathi) having wide circulation, and since the results are also displayed on the Company's website and on the website of the Bombay Stock Exchange Limited, the Company does not send any declaration of half yearly performance to the shareholders.

**iii. Audit qualification:**

The Company is already in the regime of unqualified financial statements.

**iv. Whistle Blower Policy:**

The Company does not have a formal Whistle Blower policy. However, any employee, if he / she so desires, would not be denied access to the Audit Committee.

**(e) Disclosure under Clause 5 All of the Listing Agreement in respect of unclaimed shares:**

The Securities and Exchange Board of India vide its circular No. CIR/CFD/DIL/10/2010 dated 16 December 2010, amended clause 5A of the Equity Listing Agreement for dealing with unclaimed shares in physical form. In compliance with this amendment on 25 March 2011, the Company had sent first letter to such shareholders whose share certificates are in undelivered form and hence remained unclaimed, by the requesting them to update correct details viz. postal addresses, PAN details etc. registered with the Company to avoid transfer of such unclaimed shares to the "Unclaimed Suspense Account."

As on 31 March 2011, the total unclaimed equity shares are 32,760.

**8. PARTICULARS OF RE-APPOINTMENT OF DIRECTORS****Ms. Aditi V. Chirmule**

Ms. Aditi V. Chirmule, who is associate member of The Institute of Company Secretaries of India, is currently employed as Company Secretary of Kirloskar Industries Limited. She has been associated with the Kirloskar Group since late 1989 and has played a major role in internal and external restructuring of businesses, mergers and formation of joint ventures during her association with the Kirloskar Group.

She is also a Director in Nashik Silk Industries Limited and G. G. Dandekar Investments Pte Ltd, Singapore a wholly Owned Subsidiary of the Company.

She does not hold any equity shares in the Company.

Ms. Aditi V. Chirmule is not related to any of the Directors on the Board of the Company as per the provisions of Section 6 of the Companies Act, 1956.

**Mr. Jeetendra M. Shende**

Mr. Jeetendra M. Shende has been with the Kirloskar group since last 15 years. He has a strong background in Finance, Economics, Project Management & Strategy. Having a wide experience of Automotive, Industrial & Engineering Industry, he has worked in Marketing, Sales, After- Sales Service & Strategic Planning Departments within various business units in the group. During his previous assignment in Kirloskar Oil Engines Ltd. (KOEL), he has played a key role in the developing & deploying long term & Short term strategies for the flagship products of the group.

He is also an Executive Director in Kirloskar Consultants Limited. He is also a Director in G. G. Dandekar Investments Pte. Ltd., Wholly Owned Subsidiary of the Company incorporated in Singapore.

He does not hold any equity shares in the Company.

Mr. Jeetendra M. Shende is not related to any of the Directors on the Board of the Company as per the provisions of Section 6 of the Companies Act, 1956.

## G. G. DANDEKAR MACHINE WORKS LIMITED

### 9. MEANS OF COMMUNICATION

- The Quarterly and Half Yearly results are published in national and local dailies such as Financial Express in English and Navashakti in Marathi. Those were not sent individually to the shareholders.
- The quarterly/half-yearly un-audited financial results and quarterly shareholding pattern were displayed on the Company's website.
- The Company's website [www.ggdandekar.com](http://www.ggdandekar.com) contains a separate dedicated section "Investor Information" where information for shareholders is available.
- Annual Report containing, inter alia, Audited Annual Accounts, Consolidated Financial Statements, Directors' Report, Auditors' Report and other important information is circulated to members and others entitled thereto. The Management Discussion and Analysis (MDA) Report forms part of the Annual Report.

### 10. General Shareholder Information –

Annual General Meeting	
Date and Time	Wednesday, 28 September 2011 at 11 a.m.
Venue	Registered office of the Company at: Dandekarwadi, Bhiwandi 421 302, Dist. Thane.
Financial Calendar	1 April 2010 to 31 March 2011 During the year the results were announced as under: First quarter: on 12 August 2010 Second quarter: on 12 November 2010 Third quarter: on 27 January 2011 Annual: on 12 May 2011
Date of Book Closure	20 September 2011 to 28 September, 2011 (both days inclusive)
Dividend payment date	On or before 28 October 2011
Listing on stock exchanges (Stock Code)	The Company's shares are listed on: Bombay Stock Exchange Limited, Mumbai (505250)

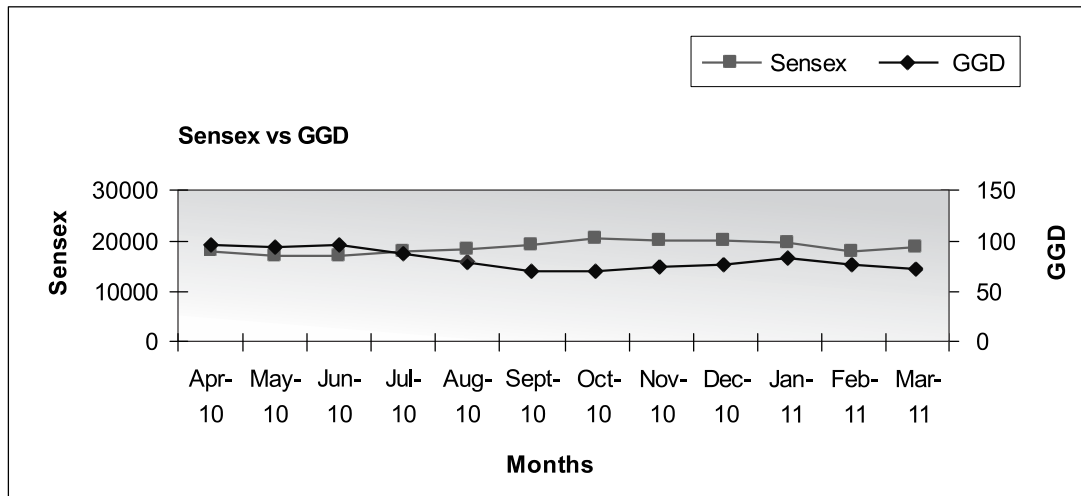
### Market Price Data

Monthly high/low during the year 2010-2011 on the Bombay Stock Exchange Limited:

Bombay Stock Exchange Limited, Mumbai		
Month	High (Rs.)	Low (Rs.)
April 2010	104.9	86.5
May 2010	103	84.1
June 2010	105.5	84.1
July 2010	93.45	81.9
August 2010	85	72.2
September 2010	81.6	57.5
October 2010	72.15	66
November 2010	81.45	67.25
December 2010	81.9	71.55
January 2011	92.65	74.1
February 2011	82.65	67.8
March 2011	75	70

Performance of the Company's scrip on the BSE as compared to the BSE Sensex (in Rupees):

GRAPH



Distribution of Shareholding (as on 31 March 2011)

Range of shares		Number of holders		% to total holders		Total face value		% to total face value	
From	To	Physical	Demat	Physical	Demat	Physical	Demat	Physical	Demat
1	500	335	2813	8.9048	74.7741	92760	427319	1.9482	8.9747
501	1000	66	264	1.7544	7.0175	56750	216277	1.1919	4.5423
1,001	2000	38	111	1.0101	2.9506	59580	168110	1.2513	3.5307
2,001	3000	10	40	0.2658	1.0633	25560	99987	0.5368	2.1000
3,001	4000	11	15	0.2924	0.3987	38520	52226	0.8090	1.0964
4,001	5000	4	12	0.1063	0.3190	17550	55085	0.3686	1.1569
5,001	10000	5	16	0.1329	0.4253	33210	120777	0.8025	2.5366
10,001		3	19	0.0797	0.5051	75690	3221986	1.5897	67.6691
<b>SUBTOTAL</b>		472	3290	12.5464	87.4536	399620	4361767	8.3929	91.6071
<b>TOTAL</b>		3762		<b>100.00</b>		4761387		<b>100.00</b>	

## G. G. DANDEKAR MACHINE WORKS LIMITED

### Shareholding Pattern as on 31 March 2011

Category	No. of shares	%
Promoters	2,388,973	50.17
Resident Individuals	1,574,251	33.07
Private Corporate Bodies	584,155	12.27
Financial Institutions	157,680	3.31
Nationalised and other Banks	-	-
FII's and NRIs	43,506	0.91
Others	12,822	0.27
<b>TOTAL</b>	<b>4,761,387</b>	<b>100.00</b>

Pursuant to Regulation 3(1)(e)(i) of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 comprises Better Value Holdings Private Limited, Kirloskar Brothers Limited, Kirloskar Industries Limited (earlier known as Kirloskar Oil Engines Limited), Kirloskar Oil Engines Limited (earlier known as Kirloskar Engines India Limited), Kirloskar Pneumatic Company Limited, Kirloskar Ferrous Industries Limited, Pooja Credits Private Limited, Kirloskar Systems Limited, Asara Sales & Investments Private Limited, Navsai Investments Private Limited, Prakar Investments Private Limited, Alpak Investments Private Limited, Achyut & Neeta Holdings & Finance Private Limited, Sri. Harihareshwara Finance & Investments Private Limited, Vikram Geet Investments & Holdings Pvt. Ltd., Kirloskar Brothers Investments Ltd., Kirloskar Roadrailer Limited, Cees Investments and Consultants Private Limited, Kirloskar Integrated Technologies Limited (Formerly known as Kirloskar Kisan Equipments Limited), Kothrud Power Equipment Limited, Nashik Silk Industries Limited (earlier known as Kirloskar Silk Industries Limited), Kirloskar Proprietary Limited, G. G. Dandekar Machine Works Limited, Mahila Udyog Limited, Kirloskar Corrocoat Private Limited, Kirloskar Constructions and Engineers Limited, The Kolhapur Steel Limited, Koppal Mines & Minerals Private Limited, Gondwana Engineers Limited, Kirloskar Chillers Private Limited, Hematic Motors Private Limited, Pressmatic Electro Stampings Private Limited, Quadromatic Engineering Private Limited, Kirloskar Systech Limited, Takshasila Helathcare and Research Service Pvt. Ltd., Kirloskar Consultants Limited, GreenTek Systems (I) Limited, Suman Kirloskar, Mrinalini Kirloskar, Neeta A. Kulkarni, Atul C. Kirloskar, Arti Kirloskar, Gauri Kirloskar, Kolenaty Chris, Aditi Kirloskar, Sanjay C. Kirloskar, Pratima Kirloskar, Alok Kirloskar, Rama Kirloskar, Rahul C. Kirloskar, Alpina Kirloskar, Alika Kirloskar, Aman Kirloskar, Gautam A. Kulkarni, Jyotsna Kulkarni, Nihal Kulkarni, Shruti Kulkarni, Ambar Kulkarni, Komal Kulkarni, Gargi Kulkarni, Talen Ambar Kulkarni, Vikram S. Kirloskar, Geetanjali Kirloskar, Manasi Kirloskar, Roopa Gupta and Chandrashekhar H. Naniwadekar.

### Registrar and Transfer Agent:

SEBI vide its circular D&CC/FITTC/CIR-15/2002 dated 27 December 2002 had instructed that all the work relating to share registry in terms of both physical and electronic (demat) mode should be maintained at a single point i.e. either in-house by the Company or by a SEBI registered Registrar and Transfer Agent. The Company transferred the entire work relating to processing of transfer of shares to an outside agency i.e. Link Intime India Private Limited (formerly known as Intime Spectrum Registry Limited) being a SEBI Registered R and T Agent instead of setting up an in-house share transfer registry.

Link Intime India Private Limited	Block No. 202, 2 <sup>nd</sup> Floor, Akshay Complex, Near Ganesh Temple, Off. Dhole Patil Road, Pune - 411001 Contact Person: P N Albal Tel: 020-26051629/26050084 Fax: 020- 26053503 Email: <a href="mailto:pune@linkintime.co.in">pune@linkintime.co.in</a>
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### Share Transfer System:

The applications for transfer of shares received by the company's Registrar and Share Transfer Agents in physical form are processed, registered within 30 days of receipt of the documents valid in all respects. After such processing, the Registrar and Share Transfer Agents will issue share certificate to all other shareholders within 30 days of receipt of certificate for transfer. Shares under objection are returned within a week's time. The transfer applications are approved periodically.

### Shareholders References:

#### • Permanent Account Number (PAN)

Shareholders holding Shares in the physical form are advised that SEBI has made it mandatory that copy of PAN Card is to be furnished in the following cases:

- Transferees' PAN Cards for transfer of shares,
- Surviving joint holders' PAN Cards for deletion of name of deceased shareholder,
- Legal heirs' PAN Cards for transmission of shares,
- Joint holders' PAN Cards for transposition of shares.

- **Email Address**

Ministry of Corporate Affairs (MCA) has permitted the service of documents viz. notices of meetings, annual reports etc. upon the Shareholders through electronic mode vide its Circular No.17/2011 dated 21 April 2011. The shareholders are requested to register their email address with the Company. This is step of the Company towards participation in paperless compliances as introduced by MCA through its Green Initiative in the Corporate Governance.

**Dematerialisation of shares:**

The Company has arrangements with National Securities Depository Ltd. (NSDL) as well as the Central Depository Services (India) Ltd. (CDSL) for demat facility. As on 31 March 2011, 43,61,767 equity shares being 91.61% of the total equity share capital of the Company was held in dematerialised form.

Particulars	No. of Shares	Percentage of Shares
No. of Shares held by NSDL	3,969,853	83.38
No. of Shares held by CDSL	391,914	8.23
Physical Shares	399,620	8.39
<b>Total</b>	<b>4,761,387</b>	<b>100.00</b>

**Company does not have GDR/ADR/Warrants or any convertible instruments, conversion date and impact on equity.**

**Plant Locations:**

Plant Location	Products produced
Bhiwandi	Rice Mills, Dal Mills, Food Processing Machinery and Accessories
Nagpur (Proposed)	Food Processing Machinery and Accessories

**Address for correspondence:**

Shareholders' correspondence should be addressed to Link Intime India Private Limited, Registrar and Transfer Agent at the address mentioned above.

Block No. 202, 2<sup>nd</sup> Floor, Akshay Complex,  
Near Ganesh Temple,  
Off. Dhole Patil Road, Pune - 411001

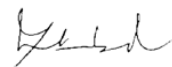
Contact Person: P N Albal  
Tel: 020-26051629/26050084  
Fax: 020- 26053503  
Email: [pune@linkintime.co.in](mailto:pune@linkintime.co.in)

**Declaration under Clause 49 I (D) (ii) by the Chairman of affirmation by the Board of Directors and Senior Management of Compliance with the Code of Conduct**

The Shareholders,

Pursuant to Clause 49 I (D) (ii) of the Listing Agreement, I hereby declare that all Board members and Senior Management personnel are aware of the provisions of the Code of Conduct laid down by the Board and made effective from 1 April, 2007. All Board members and Senior Management personnel have affirmed compliance with the Code of Conduct.

**FOR G. G. DANDEKAR MACHINE WORKS LTD.**



**ATUL C. KIRLOSKAR  
CHAIRMAN**

**PLACE: PUNE  
DATE: 12 MAY 2011**

## **G. G. DANDEKAR MACHINE WORKS LIMITED**

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Registration No. of the Company : L99999MH1938PLC002869

Nominal Capital : Rs. 2 Crores

To

The Members of

**G. G. DANDEKAR MACHINE WORKS LIMITED**

Dandekarwadi, Bhiwandi,

Thane - 421302

Maharashtra,

We have examined the compliance conditions of Corporate Governance by G.G. DANDEKAR MACHINE WORKS LIMITED for the year ended on March 31<sup>st</sup>, 2011 as stipulated in Clause 49 of the Listing Agreement of the Company with the Bombay Stock Exchange Limited.

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

We further 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.

In our opinion and to the best of our information and according to explanations given to us and based on the representation made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the abovementioned Listing Agreements.

**For KANJ & ASSOCIATES,  
Company Secretaries**

**MAHESH A. ATHAVALE**

**Partner**

**CP No. 1488**

**Place : Pune**

**Date : 12 May 2011**

**Auditor's Report on Financial Statements.**

The Members,  
G. G. Dandekar Machine Works Ltd.

1. We have audited the attached Balance Sheet of M/s G. G. Dandekar Machine Works Ltd., as at 31 March 2011, the Profit and Loss account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosure in the financial statements. An audit also includes assessing the accounting principle used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of sub-Section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that :
  - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit,
  - (ii) 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,
  - (iii) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account,
  - (iv) On the basis of written representations received from the Directors, as on 31 March 2011 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31 March 2011 from being appointed as a Director in terms of clause (g) of sub-Section (1) of the Section 274 of the Companies Act, 1956.
  - (v) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
    - (a) in the case of the Balance Sheet of the state of affairs of the company as at 31 March 2011;
    - (b) in the case of the Profit and Loss account, of the profit for the year ended on that date; and
    - (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For Joshi & Kulkarni,  
Chartered Accountants,  
Firm Regn. No. 115751W

(Shantanu R. Ghanekar)  
Partner  
M. No. 102133

Place : Pune  
Date : 12.05.2011

**Annexure to Auditors' Report**

**(Referred to in paragraph 3 of our report of even date)**

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) As informed to us, the fixed assets have been physically verified by the management at reasonable intervals in a phased manner, which in our opinion is reasonable, having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) The Company has not disposed off any substantial part of fixed assets during the year.
- (ii) (a) As explained to us, inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion, and according to information and explanations given to us, the procedures of physical verification of inventories 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 inventories. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) According to the information and explanations given to us, the Company has not granted any loan secured or unsecured, to companies, firm, or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, paragraphs 4(iii) (b), (c) and (d) of the order are not applicable.
- (iv) According to the information and explanations given to us, the Company has not taken any loan secured or unsecured, from companies, firm, or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, paragraphs 4(iii)(f) and (g) of the order are not applicable.
- (v) 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 with regard to purchases of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- (vi) (a) According to the information and explanations given to us, we are of the opinion that the particulars of all contracts or arrangements that need to be entered into register maintained under Section 301 of the Company's Act, 1956, have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Company's Act, 1956, and exceeding the value of Rs. Five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vii) The company has not accepted any deposit from the public and hence provisions of paragraph 4(vi) are not applicable.
- (viii) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- (ix) According to the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956 for any product of the Company.
- (a) According to the information and explanations given to us, the company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employees' state insurance, income tax, sales tax, wealth tax, custom duty, excise duty, cess and other statutory dues applicable to it. According to the information and explanation given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty, excise duty and cess were in arrears, as at 31 March 2011 for a period of more than six months from the date they became payable, except for a liability of Rs. 3,29,787/- under the Central Sales Tax Act.



- (b) According to the information and explanations given to us, disputed dues in respect of Income Tax and Sales Tax, which have not been paid on account of matters pending before appropriate authorities are as under :

Name of Statute	Nature of Dues	Forum with Dispute is pending	Amount (Rs. in Lacs)
Income Tax	Income Tax Act, 1961	High Court (Mumbai)	394.34
Sales Tax	Maharashtra Value Added Tax, 2002	Sales Tax Officer	1.78

- (xi) The Company has no accumulated losses as at 31<sup>st</sup> March 2011 and it has not incurred cash losses during the financial year ended on that date and immediately preceding financial year.
- (xii) In our opinion and according to the information and explanation given to us, the company has not defaulted in repayment of dues to banks. The Company has not borrowed any sums from financial institutions or through debentures.
- (xiii) In our opinion and according to the information and explanations given to us, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
- (xiv) In our opinion, the company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of paragraph 4(xiii) are not applicable to the Company.
- (xv) In our opinion, the Company is not dealing in or trading in shares, securities, and other investments. The company has invested surplus funds in marketable securities and mutual funds, for which proper records have been maintained in respect of the transactions and contracts and timely entries have been made therein. The investments in marketable securities and mutual funds have been held by the Company in its own name.
- (xvi) According to the information and explanations given to us, the company has not given guarantees for loans taken by others from banks or financial institution.
- (xvii) According to the information and explanations given to us and to the best of our knowledge and belief, the term loans availed by the Company have been, prima facie, applied by the Company for the purposes for which they were obtained.
- (xviii) According to the information and explanation given to us and on an overall examination of the balance sheet of the Company, we report that funds on short-term basis have, prima facie, not been used for long term investments.
- (xix) According to the information and explanation given to us, the company has not made preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act.
- (xx) According to the information and explanation given to us, during the period covered by our audit report, the Company had not issued any debentures. Accordingly, paragraph 4(xix) of the order regarding creation of security is not applicable.
- (xxi) The Company has not raised any money by way of public issues during the year.
- (xxii) According to the information and explanations given to us and to the best of our knowledge and belief, no fraud on or by the Company has been noticed or reported during the course of our audit.

For Joshi & Kulkarni,  
Chartered Accountants,  
Firm Regn. No. 115751W

(Shantanu R. Ghanekar)

Partner

M. No. 102133

Place : Pune

Date : 12.05.2011

## G. G. DANDEKAR MACHINE WORKS LIMITED

### G. G. DANDEKAR MACHINE WORKS LTD. BALANCE SHEET AS AT 31st MARCH, 2011

Amount in Rupees

	Sch.	Details	As on 31.03.2011	Details	As on 31.03.2010
<b>SOURCES OF FUNDS:</b>					
<b>1 SHAREHOLDER'S FUNDS:</b>					
a) Share Capital	A	4,761,387		4,761,387	
b) Reserves & Surplus	B	303,607,178		302,266,680	
			308,368,565		307,028,067
<b>2 LOAN FUNDS:</b>					
a) Secured Loans	C	90,963,656		13,645,232	
b) Unsecured Loans	D	-	90,963,656	1,699,922	15,345,154
3 Deferred Tax Liability (Refer Note No.10)			2,270,299		1,069,817
<b>TOTAL FUNDS EMPLOYED</b>			<b>401,602,520</b>		<b>323,443,038</b>
<b>APPLICATION OF FUNDS:</b>					
<b>1 FIXED ASSETS</b>					
Gross Block	E	53,111,168		51,920,382	
Less:-Accumulated Depreciation & Amortisation		20,078,322		17,228,631	
Net Block		33,032,846		34,691,751	
Capital Work in Progress (Including Capital Advance)		100,443,966		10,116,608	
			133,476,812		44,808,359
<b>2 INVESTMENTS</b>	F		214,242,454		151,397,312
<b>3 Deferred Tax Asset</b>			794,188		82,106
<b>4 A] CURRENT ASSETS, LOANS &amp; ADVANCES</b>					
a. Inventories		50,453,093		47,028,595	
b. Sundry Debtors		3,514,567		5,394,453	
c. Cash and Bank Balances		30,615,144		84,744,958	
d. Other Current Assets		1,197,945		2,527,251	
e. Loans & Advances		26,669,967		35,721,713	
		112,450,716		175,416,969	
<b>B] Less: CURRENT LIABILITIES &amp; PROVISIONS</b>	H				
a. Current Liabilities		28,418,070		23,368,986	
b. Provisions		30,943,579		24,892,722	
		59,361,649		48,261,708	
<b>NET CURRENT ASSETS</b>			53,089,066		127,155,261
<b>TOTAL FUNDS APPLIED</b>			<b>401,602,520</b>		<b>323,443,038</b>
Schedule of Notes to Accounts	Q				
Schedules A to Q form an integral part of the financial statements					

As per our report of even date attached

For Joshi & Kulkarni  
Chartered Accountants  
Firm Regn. No. 115751W

For and on behalf of the Board of Directors

(S. R. Ghanekar)  
Partner  
M. No.102133  
Place : Pune  
Date : 12.05.2011

Prajakta V. Gokhale  
Company Secretary  
Place : Pune  
Date : 12.05.2011

Jeetendra M. Shende  
Executive Director

Nihal G. Kulkarni  
Vice -Chairman

**G. G. DANDEKAR MACHINE WORKS LTD.**  
**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2011**

		Amount in Rupees	
	Sch.	Current Year Rs.	Previous Year Rs.
<b>INCOME</b>			
Sales (Net of taxes)		165,690,478	192,562,146
Other Income	I	45,922,994	9,878,230
Increase/(decrease) in Work-in-progress & Finished Goods	J	4,752,358	17,514,839
<b>TOTAL</b>		216,365,830	219,955,215
<b>EXPENDITURE</b>			
Consumption & Direct Expenses	K	89,238,696	111,443,506
Payment to Employees	L	51,022,306	35,344,687
Interest and Financial Charges	M	3,550,099	549,716
Selling and Distribution Expenses	N	15,244,245	9,735,340
General Expenses	O	31,700,623	28,483,632
Depreciation & Amortization	E	2,849,692	1,705,088
<b>TOTAL</b>		193,605,661	187,261,969
Profit before Prior period adjustments		<b>22,760,169</b>	<b>32,693,246</b>
Less : Prior Period Adjustments (Refer Note. No. 9)			938,890
Profit before tax		<b>22,760,169</b>	<b>31,754,356</b>
Less: Provision for tax		4,000,000	13,000,000
Provision for deferred tax		488,400	2,094,904
Income Tax for earlier years		274,689	0
Profit After Tax		<b>17,997,080</b>	<b>16,659,452</b>
Balance carried forward from last year		208,505,709	210,502,839
<b>Profit available for Appropriation</b>		<b>226,502,789</b>	<b>227,162,291</b>
<b>Less:</b>			
Proposed Dividend		14,284,161	14,284,161
Corporate Dividend Tax on Dividend		2,372,421	2,372,421
Transfer to General Reserve		2,000,000	2,000,000
Balance carried to Balance Sheet		<b>207,846,207</b>	<b>208,505,709</b>
Basic/ Diluted Earning Per Share (EPS) - Rs.		<b>3.78</b>	<b>3.50</b>
[Equity shares of Re. 1/- each]			
Weighted average number of equity shares		<b>4,761,387</b>	<b>4,761,387</b>

Schedule of Notes to Accounts

Q

Schedules 'A' to 'Q' form an integral part of the Financial statement.

As per our report of even date attached

For Joshi & Kulkarni  
Chartered Accountants  
Firm Regn. No. 115751W

For and on behalf of the Board of Directors

(S. R. Ghanekar)  
Partner  
M. No.102133  
Place : Pune  
Date : 12.05.2011

Prajakta V. Gokhale  
Company Secretary  
Place : Pune  
Date : 12.05.2011

Jeetendra M. Shende  
Executive Director  
Nihal G. Kulkarni  
Vice -Chairman

## G. G. DANDEKAR MACHINE WORKS LIMITED

SCHEDULES 'A' TO 'H' and 'Q' ANNEXED TO & FORMING PART OF THE BALANCE SHEET AS ON 31st MARCH, 2011

	Amount in Rupees	
	As on 31.03.2011	As on 31.03.2010
<b>SCHEDULE 'A' SHARE CAPITAL</b>		
<b>AUTHORISED CAPITAL</b>		
20,000,000 Equity Shares of Re.1/- each	20,000,000	20,000,000
(Previous Year 20,000,000 Equity Shares of Re.1/- each)		
<b>ISSUED, SUBSCRIBED &amp; PAID-UP CAPITAL :</b>		
4761387 Equity Shares of Re.1/- each		
(Previous Year 4,761,387 Equity Shares of Re. 1/- each)	4,761,387	4,761,387
	<b>4,761,387</b>	<b>4,761,387</b>

Of the above Equity Shares:

- 86,400 Equity Shares of Re.1/- each are allotted as fully paid up shares pursuant to vendor's contract
- 90,000 Equity Shares of Re. 1/- each have been issued to members as fully paid up Bonus Shares out of Capital Redemption Reserve without payment being received in cash.

	Amount in Rupees	
	As on 31.03.2011	As on 31.03.2010
<b>SCHEDULE "B" RESERVES AND SURPLUS :</b>		
<b>GENERAL RESERVE</b>		
Balance as per last Balance Sheet	93,760,971	91,760,971
Addition during the year	2,000,000	2,000,000
	95,760,971	93,760,971
<b>Profit &amp; Loss Account</b>		
Balance as per annexed account	207,846,207	208,505,709
	<b>303,607,178</b>	<b>302,266,680</b>

	Amount in Rupees	
	As on 31.03.2011	As on 31.03.2010
<b>SCHEDULE "C" SECURED LOANS :</b>		
<b>LOANS and ADVANCES</b>		
From Banks		
Cash Credit Account	21,130,248	13,236,050
Term Loan	69,015,061	409,182
Vehicle Loan	818,346	-
( Refer Note No. 3 in Schedule Q)		
	<b>90,963,656</b>	<b>13,645,232</b>

	Amount in Rupees	
	As on 31.03.2011	As on 31.03.2010
<b>SCHEDULE "D" UNSECURED LOANS :</b>		
<b>OTHER LOANS and ADVANCES</b>		
From Banks	-	1,699,922
	<b>-</b>	<b>1,699,922</b>

**SCHEDULE 'E' FIXED ASSETS**

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on	Additions	Deductions	Total	Written off	Deductions	For the	Total	As on	As on
	1.4.2010	during	during		in Previous	during the	Year		31.3.2011	31.3.2010
		the Year	the Year		Years	Year	Year			
					( till last year)					
GOODWIL	1	0	0	1	0	0	0	0	1	1
FREEHOLD LAND	52,212	0	2,541	49,671	0	0	0	0	49,671	52,212
LEASEHOLD LAND	23,703,452	0	0	23,703,452	84,354	0	252,161	336,515	23,366,937	23,619,098
FACTORY BUILDING	2,554,670	0	0	2,554,670	2,394,474	0	16,020	2,410,494	144,176	160,196
OTHER BUILDING	1,809,229	0	0	1,809,229	1,101,558	0	35,384	1,136,942	672,287	707,671
PLANT & MACHINERY	11,576,129	49,557	0	11,625,686	8,109,979	0	729,533	8,839,512	2,786,174	3,466,150
PATTERNS, JIGS & MOULDS	493,487	401,780	0	895,267	60,382	0	189,389	249,771	645,496	433,105
COMPUTER MACHINERY	3,712,701	648,000	0	4,360,701	2,701,109	0	571,654	3,272,763	1,087,938	1,011,592
COMPUTER SOFTWARE	3,082,286	0	0	3,082,286	934,066	0	358,037	1,292,103	1,790,183	2,148,220
FURNITURE, FIXTURE & OFFICE EQUIPMENTS	3,219,106	93,990	0	3,313,096	1,697,381	0	290,580	1,987,961	1,325,135	1,521,725
VEHICLES	1,717,109	0	0	1,717,109	145,328	0	406,934	552,262	1,164,847	1,571,781
<b>TOTAL</b>	<b>51,920,382</b>	<b>1,193,327</b>	<b>2,541</b>	<b>53,111,168</b>	<b>17,228,631</b>	<b>0</b>	<b>2,849,692</b>	<b>20,078,322</b>	<b>33,032,846</b>	<b>34,691,751</b>
Previous Year	20,930,685	32,083,654	1,093,957	51,920,382	16,467,396	943,853	1,705,088	17,228,631	34,691,751	4,463,289
Capital Work-in-Progress									100,443,966	10,116,608

## G. G. DANDEKAR MACHINE WORKS LIMITED

SCHEDULE " F" - INVESTMENT - LONG TERM -AT COST :	Amount in Rupees	
	As on 31.03.2011	As on 31.03.2010
<b>TRADE &amp; UNQUOTED</b>		
2 shares of Rs. 50/- each fully paid up of Maharashtra State Co-op Bank Ltd.	121	121
1000 Shares of Rs. 10/- each fully paid up The Saraswat Co.op Bank Ltd.	10,000	10,000
5 shares of Rs. 1000/- each fully paid up of The Engineering Raw Mat. Cons. Corp. Ltd.	5,000	5,000
	III	15,121
<b>In GOVERNMENT OR TRUST SECURITIES (Unquoted)</b>		
<b>UTI 6.75% Tax free Bonds</b> (285 Units of Rs.100/- each)	-	28,500
	II	28,500
<b>INVESTMENT IN SUBSIDIARY COMPANY</b>		
EQUITY SHARES - FULLY PAID (UNQUOTED)		
G.G. Dandekar Investments Pte. Ltd. (21,16,935 Equity shares of SGD 1 each)	75,947,583	70,410,858
	I	75,947,583
<b>In fully paid Equity Shares NON - TRADE &amp; QUOTED</b>		
Nucleus Software Ltd. [NIL ( Previous year 24000) equity shares of Rs. 10/- each fully paid]	-	11,344,866
Bharat Bijle Ltd. (NIL (Previous year 4,000)equity shares of Rs.10/- each fully paid)	-	3,321,512
Indraprastha Gas Ltd. [70,000 (Previous year 70,000) equity shares of Rs.10/- each fully paid] (Market Value Rs.20,895,000/-)	8,218,045	8,218,045
Gujarath Gas Company Ltd. [30,000 (Previous year 30,000] equity shares of Rs.2/- each fully paid] (Market Value Rs. 11,535,000/-)	3,959,883	3,959,883
GAIL India Ltd. (15,000 (Previous year 15,000)equity shares of Rs.10/- each fully paid) (Market Value Rs. 6,975,000/-)	4,223,939	4,223,939
Marico Ltd. (30,000 (Previous year 30,000) equity shares of Re.1/- each fully paid) (Market Value Rs. 4,162,000/-)	1,812,062	1,812,062
NIIT Technologies Ltd. (10,150 (Previous year 10,150) equity shares of Rs.10/- each fully paid) (Market Value Rs. 1,874,197/-)	1,338,779	1,338,779

Continued...

**NON - TRADE & QUOTED Continued**

Container Corporation of India Ltd. (2,800 (Previous year 2,800) equity shares of Rs.10/- each fully paid) (Market Value Rs. 3,393,600/-)	1,984,727	1,984,727
Lakshmi Machine Works Ltd. [8,349 (Previous year 8349) equity shares of Rs.10/- each fully paid] (Market Value Rs. 18,712,196/-)	6,174,211	6,174,211
Thermax Ltd. (NIL (Previous year 9,422) equity shares of Rs.02/- each fully paid)	-	1,547,736
Crisil Ltd. (2,000 (Previous year 2,000) equity shares of Rs.10/- each fully paid) (Market Value Rs.12,581,700/-)	5,029,303	5,029,303
ICRA Ltd. (8,607 (Previous year 8,607) equity shares of Rs.10/- each fully paid) (Market Value Rs.9,330,418/-)	3,888,064	3,888,064
Deccan Chronicle Holdings Ltd. (NIL (Previous year 200) equity shares of Rs.2/- each fully paid)	-	8,634
Savita Oil Technologies Ltd. ( Previously known as Savita Chemicals Ltd) (6,353 (Previous year 6,353) equity shares of Rs.10/- each fully paid) (Market Value Rs.3,251,783/-)	1,017,283	1,017,283
Automotive Axles India Ltd. (NIL (Previous year 20,000) equity shares of Rs.10/- each fully paid)	-	2,829,963
Gruh Finance Ltd. (20,000 (Previous year 20,000) equity shares of Rs.10/- each fully paid) (Market Value Rs.7,204,000/-)	3,881,866	3,881,866
Bajaj Holdings & Investments Ltd (20,000 (Previous year NIL) equity shares of Rs.10/- each fully paid) (Market Value Rs.4,109,947/-)	3,828,739	-
HCL Infosystems Ltd (75,700 (Previous year NIL) equity shares of Rs.2/- each fully paid) (Market Value Rs. 7,728,970/-)	8,547,599	-
Bajaj Auto Ltd (3,200 (Previous year NIL) Shares of Rs. 10/- each fully paid) (Market Value Rs. 4,671,360/-)	3,917,325	-
Balmer Lawrie & Company Ltd (7,200 (Previous year NIL) Shares of Rs. 10/- each fully paid) (Market Value Rs. 3,896,640/- )	3,947,577	-
<b>IV</b>	61,769,401	60,580,873

**OTHER INVESTMENTS****MUTUAL FUNDS - GROWTH SCHEME**

HDFC Floating Rate Income Fund	2,500,000	2,500,000
UTI Treasury Advantage Fund	-	17,861,960

## G. G. DANDEKAR MACHINE WORKS LIMITED

### MUTUAL FUNDS - DIVIDEND SCHEME

Birla Sunlife Cash Plus DD Reinvest	10,349	-
Kotak 6M Fmp Series – 10	20,000,000	-
Birla Sunlife Short Term FMP – Series 1	20,000,000	-
DSP BlackRock 3M FMP	11,000,000	-
DSP BlackRock 3M FMP Series – 25	10,000,000	-
Tata Fixed Maturity Plan – Series 28	13,000,000	-
<b>V</b>	<b>76,510,349</b>	<b>20,361,960</b>
<b>TOTAL I + II + III + IV + V</b>	<b>214,242,454</b>	<b>151,397,312</b>

(Amount in Rs.)

Sr. No	Particulars	As on March 31, 2011		As on March 31, 2010	
		Cost	Market Value	Cost	Market Value
1	Aggregate value of Non Trade & Quoted Investments	138,279,750	120,322,313	80,942,833	124,195,571
2	Aggregate value of Trade & Unquoted Investments	75,947,583	--	70,410,858	--
	<b>Total</b>	<b>214,227,333</b>	<b>120,322,313</b>	<b>151,353,691</b>	<b>124,195,571</b>

### SCHEDULE "G" CURRENT ASSETS, LOANS & ADVANCES

CURRENT ASSETS :	Amount in Rupees	
	As on 31.03.2011	As on 31.03.2010
<b>INVENTORIES (valued at cost &amp; certified by Management):</b>		
Stores & Accessories	309,741	1,000,019
Raw Materials (Net of provision for non - moving items)	15,912,354	14,755,741
Finished Goods.	27,424,460	23,971,341
Work-in-progress	6,806,538	5,507,298
Stock in Transit	-	1,794,196
	<b>50,453,093</b>	<b>47,028,595</b>
<b>SUNDRY DEBTORS :</b>		
<b>(Unsecured and considered good)</b>		
Debts Outstanding for a period exceeding six months	-	989,337
Other Debts	3,514,567	4,405,116
	<b>3,514,567</b>	<b>5,394,453</b>
<b>CASH AND BANK BALANCES :</b>		
Cash in hand	284,956	70,325
Bank Balances with Scheduled Banks		
In Current Accounts	7,930,188	12,474,633
In Deposit Accounts	22,400,000	72,200,000
	<b>30,615,144</b>	<b>84,744,958</b>
<b>OTHER CURRENT ASSETS</b>		
Income Accrued on Deposits	1,197,945	2,527,251
	<b>1,197,945</b>	<b>2,527,251</b>
<b>LOANS AND ADVANCES :</b>		
<b>(Unsecured and considered good)</b>		
Receivable from wholly owned subsidiary	1,199,962	1,112,482
Advance-Recoverable in cash or in kind or for value to be received		
Advances to Suppliers	4,256,477	5,634,202
Advance for Expenses.	-	2,477,852
Advance to Staff & Workers	418,843	516,513
Prepaid Expenses	688,484	353,421
Deposits	1,091,830	1,381,289
Advance Income Tax including Tax Deducted at Source (Net of Provision for Taxation )	7,771,191	5,979,903
Receivable Against Sale of Land	8,587,634	16,087,634
Other Receivable	1,269,586	1,599,285
Other Advances	1,385,960	579,132
	<b>26,669,967</b>	<b>35,721,713</b>



<b>SCHEDULE "H" CURRENT LIABILITIES &amp; PROVISIONS</b>	<b>Amount in Rupees</b>	
	<b>As on 31.03.2011</b>	<b>As on 31.03.2010</b>
<b>CURRENT LIABILITIES :</b>		
Sundry Creditors for :		
a) Goods Supplied	7,464,309	6,949,200
b) Other Expenses & Advances	4,694,434	6,585,979
Advances against Orders	9,388,663	5,985,197
Unclaimed Dividends	1,086,207	921,819
Directors' Commission Payable	-	503,487
Other Liabilities	5,784,457	2,423,305
	<b>28,418,070</b>	<b>23,368,986</b>
<b>PROVISIONS :</b>		
Gratuity	11,748,187	6,100,847
Leave Wages	2,538,810	2,135,293
Proposed Dividend	14,284,161	14,284,161
Tax on Proposed Dividend	2,372,421	2,372,421
	<b>30,943,579</b>	<b>24,892,722</b>

**SCHEDULES 'I' TO 'P' and 'Q' ANNEXED TO & FORMING PART OF THE PROFIT & LOSS ACCOUNT AS ON 31ST MARCH, 2011**

<b>SCHEDULE "I" OTHER INCOME :</b>	<b>Amount in Rupees</b>	
	<b>Current Year Rs.</b>	<b>Previous Year Rs.</b>
Interest from Bank & Others	3,018,548	6,980,476
(Gross, TDS - Rs.4,50,035 , Previous Year Rs.6,52,265 )		
Income from Long Term Investment		
Dividend from Non-Trade Investment	3,831,620	1,020,069
Miscellaneous Income	318,569	1,373,280
Profit on Sale of Fixed Asset (Net of Expenses)	16,818,015	-
Profit on Sale of Long term Investment	15,591,948	-
Sundry Credit balances w/back	720,089	504,405
Foreign Exchange Gain	5,624,205	-
	<b>45,922,994</b>	<b>9,878,230</b>

<b>SCHEDULE "J" INCREASE/ (DECREASE) IN WORK IN PROGRESS &amp; FINISHED GOODS:</b>	<b>Amount in Rupees</b>	
	<b>Current Year Rs.</b>	<b>Previous Year Rs.</b>
<b>OPENING STOCK :</b>		
Finished Goods	23,971,341	7,999,600
Work-in-Progress	5,507,298	3,964,200
	29,478,639	11,963,800
<b>Less : CLOSING STOCK.</b>		
Finished Goods	27,424,460	23,971,341
Work-in-Progress	6,806,538	5,507,298
	34,230,997	29,478,639
<b>INCREASE/ (DECREASE)</b>	<b>4,752,358</b>	<b>17,514,839</b>

<b>SCHEDULE "K" MATERIALS &amp; DIRECT EXPENSES:</b>	<b>Amount in Rupees</b>	
	<b>Current Year Rs.</b>	<b>Previous Year Rs.</b>
<b>RAW MATERIALS AND STORES CONSUMPTION</b>		
Opening Stock	15,755,760	14,771,006
Add : Purchases	85,117,161	108,928,917
	100,872,921	123,699,923
<b>Less : Closing Stock</b>	16,222,096	15,755,760
<b>CONSUMPTION OF RAW MATERIALS AND STORES</b>	<b>84,650,825</b>	<b>107,944,163</b>
<b>OTHER DIRECT EXPENSES</b>		
Packing, Freight & Transport	2,560,842	1,690,474
Power & Fuel	2,027,029	1,808,869
	<b>89,238,696</b>	<b>111,443,506</b>

## G. G. DANDEKAR MACHINE WORKS LIMITED

SCHEDULE "L" PAYMENTS TO EMPLOYEES :	Amount in Rupees	
	Current Year Rs.	Previous Year Rs.
Salaries, Wages, Bonus & Other Allowances	39,176,304	30,637,540
Staff Welfare Expenses	1,873,283	1,582,709
Gratuity	6,944,713	909,863
Contribution to PF & Other Funds	3,028,006	2,214,575
[including contribution of Rs. 912,687/- ( Previous Year Rs.728,229/- ) towards Superannuation Fund.]		
	<b>51,022,306</b>	<b>35,344,687</b>

SCHEDULE "M" INTEREST AND FINANCIAL CHARGES :	Amount in Rupees	
	Current Year Rs.	Previous Year Rs.
Interest to Banks	3,302,280	383,786
Bank Commission & Charges	247,819	165,930
	<b>3,550,099</b>	<b>549,716</b>

SCHEDULE "N" SELLING AND DISTRIBUTION EXPENSES :	Amount in Rupees	
	Current Year Rs.	Previous Year Rs.
Commission on Sales	9,029,835	6,634,258
Warranty Expenses	3,320,212	970,207
Advertisement & Exhibition Expenses	718,544	575,840
Sales Promotion Expenses	2,175,654	1,555,035
	<b>15,244,245</b>	<b>9,735,340</b>

SCHEDULE "O" GENERAL EXPENDITURE :	Amount in Rupees	
	Current Year Rs.	Previous Year Rs.
Rent	1,098,852	1,240,246
Rates & Taxes	939,317	1,394,641
Insurance	441,822	556,118
Repairs to :		
Plant & Machinery	981,750	236,384
Building	65,555	296,373
Others	1,003,345	818,238
Audit Fees	220,600	110,300
Legal & Professional Fees	2,147,442	1,933,929
Research & Development	970,464	1,455,441
Directors' Commission ( Schedule P )	-	503,487
Directors' Sitting Fees	210,000	260,000
Loss on sale of Long Term Investments	7,515,671	6,085,316
Traveling and Conveyance	5,603,291	5,181,499
House Keeping Expenses	2,077,637	1,282,232
Security Charges	2,092,815	2,412,374
Festival Celebration Expenses	98,707	412,619
Regional Office Expenses	35,159	463,516
Postage & Telephone	1,998,537	1,307,131
Annual Maintenance Charges	439,284	686,180
Foreign Exchange Losses	-	320,058
Miscellaneous Expenses	1,879,147	1,121,707
Entertainment Expenses	281,943	223,323
Sundry debit balances written off	-	32,416
Income Considered last year written off	1,000,000	-
Loss of Provident Fund Trust bared by Company	599,285	-
Assets written off	-	150,104
	<b>31,700,623</b>	<b>28,483,632</b>

**SCHEDULE 'P' COMPUTATION OF MANAGERIAL REMUNERATION AND NET PROFIT IN ACCORDANCE WITH SECTION 198, 309 AND SCHEDULE XIII TO THE COMPANIES ACT, 1956**

	Current Year Rs.	Previous Year Rs.
<b>Profit before Tax as per Profit &amp; Loss A/c</b>	22,760,169	31,754,356
Add:		
Directors Remuneration	1,210,800	1,380,025
Directors Sitting Fees	210,000	260,000
Directors Commission	-	503,487
Loss on sale of Asset	7,515,671	6,085,316
Assets Written off	-	150,104
	8,936,471	40,133,288
Less:		
Profit on sale on long term investments	15,591,948	0
Profit on sale of fixed asset	19,997,459	0
	(3,892,767)	71,887,644
Maximum Remuneration payable @ 5%	-	3,594,382
Managerial remuneration as per schedule xiii of Companies Act 1956	1,500,000	NA
Total remuneration paid	1,500,000	3,594,382
Actual remuneration paid during the year	1,643,150	2,005,551
Excess remuneration paid	(143,150)*	NIL
Commission to other Directors @1%	-	718,876
Restricted to Rs.	-	213,487

\* The company is in process of filling an application u/s 309 (5(B)) of the Companies Act, 1956.

# G. G. DANDEKAR MACHINE WORKS LIMITED

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

Particulars	For the Year	For the Year
	Ended on 31.03.11	Ended on 31.03.10
	Rs.	Rs.
<b>A. Cash Flow from Operating Activities</b>		
1. Net Profit before Taxation	22,760,169	31,754,356
Adjustments for:		
Depreciation	2,849,692	1,705,088
Interest paid	3,302,280	383,786
Interest Received	(3,018,548)	(6,980,476)
Dividend Received	(3,831,620)	(1,020,069)
Assets written off	-	150,104
Provision for Slow Moving Stock	67,834	67,834
(profit)/loss on sale of Assets	7,515,671	-
(profit)/loss on sale of Investments	(35,581,171)	6,085,316
Sundry Balances Written Back (Net)	(336,749)	(471,988)
Foreign Exchange (Gain)/Loss	(5,624,205)	-
	<b>(34,656,816)</b>	<b>(80,405)</b>
Operating Profit Before Working Capital changes	<b>(11,896,648)</b>	<b>31,673,951</b>
Adjustments for		
Trade & Other Receivables	14,067,678	(15,554,002)
Inventories	(3,356,664)	(20,385,074)
Trade Payables	11,099,912	12,794,573
	<b>21,810,926</b>	<b>(23,144,503)</b>
Cash Generated from Operations	<b>9,914,278</b>	<b>8,529,448</b>
Direct Taxes	(5,500,000)	(12,500,000)
Taxes Paid for Earlier Years	(274,689)	-
	<b>4,139,589</b>	<b>(3,970,552)</b>
<b>Net cash used in Operating Activities</b>	<b>4,139,589</b>	<b>(3,970,552)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets (Net off Assets written off)	(1,193,327)	(32,233,758)
Sale of Fixed Assets	20,000,000	-
Sale of Investments	44,982,712	5,805,664
Purchases of Investment	(94,241,239)	(21,109,436)
Capital Advances	(90,327,357)	(10,116,608)
Interest Received	3,018,548	6,980,476
Dividend Received	3,831,620	1,020,069
	<b>(113,929,043)</b>	<b>(49,653,593)</b>
<b>Net cash from Investment Activity</b>	<b>(113,929,043)</b>	<b>(49,653,593)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITY</b>		
Borrowing Net	75,618,502	15,345,154
Dividend Paid	(16,656,582)	(16,711,754)
Interest paid	(3,302,280)	(383,786)
	<b>55,659,640</b>	<b>(1,750,386)</b>
<b>Net Cash from Financing Activity</b>	<b>55,659,640</b>	<b>(1,750,386)</b>
Net Increase / (Decrease) In Cash and Cash Equivalent	(54,129,814)	(55,374,531)
Cash & Cash Equivalents :		
Opening Cash & Bank Balances	84,744,958	140,119,489
<b>Closing Cash &amp; Bank Balances</b>	<b>30,615,144</b>	<b>84,744,958</b>

As per our report of even date attached

For Joshi & Kulkarni

For and on behalf of the Board of Directors

Chartered Accountants

Firm Regn. No. 115751W

(S. R. Ghanekar)

Partner

M. No.102133

Place : Pune

Date : 12.05.2011

Prajakta V. Gokhale

Company Secretary

Place : Pune

Date :12.05.2011

Jeetendra M. Shende

Executive Director

Nihal G. Kulkarni

Vice -Chairman

**SCHEDULE "Q" : SCHEDULE OF NOTES FORMING PART OF ACCOUNTS****A. SIGNIFICANT ACCOUNTING POLICIES:****1. Method of accounting :**

The financial statements have been prepared under historical cost convention on accrual basis and comply with notified accounting standards as referred to in Section 211 (3C) and other relevant provisions of the Companies Act, 1956; unless otherwise specified.

**2. Use of Estimates :**

The preparation of financial statements in conformity with the generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of financial statements and reported amounts of revenues and expenses during the reported period. Difference between the actual results and estimates are recognized in the period in which the results are known/ materialized.

**3. Fixed Assets:**

Fixed assets are stated at cost, less accumulated depreciation or amortization. Cost is inclusive of freight, duties, taxes (to the extent of credit not availed) and incidental expenses related to acquisition, installation, erection and commissioning. Financing cost relating to acquisition of qualifying fixed assets are also included to the extent they relate to the period till such assets are ready to be put to use.

Goodwill is stated at a nominal value of Re.1/-

**4. Depreciation and Amortization:**

- a) Depreciation on Fixed Assets has been charged on Written Down Value Method in the manner and at the rates specified in Schedule XIV to the Companies Act, 1956, except as stated in Para (b) & (c) below.
- b) Cost of Leasehold Land is amortized over remaining period of lease agreement.
- c) Computer Softwares are being amortized over their estimated useful life of 6 years.

**5. Investments:**

Long term investments are stated at cost. Provision is made to recognize the decline, other than temporary in nature, in carrying amount of such investments. Current investments are stated at the lower of cost or fair value.

**6. Inventories:**

- a) Inventories are valued at lower of cost or estimated net realizable value.
- b) Cost of raw materials, components, consumables, tools, stores and spares is arrived at on weighted average cost basis.
- c) Cost of finished goods and Work in progress is arrived at on the basis of weighted average cost of raw material and other cost of conversion thereof for bringing the inventories up to their present location and condition.

**7. Foreign Currency Transactions:**

- a) Initial Recognition: Foreign Currency Transactions are translated into Indian Rupee at the exchange rates prevailing on the date of transactions.
- b) Conversion: At the end of accounting year, the monetary items denominated in foreign currencies are restated at the exchange rates prevailing on the last day of the accounting year.
- c) Exchange Differences: The exchange differences arising on settlement/ conversion of foreign currency transactions are recognized in Profit and Loss Account.
- d) The financial statements of non-integral foreign operations are translated as per provisions of AS-11.

**8. Research and Development Expenses**

- a) Research and Development Expenses, other than Capital Expenses are charged to Profit and Loss Account as and when incurred.
- b) Capital expenditure incurred for research and development activities are included in respective Fixed Assets and Depreciation is provided as per rates specified, in Schedule XIV of the Companies Act, 1956.

### 9. Revenue Recognition:

- a) Sales are accounted for net of Central Sales Tax and Value Added Tax.
- b) Revenue from sale is recognized when the significant risks and rewards of ownership of goods have been passed to customers, which generally coincides with their removal from factory.
- c) Revenue from erection and commissioning services is recognized on percentage completion method.
- d) Interest income is recognized on accrual basis at applicable interest rate.
- e) Dividend income is recognized when the Company's right to receive dividend is established.

### 10. Warranty Costs:

Warranty obligations are accounted for as and when claims are admitted.

### 11. Employee Benefits:

- a) Short Term Employee Benefits :  
All employee benefits falling due wholly within twelve months of rendering the service are classified as short term employee benefits. Benefits such as salaries, wages, bonus and other allowances and short term compensated absences etc. are recognized in the period in which the employee renders the related service.
- b) Post-Employment Benefits:
  - i. Defined Contribution Plans:  
The State governed Employee Pension Scheme, Employees State Insurance Scheme, the Company's Provident Fund administered by an independent Trust and the Company's Superannuation Scheme are the defined contribution plans. The liability on account of company's contribution paid or payable under these schemes is recognized during the period in which the employee renders the related service and is charged to the Profit and Loss account. The Company has no further obligation beyond these contributions.
  - ii. Defined Benefit Plans:  
The employees' gratuity fund scheme is the Company's defined benefit plan. The present value of the obligation under the said defined benefit plan is determined on the basis of actuarial valuation from an independent actuary except that is mentioned in the note no.09 in B i.e. notes forming part of the accounts. Actuarial and/or actual gains and losses are recognized immediately in the Profit and Loss Account.
- c) Long Term Employee Benefits:  
The accruing liability on account of encashment of leave entitlement of employees as per the rules of the Company is determined and provided for on the basis of the actuarial valuation from an independent actuary except that is mentioned in the note no.09 in B i.e. notes forming part of the accounts. Actuarial and/or actual gains and losses are recognized immediately in the Profit and Loss Account.

### 12. Provision for Current and Deferred Tax:

- i. Provision for Current Tax is made on the basis of estimated taxable income for the current accounting period and in accordance with the provisions of Income Tax Act, 1961.
- ii. Provision for Deferred Tax resulting from 'Timing Difference' between books and taxable profits for the year is accounted for using the tax rates and laws that have been enacted or substantially enacted as on balance Sheet date. The deferred tax asset is recognized only to the extent that there is a reasonable certainty that the assets will be adjusted in future.

### 13. Borrowing Cost:

Borrowing costs are charged to Profit and Loss Account, except in cases where borrowings are directly attributable to acquisition, construction or production of a qualifying asset. A qualifying asset is one which necessarily takes substantial period of time to get ready for intended use.

### 14. Impairment of Assets:

Provision for impairment loss, if any, is recognised to the extent by which the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is the higher of an asset's net selling price and its value in use. Value in use is determined on the basis of the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

**15. Provisions, Contingent Liabilities and Contingent Assets:**

- i. Provisions are recognized for liabilities that can be measured only by using a substantial degree of estimation, if :
  - a. The company has a present obligation as a result of past event,
  - b. The probable outflow of resources is expected to settle the obligation, and
  - c. The amount of obligation can be reliably estimated.
- ii. Contingent liabilities are disclosed in the case of:
  - a. A present obligation arising from a past event, when it is not probable that an outflow of resources will be required to settle the obligation.
  - b. A possible obligation unless the probability of outflow of resources is remote.
- iii. Contingent Assets are neither recognized nor disclosed.  
Provisions & Contingent Liabilities are disclosed after an evaluation of the facts and legal aspects and the amounts are reviewed at each balance sheet date

**16. Change in accounting policy related to Warranty:**

In current year no provision for warranty expenses is made in the books according to change in policy last year.  
The Company has incurred Rs.33.20 Lacs as warranty expenses in the current year. ( Previous year Rs.9.70 lacs).

**B. NOTES FORMING PART OF ACCOUNTS:**

## 1. Details of Subsidiary company

Name of the Co.	Country of Incorporation	% of voting power	Financial year
G. G. Dandekar Investments Pte. Ltd.	Singapore	100.00%	01 April to 31 March

## 2. Contingent Liabilities not provided for:

Sr. No.	Particulars	(Amount in Rs.)	
		Current Year	Previous Year
A	Disputed Income Tax Liability (A.Y.2005 - 2006)	39,434,222	39,434,222
B	Disputes Sales Tax Liability (F.Y. 2007- 2008)	178,345	Nil

C. The Company had sold some of its Land in 2006 – 07. Out of the said property, there is dispute regarding Plot No. 62. The decision is pending from the Special Suit before the Civil Judge Sr. Division, Thane. If the outcome of the decision is against the Vendor, the sale stands canceled and company stands to indemnify the vendor for the cost, loss and damages, except taxes, if any. Company has not provided against this contingent liability and will meet the liability, as and when it arises.

## 3. Out of the secured loans:

- a) Loans & advances of Rs. 211 Lacs (Previous Year Rs. 132 Lacs) on Cash Credit Account are secured by hypothecation of inventory and book debts and collaterally secured by mortgage of land and building of the company at Bhiwandi Plant.
- b) Term Loans from Banks amounting to Rs. 690.15 Lacs (Previous Year : Nil) is secured by hypothecation of Plant & Machinery as well as factory building at Nagpur Plant and collaterally secured by mortgage of land and building of the company at Bhiwandi Plant. It may be noted that the formalities for hypothecation of plant and machinery and factory building at Nagpur Plant are in progress.
- c) Further, term loan from bank amounting to Rs.8.18 Lacs (Previous year Rs.10.42 Lacs) is secured by vehicles purchased out of the said term loan.
- d) Out of secured Term Loans, an amount Rs.120.83 Lacs (Previous year Rs.1.71 Lacs) is payable within next twelve months.

4. According to the Memorandum of Understanding for sale of land (Plot No. 125), the party has failed to fulfill few terms and in current year company has written back the advance of Rs.5.51 Lacs received in previous year. As per the terms, the Company has recognized Rs.10.00 Lacs as income for in previous year, as the purchaser have not executed the sale deed for the said plot within stipulated period as mentioned in MOU. In current year company has sold the same land to new purchaser and income of Rs.10.00 Lacs booked as mentioned is reversed in the books and net income is booked for current year.

## G. G. DANDEKAR MACHINE WORKS LIMITED

5. The Company is in communication with its suppliers to ascertain the applicability of the provisions of "The Micro, Small and medium Enterprises Development Act, 2006". As on the date of this Balance Sheet, the Company has not received any communication from any of its suppliers regarding filing of necessary memorandum with the appointed authority. In view of this, information as required u/s 22 of the said Act is not given.
6. The Company has single product, namely "Food Processing Machinery". Consequently, there are no Reportable Segments of the Company as per the Accounting Standard (AS) 17- "Segment Reporting" as prescribed by Companies' (Accounting Standards) Amendment Rules, 2007.
7. In cases where letters of confirmation have been received from parties, book balance have been generally reconciled and adjusted, if required. In other cases, balance in accounts of sundry debtors, sundry creditors and advances or deposits have been taken as per books of account.
8. Estimated amount of contracts remaining to be executed on Capital Accounts and not provided for (net of advances Rs.349.19 Lacs) – 1154.52 Lacs (Previous year Nil).
9. After the end of the financial year 2010-11, at the request of the workers, the company declared Voluntary Retirement Scheme (VRS) for them. All the workers opted for the VRS with effect from 30<sup>th</sup> April 2011. As per the scheme the company has agreed to pay aggregate compensation to the tune of Rs.645.12 Lacs to the workers.  
In view of the VRS, the liability on account of 'gratuity' and 'leave salary' is provided on actual basis instead of actuarial basis.
10. After the end of the financial year 2010-11, the company has entered into an 'agreement to sale' a portion of its land at Bhiwandi. As per the terms of the agreement the company would sell 2.32 acres of its land for a consideration of Rs. 1000 lacs. As per the terms of the agreement, the company has received an advance of Rs. 200 lacs in April 2011 and the transaction would be completed by the end of July 2011.
11. Details of Prior Period Expenses are as follows :

Expense Head	For the Current Year Amount (Rs. in Lacs)	For the Previous Year Amount (Rs. in Lacs)
Professional Fees	0.04	3.48
Traveling	-	2.65
Postage, Telephone & Courier	0.04	1.2
Housing Expenses	-	0.92
Others	-	0.64
Canteen Expenses	-	0.5
<b>TOTAL</b>	<b>0.08</b>	<b>9.39</b>

12. As required by Accounting Standard (AS 22) " Taxes on income issued by The Institute of Chartered Accountants of India, which is mandatory in nature, the company has recognized deferred taxes, which result from timing differences between book profits and tax profits for the year aggregating Rs 4,88,400/- has been charged in the Profit and Loss Account, the details of which are as under:

Particulars	(Amount Rs.)		
	Balance Carried on 1.4.2010	Arising During the year	Balance carried as at 31.3.2011
<b>Deferred Tax Assets</b>			
Disallowance u/s 43B of Income Tax Act	(82,106)	(712,082)	(794,188)
<b>Total</b>	<b>(82,106)</b>	<b>(712,082)</b>	<b>(794,188)</b>
<b>Deferred Tax Liabilities</b>			
On account of timing differences in Depreciation	1,069,817	1,200,482	2,270,299
<b>Total</b>	<b>1,069,817</b>	<b>1,200,482</b>	<b>2,270,299</b>
<b>Grand Total</b>	<b>987,711</b>	<b>488,400</b>	<b>1,476,111</b>



13. Related parties, as defined under clause 3 of Accounting Standard (AS 18) "Related Party Disclosure" issued by the Institute of Chartered Accountants of India.

- 1) Key Management Personnel :  
 Jeetendra M. Shende - Executive Director  
 Relatives of Key Management Personnel :  
 Wife – Nilima J. Shende  
 Son – Shantanu J. Shende
- 2) Enterprise in which Directors are interested:  
 Kirloskar Consultants Limited
- 3) Subsidiary Company :- G.G. Dandekar Investments Pte. Limited.

Details of transactions during the year with Related Party.

Amount (Rs. In lacs)

Sr. No.	Particulars	Key Management Personnel	Enterprise in which Directors are interested	Subsidiary company
1	Purchase of Services	NIL	24.89	NIL
2	Managerial Remuneration	12.11	NIL	NIL
3	Outstanding Balances included in:			
	Commission payable	NIL	NIL	NIL
	Sundry Creditors	NIL	0.7	NIL
	Loans & Advances	NIL	NIL	NIL

**14. Define Benefit Plans for Employees (AS 15) :**

A] As per actuarial valuation as on March 31, 2011 and recognised in financial statements in respect of Gratuity Schemes :

Sr. No.	Particulars	Amount (Rs.)
i	Components of Employer expenses	
a	Current service cost	815,411
b	Interest Cost	1,262,504
c	Expected Return on Plan Assets	(919,060)
d	Actuarial (Gain) / Loss	5,768,980
e	Total Expense recognised in the Profit and Loss Account	6,927,835
ii	Net Assets / (Liability) recognised in Balance Sheet as at 31 <sup>st</sup> March 2011	
a	Present Value of Obligation	21,985,281
b	Fair Value of Plan Assets	10,237,094
c	(Asset) / Liability recognised in the Balance Sheet	(11,748,187)
iii	Change in Gratuity Obligation during the year	
a	Present Value of Obligation as at 31 <sup>st</sup> March 2010	16,632,806
b	Current Service Cost	725,200
c	Interest Cost	1,223,262
d	Actuarial (Gain) / Loss	462,676
e	Benefit Paid	(2,085,530)
f	Present Value of Obligation as at 31 <sup>st</sup> March 2011	21,985,281
iv	Changes in Fair value of Plan Assets	
a	Present Value of Plan Assets as at 31 <sup>st</sup> March 2010	11,044,742
b	Expected Return on Plan Assets	954,973
c	Actual Company Contribution	644,114
d	Benefits Paid	(2,085,530)
e	Actuarial (Gain) / Loss	26,340
f	Present Value of Obligation as at 31 <sup>st</sup> March 2011	10,237,094
v	Actuarial Assumption	
a	Discount Rate	8.40%
b	Expected Rate of Return	5.00%
c	Rate of Return on Plan Assets	9.25%
d	Expected Average remaining working lives of employees (Years)	22.66

## G. G. DANDEKAR MACHINE WORKS LIMITED

B] As per actuarial valuation as on March 31, 2011 and recognized in financial statements in respect of Leave Wages :

Sr. No	Particulars	Amount (Rs.)
1	Present Value of obligation	571,188
2	Fair Value of Plan Assets	0
3	(Asset) / Liability recognised in the Balance Sheet	571,188

### 15. Other Details

#### a) Details of Raw Materials and Stores Consumed

Sr. No.	Particulars	Current Year		Previous Year	
		Qty.	(Rs.)	Qty.	(Rs.)
i.	Iron and Steel Materials	215.63 m. tonnes	44,972,619	274.91 m. tonnes	38,114,643
ii.	Wood	17672.6m.tonnes	4,942,283	17037 m. tonnes.	3,847,414
iii.	Ball Bearing	5086 nos.	2,655,109	7000 nos.	2,894,814
iv.	Electric Motors and Spares	633 nos.	6,173,348	744 nos.	6,600,930
v.	Bought Out Finished Goods	950 m. tonnes	22,072,597	1323 m. tonnes	34,786,508
vi.	Others		616,702		14,768,514
vii.	Stores	95148.03 nos	3,218,167	1301080 nos.	6,931,338
	<b>Total</b>		<b>84,650,825</b>		<b>107,944,163</b>

#### b) Stock of Finished goods

Particulars	Rice Mills (Nos.)	
	Current Year	Previous Year
Opening Stock of goods Produced as on 01.04.2010	0	0
Closing Stock of goods produced as on 31.03.2011	1	0

#### c) Details of Licensed Capacity and Actual Production :

Sr. No.	Particulars	Capacity in Nos.		Actual Production Nos.	
		Licensed Capacity	Installed Capacity	Current Year	Previous Year
1	Rice Mills	240	240	7	10
2	Modern Precleaners, Loose Machine and R.R. Shellers	800	800	398	526

#### d) Value of Import (CIF Basis)

(Amount in Rs.)

	Current Year	Previous Year
Raw Material	10,327,445	17,271,906

#### e) Expenditure in Foreign Currency during the Financial year on account of

(Amount in Rs.)

Particulars	Current Year	Previous Year
Seminar Expenses	32,874	73,192

**f) Value of Material Consumed**

(Amount in Rs.)

	Particulars	Current Year	Previous Year
i	Value of Imported Materials Consumed (including purchased locally)	10,327,445	17,271,906
ii	Value of Indigenous Materials Consumed	74,323,380	90,672,257
iii	Percentage of Imported Materials consumed to total consumption	12.00%	16.00%
iv	Percentage of Indigenous Materials consumed to total consumption	88.00%	84.00%

**g) Foreign Currency Income**

(Amount in Rs.)

	Current Year	Previous Year
Value of Exports on F.O.B. Basis	Nil	Nil

**h) Details of Turnover**

	Current Year			Previous Year		
	Qty	Unit	Sales Value (Rs.)	Qty	Unit	Sales Value (Rs.)
Rice Mill Machinery (Complete)	6	Nos.	31,372,819	10	Nos.	49,044,444
Loose Machinery and Spares	398	Nos.	134,317,659	478	Nos.	143,517,702

**14. Earnings Per Share (EPS) :**

Earnings Per Share (EPS) calculated in accordance with Accounting Standards 20 issued by the Institute of Chartered Accountants of India.

Particulars	2010 – 11	2009 – 10
Profit After Tax (Rs.)	17,997,080	16,659,452
Weighted average number of Equity shares of Re. 1 each	4,761,387	4,761,387
Basic & Diluted EPS (Rs.)	3.78	3.50

15. Previous year's figures have been regrouped and /or rearranged wherever necessary.

For and on behalf of the Board of Directors

Place: Pune

Prajakta V. Gokhale

Jeetendra M. Shende

Nihal G. Kulkarni

Date: 12.05.11

Company Secretary

Executive Director

Vice - Chairman

## G. G. DANDEKAR MACHINE WORKS LIMITED

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### Balance sheet Abstract and Company's General Business Profile pursuant to Part IV of Schedule VI to the Companies Act,1956

#### 1 Registration Details

Registration No.	2869
State Code	11
Balance Sheet Date	31.03.2011

#### 2 Capital raised during the year (Amount in Rupees Lacs)

Public Issue	Nil
Right Issue	Nil
Bonus Issue	Nil
Private Placements	Nil

#### 3 Position of mobilization and deployments of funds : (Amount in Rupees Thousands)

Total Liabilities	401,602.52
Total Assets	401,602.52

##### Source of Funds:

Paid up capital	4,761.39
Share Money Pending Allotment	Nil
Reserves and Surplus	303,607.18
Secured Loans	90,963.66
Unsecured Loans	Nil
Deferred Tax Liability	2,270.23

##### Application of Funds:

Net Fixed Assets	133,476.81
Investments	214,242.45
Net Current Assets	53,089.07
Deferred Tax Asset	794.19

#### 4 Performance of company (Amount in Rupees Thousands)

Turnover (Sale of Products and other income)	216,365.83
Total Expenditure	193,605.66
Profit / (Loss) Before Tax	22,760.17
Profit / (Loss) After Tax	17,997.08
Earning per Share	3.78
Dividend Rate	300%

#### 5 Products of the company : Post Harvest Grain Processing Equipments

1. Paddy Cleaning, Processing, and Rice Milling Machinery and Grading Equipments
2. Dal Mill

**Notes:** 1) The above particulars should be read along with the Balance Sheet as at 31<sup>st</sup> March 2011, the Profit and Loss Account for the year ended on the date and schedule forming part thereof  
2) The total liabilities also includes share capital of Rs.47.61 lacs and Reserves and Surplus of Rs.3036.07 lacs

**Auditor's Report on Consolidated Financial Statements.**

The Members

G. G. Dandekar Machine Works Ltd.

1. We have audited the attached Consolidated Balance Sheet of M/s G. G. Dandekar Machine Works Ltd. and its subsidiary as at 31 March 2011, the Consolidated Profit and Loss account and also the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on test basis, evidence supporting the amounts and disclosure in the financial statements. An audit also includes assessing the accounting principle used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We report that we did not audit the financial statements of the subsidiary, whose financial statements reflect total Assets (Net) of Rs. 664.62/- lacs as at March 31, 2011, total revenues of Rs. 0.74/- lacs and net cash inflow amounting to Rs. 1.52/- lacs for the year ended on that date. These financial statements have been certified by the management and have been furnish to us. Since the financial statement for the financial year ended 31<sup>st</sup> March 2011, which were complied by the management of that company, were not audited, any adjustment to their balance could have consequential effect on the attached consolidated financial statements.
4. We report that the Consolidated Financial Statements have been prepared by the management of G.G. Dandekar Machine Works Limited in accordance with the requirements of Accounting Standard (AS) 21 – Consolidated Financial Statements.
5. We report that on the basis of the information and according to the explanations given to us, on consideration of the separate audit reports on individual financial statements of the company and its subsidiary, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India :
  - (a) in the case of the Consolidated Balance Sheet of the state of affairs of the company as at 31<sup>st</sup> March 2011;
  - (b) in the case of the Consolidated Profit and Loss account, of the profit for the year ended on that date; and
  - (c) in the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

For Joshi & Kulkarni,  
Chartered Accountants,  
Firm Regn. No. 115751W

Place : Pune  
Date : 12.05.2011

(Shantanu R. Ghanekar)  
Partner  
M. No. 102133

# G. G. DANDEKAR MACHINE WORKS LIMITED

## G. G. DANDEKAR MACHINE WORKS LTD. CONSOLIDATED BALANCE SHEET AS AT 31st MARCH, 2011

Amount in Rupees

	Sch.	Details	As on 31.03.2011	Details	As on 31.03.2010
<b>SOURCES OF FUNDS:</b>					
<b>1 SHAREHOLDER'S FUNDS:</b>					
a) Share Capital	A	4,761,387		4,761,387	
b) Reserves & Surplus	B	302,572,329		295,177,654	
			307,333,716		299,939,041
<b>2 LOAN FUNDS:</b>					
a) Secured Loans	C	90,963,656		13,645,232	
b) Unsecured Loans	D	-	90,963,656	1,699,922	15,345,154
<b>3</b> Deferred Tax Liability (Refer Note No.10)			2,270,298		1,069,817
<b>TOTAL FUNDS EMPLOYED</b>			<b>400,567,670</b>		<b>316,354,012</b>
<b>APPLICATION OF FUNDS:</b>					
<b>1 FIXED ASSETS</b>					
Gross Block	E	53,111,168		51,920,382	
Less:-Accumulated Depreciation & Amortisation		20,078,322		17,228,631	
Net Block		33,032,846		34,691,751	
Capital Work in Progress (Including Capital Advance)		100,443,965		10,116,608	
			133,476,811		44,808,359
<b>2 INVESTMENTS</b>	F		211,889,965		142,834,423
<b>3 Deferred Tax Asset</b>			794,188		82,106
<b>4 A] CURRENT ASSETS, LOANS &amp; ADVANCES</b>					
a. Inventories		50,453,093		47,028,595	
b. Sundry Debtors		3,514,567		5,394,453	
c. Cash and Bank Balances		32,992,732		86,971,034	
d. Other Current Assets		1,197,945		2,527,251	
e. Loans & Advances		25,756,991		35,027,544	
		113,915,328		176,948,876	
<b>B] Less: CURRENT LIABILITIES &amp; PROVISIONS</b>					
a. Current Liabilities	H	28,565,043		23,427,031	
b. Provisions		30,943,579		24,892,722	
		59,508,622		48,319,753	
<b>NET CURRENT ASSETS</b>			54,406,706		128,629,124
<b>TOTAL FUNDS APPLIED</b>			<b>400,567,670</b>		<b>316,354,012</b>
Schedule of Notes to Accounts	Q				

As per our report of even date attached

For Joshi & Kulkarni  
Chartered Accountants  
Firm Regn. No. 115751W

For and on behalf of the Board of Directors

(S. R. Ghanekar)  
Partner  
M. No.102133  
Place : Pune  
Date : 12.05.2011

Prajakta V. Gokhale  
Company Secretary  
Place : Pune  
Date : 12.05.2011

Jeetendra M. Shende  
Executive Director  
Nihal G. Kulkarni  
Vice -Chairman

**G.G.DANDEKAR MACHINE WORKS LTD.**  
**CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2011**

		Amount in Rupees	
	Sch.	Current Year	Previous Year
<b>INCOME</b>			
Sales (Net of taxes)		165,690,478	192,562,146
Other Income	I	45,922,994	9,878,230
Increase/(decrease) in Work-in-progress & Finished Goods	J	4,752,358	17,514,839
<b>TOTAL</b>		<b>216,365,830</b>	<b>219,955,215</b>
<b>EXPENDITURE</b>			
Consumption & Direct Expenses	K	89,238,696	111,443,506
Payment to Employees	L	51,022,306	35,344,687
Interest and Financial Charges	M	3,558,531	565,502
Selling and Distribution Expenses	N	15,244,245	9,735,340
General Expenses	O	32,231,511	28,662,166
Depreciation & Amortization	E	2,849,692	1,705,088
<b>TOTAL</b>		<b>194,144,981</b>	<b>187,456,289</b>
Profit before Prior period adjustments		<b>22,220,849</b>	<b>32,498,926</b>
Less : Prior Period Adjustments (Refer Note. No. 9)			938,890
Profit before tax		<b>22,220,849</b>	<b>31,560,036</b>
Less: Provision for tax		4,000,000	13,000,000
Provision for deferred tax		488,400	2,094,904
Income Tax for earlier years		274,689	0
Profit After Tax		<b>17,457,760</b>	<b>16,465,132</b>
Balance carried forward from last year		208,179,407	210,370,857
<b>Profit available for Appropriation</b>		<b>225,637,167</b>	<b>226,835,989</b>
<b>Less:</b>			
Income Tax for earlier years		-	0
Proposed Dividend		14,284,161	14,284,161
Corporate Dividend Tax on Dividend		2,372,421	2,372,421
Transfer to General Reserve		2,000,000	2,000,000
Balance carried to Balance Sheet		<b>206,980,585</b>	<b>208,179,407</b>
Basic/ Diluted Earning Per Share (EPS) - Rs. [Equity shares of Re. 1/- each]		<b>3.67</b>	<b>3.46</b>
Weighted average number of equity shares		<b>4,761,387</b>	<b>4,761,387</b>

Schedule of Notes to Accounts Q  
Schedules 'A' to 'Q' form an integral part of the Financial statement.

As per our report of even date attached  
For Joshi & Kulkarni  
Chartered Accountants  
Firm Regn. No. 115751W

For and on behalf of the Board of Directors

(S. R. Ghanekar)  
Partner  
M. No.102133  
Place : Pune  
Date : 12.05.2011

Prajakta V. Gokhale    Jeetendra M. Shende    Nihal G. Kulkarni  
Company Secretary    Executive Director    Vice -Chairman  
Place : Pune  
Date : 12.05.2011

## G. G. DANDEKAR MACHINE WORKS LIMITED

### SCHEDULES 'A' TO 'H' and 'Q' ANNEXED TO & FORMING PART OF THE CONSOLIDATED BALANCESHEET AS ON 31st MARCH, 2011

	Amount in Rs.	
	As on 31.03.2011	As on 31.03.2010
<b>SCHEDULE 'A' SHARE CAPITAL</b>		
<b>AUTHORISED CAPITAL</b>		
20,000,000 Equity Shares of Re.1/- each (Previous Year 20,000,000 Equity Shares of Re.1/- each)	20,000,000	20,000,000
<b>ISSUED, SUBSCRIBED &amp; PAID-UP CAPITAL :</b>		
4761387 Equity Shares of Re.1/- each (Previous Year 4,761,387 Equity Shares of Re. 1/- each)	4,761,387	4,761,387
	<b>4,761,387</b>	<b>4,761,387</b>
Of the above Equity Shares:		
1) 86,400 Equity Shares of Re.1/- each are allotted as fully paid up shares pursuant to vendor's contract		
2) 90,000 Equity Shares of Re. 1/- each have been issued to members as fully paid up Bonus Shares out of Capital Redemption Reserve without payment being received in cash.		
<b>SCHEDULE "B" RESERVES AND SURPLUS :</b>		
	As on 31.03.2011	As on 31.03.2010
<b>GENERAL RESERVE</b>		
Balance as per last Balance Sheet	93,760,971	91,760,971
Addition during the year	2,000,000	2,000,000
	95,760,971	93,760,971
<b>Profit &amp; Loss Account</b>		
Balance as per annexed account	206,980,585	208,179,407
<b>Foreign Currency Translation Reserve</b>		
Balance as per last Balance sheet	(6,763,724)	0.00
Addition during the year	6,594,497	(6,762,724)
	<b>302,572,329</b>	<b>295,177,654</b>
<b>SCHEDULE "C" SECURED LOANS :</b>		
	As on 31.03.2011	As on 31.03.2010
<b>LOANS and ADVANCES</b>		
From Banks		
Cash Credit Account	21,130,248	13,236,050
Term Loan	69,015,061	409,182
Vehicle Loan	818,346	-
( Refer Note No. 3 in Schedule Q)		
	<b>90,963,656</b>	<b>13,645,232</b>
<b>SCHEDULE "D" UNSECURED LOANS :</b>		
	As on 31.03.2011	As on 31.03.2010
<b>OTHER LOANS and ADVANCES</b>		
From Banks	-	1,699,922
	<b>-</b>	<b>1,699,922</b>



Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on 1.4.2010	Additions during the Year	Deductions during the Year	Total	Written off in P Previous Years ( till last year)	Deductions during the Year	For the Year	Total	As on 31.3.2011	As on 31.3.2010
GOODWIL	1	0	0	1	0	0	0	0	1	1
FREEHOLD LAND	52,212	0	2,541	49,671	0	0	0	0	49,671	52,212
LEASEHOLD LAND	23,703,452	0	0	23,703,452	84,354	0	252,161	336,515	23,366,937	23,619,098
FACTORY BUILDING	2,554,670	0	0	2,554,670	2,394,474	0	16,020	2,410,494	144,176	160,196
OTHER BUILDING	1,809,229	0	0	1,809,229	1,101,558	0	35,384	1,136,942	672,287	707,671
PLANT & MACHINERY	11,576,129	49,557	0	11,625,686	8,109,979	0	729,533	8,839,512	2,786,174	3,466,150
PATTERNS, JIGS & MOULDS	493,487	401,780	0	895,267	60,382	0	189,389	249,771	645,496	433,105
COMPUTER MACHINERY	3,712,701	648,000	0	4,360,701	2,701,109	0	571,654	3,272,763	1,087,938	1,011,592
COMPUTER SOFTWARE	3,082,286	0	0	3,082,286	934,066	0	358,037	1,292,103	1,790,183	2,148,220
FURNITURE, FIXTURE & OFFICE EQUIPMENTS	3,219,106	93,990	0	3,313,096	1,697,381	0	290,580	1,987,961	1,325,135	1,521,725
VEHICLES	1,717,109	0	0	1,717,109	145,328	0	406,934	552,262	1,164,847	1,571,781
<b>TOTAL</b>	<b>51,920,382</b>	<b>1,193,327</b>	<b>2,541</b>	<b>53,111,168</b>	<b>17,228,631</b>	<b>0</b>	<b>2,849,691</b>	<b>20,078,322</b>	<b>33,032,846</b>	<b>34,691,751</b>
<b>Previous Year</b>	<b>20,930,685</b>	<b>32,083,654</b>	<b>1,093,957</b>	<b>51,920,382</b>	<b>16,467,396</b>	<b>943,853</b>	<b>1,705,088</b>	<b>17,228,631</b>	<b>34,691,751</b>	<b>4,463,289</b>
<b>Capital Work-In-Progress</b>									<b>100,443,965</b>	<b>10,116,608</b>

## G. G. DANDEKAR MACHINE WORKS LIMITED

### SCHEDULE " F " - INVESTMENT - LONG TERM -AT COST :

	As on 31.03.2011	Amount in Rs. As on 31.03.2010
<b>TRADE &amp; UNQUOTED</b>		
2 shares of Rs. 50/- each fully paid up of Maharashtra State Co-op Bank Ltd.	121	121
1000 Shares of Rs. 10/- each fully paid up The Saraswat Co.op Bank Ltd.	10,000	10,000
5 shares of Rs. 1000/- each fully paid up of The Engineering Raw Mat. Cons. Corp. Ltd.	5,000	5,000
	<b>I</b>	<b>15,121</b>
<b>In GOVERNMENT OR TRUST SECURITIES (Unquoted)</b>		
<b>UTI 6.75% Tax free Bonds</b> (285 Units of Rs.100/- each)	-	28,500
	<b>II</b>	<b>28,500</b>
<b>INVESTMENT BY SUBSIDIARY COMPANY</b>		
<b>EQUITY SHARES - FULLY PAID (UNQUOTED)</b>		
Rund Stahl Bau, Sweden	73,595,094	61,847,970
	<b>III</b>	<b>73,595,094</b>
<b>In fully paid Equity Shares NON - TRADE &amp; QUOTED</b>		
Nucleus Software Ltd. [NIL ( Previous year 24000) equity shares of Rs.10/- each fully paid]	-	11,344,866
Bharat Bijle Ltd. (NIL (Previous year 4,000)equity shares of Rs.10/- each fully paid)	-	3,321,512
Indraprastha Gas Ltd. [70,000 (Previous year 70,000) equity shares of Rs.10/- each fully paid] (Market Value Rs.20,895,000/-)	8,218,045	8,218,045
Gujarath Gas Company Ltd. [30,000 (Previous year 30,000] equity shares of Rs.2/- each fully paid] (Market Value Rs. 11,535,000/-)	3,959,883	3,959,883
GAIL India Ltd. (15,000 (Previous year 15,000)equity shares of Rs.10/- each fully paid) (Market Value Rs. 6,975,000/-)	4,223,939	4,223,939
Marico Ltd. (30,000 (Previous year 30,000) equity shares of Re.1/- each fully paid) (Market Value Rs. 4,162,000/-)	1,812,062	1,812,062
NIIT Technologies Ltd. (10,150 (Previous year 10,150) equity shares of Rs.10/- each fully paid) (Market Value Rs. 1,874,197/-)	1,338,779	1,338,779

Continued....

**NON - TRADE & QUOTED Continued****Amount in Rs.**

Container Corporation of India Ltd. (2,800 (Previous year 2,800) equity shares of Rs.10/- each fully paid) (Market Value Rs. 3,393,600/-)	1,984,727	1,984,727
Lakshmi Machine Works Ltd. [8,349 (Previous year 8349) equity shares of Rs.10/- each fully paid] (Market Value Rs. 18,712,196/-)	6,174,211	6,174,211
Thermax Ltd. (NIL (Previous year 9,422) equity shares of Rs.02/- each fully paid)	-	1,547,736
Crisil Ltd. (2,000 (Previous year 2,000) equity shares of Rs.10/- each fully paid) (Market Value Rs.12,581,700/-)	5,029,303	5,029,303
ICRA Ltd. (8,607 (Previous year 8,607) equity shares of Rs.10/- each fully paid) (Market Value Rs.9,330,418/-)	3,888,064	3,888,064
Deccan Chronicle Holdings Ltd. (NIL (Previous year 200) equity shares of Rs.2/- each fully paid)	-	8,634
Savita Oil Technologies Ltd. ( Previously known as Savita Chemicals Ltd) (6,353 (Previous year 6,353) equity shares of Rs.10/- each fully paid) (Market Value Rs.3,251,783/-)	1,017,283	1,017,283
Automotive Axles India Ltd. (NIL (Previous year 20,000) equity shares of Rs.10/- each fully paid)	-	2,829,963
Gruh Finance Ltd. (20,000 (Previous year 20,000) equity shares of Rs.10/- each fully paid) (Market Value Rs.7,204,000/-)	3,881,866	3,881,866
Bajaj Holdings & Investments Ltd (20,000 (Previous year NIL) equity shares of Rs.10/- each fully paid) (Market Value Rs.4,109,947/-)	3,828,739	-
HCL Infosystems Ltd (75,700 (Previous year NIL) equity shares of Rs.2/- each fully paid) (Market Value Rs. 7,728,970/-)	8,547,599	-
Bajaj Auto Ltd (3,200 (Previous year NIL) Shares of Rs. 10/- each fully paid) (Market Value Rs. 4,671,360/-)	3,917,325	-
Balmer Lawrie & Company Ltd (7,200 (Previous year NIL) Shares of Rs. 10/- each fully paid) (Market Value Rs. 3,896,640/-)	3,947,577	-
	<b>IV</b>	
	61,769,401	60,580,873
<b>OTHER INVESTMENTS</b>		
<b>MUTUAL FUNDS - GROWTH SCHEME</b>		
HDFC Floating Rate Income Fund	2,500,000	2,500,000
UTI Treasury Advantage Fund	-	17,861,960

## G. G. DANDEKAR MACHINE WORKS LIMITED

### MUTUAL FUNDS - DIVIDEND SCHEME

Birla Sunlife Cash Plus DD Reinvest	10,349	-
Kotak 6M Fmp Series – 10	20,000,000	-
Birla Sunlife Short Term FMP – Series 1	20,000,000	-
DSP BlackRock 3M FMP	11,000,000	-
DSP BlackRock 3M FMP Series – 25	10,000,000	-
Tata Fixed Maturity Plan – Series 28	13,000,000	-
	<b>V</b>	
	76,510,349	20,361,960
<b>TOTAL I + II + III + IV + V</b>	<b>211,889,965</b>	<b>142,834,424</b>

(Amount in Rs.)

Sr. No	Particulars	As on March 31, 2011		As on March 31, 2010	
		Cost	Market Value	Cost	Market Value
1	Aggregate value of Non Trade & Quoted Investments	138,279,750	120,322,313	80,942,833	124,195,571
2	Aggregate value of Trade & Unquoted Investments	73,595,094	--	61,847,970	--
	<b>Total</b>	<b>211,874,844</b>	<b>120,322,313</b>	<b>142,790,803</b>	<b>124,195,571</b>

### SCHEDULE "G" CURRENT ASSETS, LOANS & ADVANCES

Amount in Rs.

#### CURRENT ASSETS :

	As on 31.03.2011	As on 31.03.2010
<b>INVENTORIES (valued at cost &amp; certified by Management):</b>		
Stores & Accessories	309,741	1,000,019
Raw Materials (Net of provision for non - moving items)	15,912,354	14,755,741
Finished Goods.	27,424,460	23,971,341
Work-in-progress	6,806,538	5,507,298
Stock in Transit	-	1,794,196
	<b>50,453,093</b>	<b>47,028,595</b>
<b>SUNDRY DEBTORS :</b>		
<b>(Unsecured and considered good)</b>		
Debts Outstanding for a period exceeding six months	-	989,337
Other Debts	3,514,567	4,405,116
	<b>3,514,567</b>	<b>5,394,453</b>
<b>CASH AND BANK BALANCES :</b>		
Cash in hand	285,099	70,446
Bank Balances with Scheduled Banks		
In Current Accounts	10,307,633	14,700,588
In Deposit Accounts	22,400,000	72,200,000
	<b>32,992,732</b>	<b>86,971,034</b>
<b>OTHER CURRENT ASSETS</b>		
Income Accrued on Deposits	1,197,945	2,527,251
	<b>1,197,945</b>	<b>2,527,251</b>
<b>LOANS AND ADVANCES :</b>		
<b>(Unsecured and considered good)</b>		
Advance-Recoverable in cash or in kind or for value to be received		
Advances to suppliers	4,256,477	5,634,202
Advance for Expenses.	-	2,477,852
Advance to Staff & Workers	418,843	516,513
Prepaid Expenses	688,484	513,742
Deposits	1,378,816	1,639,281
Advance Income Tax including Tax Deducted at Source (Net of Provision for Taxation )	7,771,191	5,979,903
Receivable Against Sale of Land	8,587,634	16,087,634
Other Receivable	1,269,586	1,599,285
Other Advances	1,385,960	579,132
	<b>25,756,991</b>	<b>35,027,544</b>

**SCHEDULE "H" CURRENT LIABILITIES & PROVISIONS****CURRENT LIABILITIES :**

	As on 31.03.2011	As on 31.03.2010
Sundry Creditors for :		
a) Goods Supplied	7,464,309	6,949,200
b) Other Expenses & Advances	4,694,434	6,585,979
Advances against Orders	9,388,664	5,985,197
Unclaimed Dividends	1,086,207	921,819
Directors' Commission Payable	-	503,487
Other Liabilities	5,931,430	2,481,350
	<b>28,565,043</b>	<b>23,427,031</b>

**PROVISIONS :**

Gratuity	11,748,187	6,100,847
Leave Wages	2,538,810	2,135,293
Proposed Dividend	14,284,161	14,284,161
Tax on Proposed Dividend	2,372,421	2,372,421
	<b>30,943,579</b>	<b>24,892,722</b>

**SCHEDULES 'I' TO 'P' and 'Q' ANNEXED TO & FORMING PART OF THE PROFIT & LOSS ACCOUNT AS ON 31ST MARCH, 2011****SCHEDULE "I" OTHER INCOME :**

	Current Year Rs.	Previous Year Rs.
Interest from Bank & Others	3,018,548	6,980,476
(Gross, TDS - Rs.4,50,035 , Previous Year Rs.6,52,265 )		
Income from Long Term Investment		
Dividend from Non-Trade Investment	3,831,620	1,020,069
Miscellaneous Income	318,569	1,373,280
Profit on Sale of Fixed Asset (Net of Expenses)	16,818,015	-
Profit on Sale of Long term Investment	15,591,948	-
Sundry Credit balances w/back	720,089	504,405
Foreign Exchange Gain	5,624,205	-
	<b>45,922,994</b>	<b>9,878,230</b>

**SCHEDULE "J" INCREASE/ (DECREASE) IN  
WORK IN PROGRESS & FINISHED GOODS:**

	Current Year Rs.	Previous Year Rs.
<b>OPENING STOCK :</b>		
Finished Goods	23,971,341	7,999,600
Work-in-Progress	5,507,298	3,964,200
	29,478,639	11,963,800
<b>Less : CLOSING STOCK.</b>		
Finished Goods	27,424,460	23,971,341
Work-in-Progress	6,806,538	5,507,298
	34,230,997	29,478,639
<b>INCREASE/ (DECREASE)</b>	<b>4,752,358</b>	<b>17,514,839</b>

**SCHEDULE "K" MATERIALS & DIRECT EXPENSES:**

	Current Year Rs.	Previous Year Rs.
<b>RAW MATERIALS AND STORES CONSUMPTION</b>		
Opening Stock	15,755,760	14,771,006
Add : Purchases	85,117,161	108,928,917
	100,872,921	123,699,923
Less : Closing Stock	16,222,096	15,755,760
<b>CONSUMPTION OF RAW MATERIALS AND STORES</b>	<b>84,650,825</b>	<b>107,944,163</b>
<b>OTHER DIRECT EXPENSES</b>		
Packing, Freight & Transport	2,560,842	1,690,474
Power & Fuel	2,027,029	1,808,869
	<b>89,238,696</b>	<b>111,443,506</b>

## G. G. DANDEKAR MACHINE WORKS LIMITED

SCHEDULE "L" PAYMENTS TO EMPLOYEES :	Current Year	Previous Year
	Rs.	Rs.
Salaries, Wages, Bonus & Other Allowances	39,176,304	30,637,540
Staff Welfare Expenses	1,873,283	1,582,709
Gratuity	6,944,713	909,863
Contribution to PF & Other Funds	3,028,006	2,214,575
[including contribution of Rs. 9,12,687/- ( Previous Year Rs.7,28,229/- ) towards Superannuation Fund.]		
	<b>51,022,306</b>	<b>35,344,687</b>

SCHEDULE "M" INTEREST AND FINANCIAL CHARGES :	Current Year	Previous Year
	Rs.	Rs.
Interest to Banks	3,302,280	384,447
Bank Commission & Charges	256,250	181,055
	<b>3,558,531</b>	<b>565,502</b>

SCHEDULE "N" SELLING AND DISTRIBUTION EXPENSES :	Current Year	Previous Year
	Rs.	Rs.
Commission on Sales	9,029,835	6,634,258
Warranty Expenses	3,320,212	970,207
Advertisement & Exhibition Expenses	718,545	575,840
Sales Promotion Expenses	2,175,654	1,555,035
	<b>15,244,245</b>	<b>9,735,340</b>

SCHEDULE "O" GENERAL EXPENDITURE :	Current Year	Previous Year
	Rs.	Rs.
Rent	1,098,852	1,240,246
Rates & Taxes	939,317	1,394,641
Insurance	441,822	556,118
Repairs to :		
Plant & Machinery	981,750	236,384
Building	65,555	296,373
Others	1,003,345	818,238
Audit Fees	263,648	148,997
Legal & Professional Fees	2,420,725	2,150,080
Research & Development	970,464	1,455,441
Directors' Commission ( Schedule P )	-	503,487
Directors' Sitting Fees	210,000	260,000
Loss on sale of Long Term Investments	7,515,671	6,085,316
Traveling and Conveyance	5,603,291	5,181,499
House Keeping Expenses	2,077,637	1,282,232
Security Charges	2,092,815	2,412,374
Festival Celebration Expenses	98,707	412,619
Regional Office Expenses	35,159	463,516
Postage & Telephone	1,998,537	1,328,932
Annual Maintenance Charges	439,284	686,180
Foreign Exchange Losses	185,937	211,830
Miscellaneous Expenses	1,907,767	1,131,820
Entertainment Expenses	281,943	223,323
Sundry debit balances written off	-	32,416
Income Considered last year written off	1,000,000	-
Loss of Provident Fund Trust bared by Company	599,285	-
Assets written off	-	150,104
	<b>32,231,511</b>	<b>28,662,166</b>

**SCHEDULE 'P' COMPUTATION OF MANAGERIAL REMUNERATION AND NET PROFIT IN ACCORDANCE WITH SECTION 198, 309 AND SCHEDULE XIII TO THE COMPANIES ACT, 1956**

	Current Year Rs.	Previous Year Rs.
<b>Profit before Tax as per Profit &amp; Loss A/c</b>	22,760,169	31,754,356
Add:		
Directors Remuneration	1,210,800	1,380,025
Directors Sitting Fees	210,000	260,000
Directors Commission	-	503,487
Loss on sale of Asset	7,515,671	6,085,316
Assets Written off	-	150,104
	8,936,471	40,133,288
Less:		
Profit on sale on long term investments	15,591,948	0
Profit on sale of fixed asset	19,997,459	0
	(3,892,767)	71,887,644
Maximum Remuneration payable @ 5%	-	3,594,382
Managerial remuneration as per schedule xiii of Companies Act 1956	1,500,000	NA
Total remuneration paid	1,500,000	3,594,382
Actual remuneration paid during the year	1,643,150	2,005,551
Excess remuneration paid	(143,150) *	NIL
Commission to other Directors @1% Restricted to Rs.	-	718,876 213,487

\* The company is in process of filling an application u/s 309 (5(B)) of the Companies Act, 1956.

## G. G. DANDEKAR MACHINE WORKS LIMITED

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

Particulars	For the Year Ended on 31.03.11 Rs.	For the Year Ended on 31.03.10 Rs.
<b>A. Cash Flow from Operating Activities</b>		
1. Net Profit before Taxation	22,220,849	31,560,035
Adjustments for:		
Depreciation	2,849,692	1,705,088
Interest paid	3,302,280	384,447
Interest Received	(3,018,548)	(6,980,476)
Dividend Received	(3,831,620)	(1,020,069)
Assets written off	-	150,104
Provision for Slow Moving Stock	67,834	67,834
(profit)/loss on sale of Assets	7,515,671	-
(profit)/loss on sale of Investments	(35,581,171)	6,085,316
Sundry Balances Written Back (Net)	(336,749)	(471,988)
Foreign Exchange (Gain)/Loss	(5,624,205)	-
	<b>(34,656,816)</b>	<b>(79,744)</b>
Operating Profit Before Working Capital changes	<b>(12,435,968)</b>	<b>31,480,291</b>
Adjustments for		
Trade & Other Receivables	14,274,601	(15,581,067)
Inventories	(3,356,664)	(20,385,074)
Trade Payables	11,753,048	12,739,141
	<b>22,670,985</b>	<b>(23,227,000)</b>
Cash Generated from Operations	<b>10,235,017</b>	<b>8,253,291</b>
Direct Taxes	(5,500,000)	(12,500,000)
Taxes Paid for Earlier Years	(274,689)	-
	<b>4,460,328</b>	<b>(4,246,709)</b>
<b>Net cash used in Operating Activities</b>	<b>4,460,328</b>	<b>(4,246,709)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets (Net off Assets written off)	(1,193,327)	(32,233,758)
Sale of Fixed Assets	20,000,000	-
Sale of Investments	44,982,712	12,272,864
Purchases of Investment	(94,241,239)	(21,109,436)
Capital Advances	(90,327,357)	(10,116,608)
Interest Received	3,018,548	6,980,476
Dividend Received	3,831,620	1,020,069
	<b>(113,929,043)</b>	<b>(43,186,393)</b>
<b>Net cash from Investment Activity</b>	<b>(113,929,043)</b>	<b>(43,186,393)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITY</b>		
Borrowing Net	75,618,502	15,345,154
Dividend Paid	(16,656,582)	(16,711,754)
Interest paid	(3,302,280)	(384,447)
Foreign Currency Translation Reserve	(169,227)	(6,762,724)
<b>Net Cash from Financing Activity</b>	<b>55,490,413</b>	<b>(8,513,771)</b>
Net Increase / (Decrease) In Cash and Cash Equivalent	(53,978,302)	(55,946,873)
Cash & Cash Equivalents :		
Opening Cash & Bank Balances	86,971,034	142,917,907
<b>Closing Cash &amp; Bank Balances</b>	<b>32,992,732</b>	<b>86,971,034</b>

As per our report of even date attached

For Joshi & Kulkarni  
Chartered Accountants  
Firm Regn. No. 115751W

For and on behalf of the Board of Directors

(S. R. Ghanekar)  
Partner  
M. No.102133  
Place : Pune  
Date : 12.05.2011

Prajakta V. Gokhale    Jeetendra M. Shende    Nihal G. Kulkarni  
Company Secretary    Executive Director    Vice -Chairman  
Place : Pune  
Date : 12.05.2011



**SCHEDULE “Q” : SCHEDULE OF NOTES FORMING PART OF ACCOUNTS**

- I. The Consolidated Financial Statements pertains to G.G. Dandekar Machine Works Limited and its overseas subsidiary details of which are as under:

Name of the Subsidiary Company	Country of Incorporation	% voting power held as on March 31, 2011	% voting power held as on March 31, 2010
G.G. Dandekar Investments Pte. Ltd.	Singapore	100	100

**II. SIGNIFICANT ACCOUNTING POLICIES:****1. Method of accounting :**

The financial statements of the Parent and its subsidiary have been prepared under historical cost convention on accrual basis and comply with applicable accounting standards.

**2. Use of Estimates :**

The preparation of financial statements in conformity with the generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of financial statements and reported amounts of revenues and expenses during the reported period. Difference between the actual results and estimates are recognized in the period in which the results are known/ materialized.

**3. Principles of Consolidation :**

The financial statements of the Parent and its subsidiary have been consolidated on a line – by – line basis by adding together the book value of like item of assets, liabilities, income and expenses, after eliminating intra group balances and unrealized profit/ losses on intra group transaction, and are presented to the extent possible, in the same manner as the Parent's independent financial statements.

**4. Foreign Currency Translation :**

Indian Rupee is the reporting currency for the Parent company. However, the functional currency of foreign subsidiary is different from the reporting currency of the Parent company. The foreign subsidiary has been reclassified as Non – Integral foreign operation according to Accounting Standard 11. Therefore, in this respect, all the assets and liabilities are translated using exchange rate prevailing at the Balance Sheet date and revenue, income and expenses are translated at exchange rates at the date of transactions. The resultant translation exchange gain/ loss have been disclosed as “Foreign Currency Translation Reserve” under Reserves & Surplus.

**5. Functional Currency :**

In case of Foreign Subsidiary, items included in the financial statements of the Company are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to the company (“the functional currency”). The financial statements of the Company are presented in Euro, which is also the functional currency of the Company.

**6. Fixed Assets:**

Fixed assets are stated at cost, less accumulated depreciation or amortization. Cost is inclusive of freight, duties, taxes (to the extent of credit not availed) and incidental expenses related to acquisition, installation, erection and commissioning. Financing cost relating to acquisition of qualifying fixed assets are also included to the extent they relate to the period till such assets are ready to be put to use.

Goodwill is stated at a nominal value of Re. 1/-

**7. Depreciation and Amortization:**

- Depreciation on Fixed Assets of parent company has been charged on Written Down Value Method in the manner and at the rates specified in Schedule XIV to the Companies Act, 1956, except as stated in Para (b) & (c) below.
- Cost of Leasehold Land is amortized over remaining period of lease agreement.
- Computer Softwares are being amortized over their estimated useful life of 6 years.

**8. Investments:**

Long term investments are stated at cost. Provision is made to recognize the decline, other than temporary in nature, in carrying amount of such investments. Current investments are stated at the lower of cost or fair value.

## **G. G. DANDEKAR MACHINE WORKS LIMITED**

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### **9. Inventories:**

- a) Inventories are valued at lower of cost or estimated net realizable value.
- b) Cost of raw materials, components, consumables, tools, stores and spares is arrived at on weighted average cost basis.
- c) Cost of finished goods and Work in progress is arrived at on the basis of weighted average cost of raw material and other cost of conversion thereof for bringing the inventories upto their present location and condition.

### **10. Foreign Currency Transactions:**

- a) Initial Recognition: Foreign Currency Transactions are translated into Indian Rupee at the exchange rates prevailing on the date of transactions.
- b) Conversion: At the end of accounting year, the monetary items denominated in foreign currencies are restated at the exchange rates prevailing on the last day of the accounting year.
- c) Exchange Differences: The exchange differences arising on settlement/ conversion of foreign currency transactions are recognized in Profit and Loss Account.

### **11. Research and Development Expenses**

- a) Research and Development Expenses, other than Capital Expenses are charged to Profit and Loss Account as and when incurred.
- b) Capital expenditure incurred for research and development activities are included in respective Fixed Assets and Depreciation is provided as per rates specified, in Schedule XIV of the Companies Act, 1956.

### **12. Revenue Recognition:**

- a) Sales are accounted for net of Central Sales Tax and Value Added Tax.
- b) Revenue from sale is recognized when the significant risks and rewards of ownership of goods have been passed to customers, which generally coincides with their removal from factory.
- c) Revenue from erection and commissioning services is recognized on Percentage Completion method.
- d) Interest income is recognized on accrual basis at applicable interest rate.
- e) Dividend income is recognized when the Company's right to receive dividend is established.

### **13. Warranty Costs:**

Warranty obligations are accounted for as and when claims are admitted.

### **14. Employee Benefits:**

- a) Short Term Employee Benefits :  
All employee benefits falling due wholly within twelve months of rendering the service are classified as short term employee benefits. Benefits such as salaries, wages, bonus and other allowances and short term compensated absences etc. are recognized in the period in which the employee renders the related service.
- b) Post-Employment Benefits:
  - i. Defined Contribution Plans:  
The State governed Employee Pension Scheme, Employees State Insurance Scheme, the Company's Provident Fund administered by an independent Trust and the Company's Superannuation Scheme are the defined contribution plans. The liability on account of company's contribution paid or payable under these schemes is recognized during the period in which the employee renders the related service and is charged to the Profit and Loss account. The Company has no further obligation beyond these contributions.
  - ii. Defined Benefit Plans:  
The employees' gratuity fund scheme is the Company's defined benefit plan. The present value of the obligation under the said defined benefit plan is determined on the basis of actuarial valuation from an independent actuary except that is mentioned in the note no.09 in III i.e. notes forming part of the accounts. Actuarial and/or actual gains and losses are recognized immediately in the Profit and Loss Account.
- c) Long Term Employee Benefits:  
The accruing liability on account of encashment of leave entitlement of employees as per the rules of the Company is determined and provided for on the basis of the actuarial valuation from an independent actuary except that is mentioned in the note no.09 in III i.e. notes forming part of the accounts. Actuarial and/or actual gains and losses are recognized immediately in the Profit and Loss Account.

### **15. Provision for Current and Deferred Tax:**

- i. Provision for Current Tax is made on the basis of estimated taxable income for the current accounting period and in accordance with the provisions of Income Tax Act, 1961.
- ii. Provision for Deferred Tax resulting from 'Timing Difference' between books and taxable profits for the year is accounted for using the tax rates and laws that have been enacted or substantially enacted as on balance Sheet date. The deferred tax asset is recognized only to the extent that there is a reasonable certainty that the assets will be adjusted in future.

**16. Borrowing Cost:**

Borrowing costs are charged to Profit and Loss Account, except in cases where borrowings are directly attributable to acquisition, construction or production of a qualifying asset. A qualifying asset is one which necessarily takes substantial period of time to get ready for intended use.

**17. Impairment of Assets:**

Provision for impairment loss, if any, is recognised to the extent by which the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is the higher of an asset's net selling price and its value in use. Value in use is determined on the basis of the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

**18. Provisions, Contingent Liabilities and Contingent Assets:**

- i. Provisions are recognized for liabilities that can be measured only by using a substantial degree of estimation, if :
  - a. The company has a present obligation as a result of past event,
  - b. The probable outflow of resources is expected to settle the obligation, and
  - c. The amount of obligation can be reliably estimated.
- ii. Contingent liabilities is disclosed in the case of:
  - a. A present obligation arising from a past event, when it is not probable that an outflow of resources will be required to settle the obligation.
  - b. A possible obligation unless the probability of outflow of resources is remote.
- iii. Contingent Assets are neither recognized nor disclosed.  
Provisions & Contingent Liabilities are disclosed after an evaluation of the facts and legal aspects and the amounts are reviewed at each balance sheet date

**19. Change in accounting policy related to Warranty:**

In current year no provision for warranty expenses is made in the books according to change in policy last year.  
The Company has incurred Rs.33.20 Lacs as warranty expenses in the current year. ( Previous Year Rs.9.70 lacs).

**III. NOTES FORMING PART OF ACCOUNTS:**

1. The Company has incorporated a wholly owned subsidiary in the name of G. G. Dandekar Investments Pte. Ltd. (GGDIPL), an Investment Company to enable smooth long term investment in overseas projects, which has its registered office in Singapore. However during the financial year 2010 -11, GGDIPL has not entered into any business transaction except for the maintenance of the registered office, Local Director, Local Company Secretary and Auditors. The Bank Accounts of the Company has transactions related only to the Bank Charges which are debited every month by the Bank for the maintenance of the Bank Accounts.

As per the provisions of Section 205A, 205B of the Singapore Companies Act and all other applicable provisions, if any, GGDIPL is a Dormant Company during the financial year 2010-11 and is exempted from Audit Requirement. Hence GGDIPL has not audited its accounts and the same is approved by the Directors of GGDIPL.

2. The Subsidiary company is domiciled in Singapore. The reporting currency for previous year was Singapore Dollars. However, in the current financial year, the financial statements of the subsidiary are reported in their Functional currency (Euro) as recommended under the Singapore Financial Reporting Standards. Previous year's figures have thus been restated in functional currency to make them comparable with those of the current year.

**3. Contingent Liabilities not provided for:**

Sr. No.	Particulars	(Amount in Rs.)	
		Current Year	Previous Year
A	Disputed Income Tax Liability (A.Y.2005-2006)	39,434,222	39,434,222
B.	Disputes Sales Tax Liability ( F.Y. 2007-2008)	178,345	Nil

- C. The Company had sold some of its Land in 2006 – 07. Out of the said property, there is dispute regarding Plot No. 62. The decision is pending from the Special Suit before the Civil Judge Sr. Division, Thane. If the outcome of the decision is against the Vendor, the sale stands cancelled and company stands to indemnify the vendor for the cost, loss and damages, except taxes, if any. Company has not provided against this contingent liability and will meet the liability, as and when it arises.

## G. G. DANDEKAR MACHINE WORKS LIMITED

4. Out of the secured loans:
- Loans & advances of Rs. 211 Lacs (Previous Year Rs. 132 Lacs) on Cash Credit Account are secured by hypothecation of inventory and book debts and collaterally secured by mortgage of land and building of the company at Bhiwandi Plant.
  - Term Loans from Banks amounting to Rs. 690.15 Lacs (Previous Year : Nil) is secured by hypothecation of Plant & Machinery as well as factory building at Nagpur Plant and collaterally secured by mortgage of land and building of the company at Bhiwandi Plant. It may be noted that the formalities for hypothecation of plant and machinery and factory building at Nagpur Plant are in progress.
  - Further, term loan from bank amounting to Rs.8.18 Lacs (Previous Year Rs.10.42Lacs) is secured by vehicles purchased out of the said term loan.
  - Out of secured Term Loans, an amount Rs.120.83 Lacs (Previous Year Rs.1.71 Lacs) is payable within next twelve months.
5. According to the Memorandum of Understanding for sale of land (Plot No. 125), the party has failed to fulfill few terms and in current year company has written back the advance of Rs.5.51 Lacs received in previous year. As per the terms, the Company has recognized Rs.10.00 Lacs as income for in previous year, as the purchaser have not executed the sale deed for the said plot within stipulated period as mentioned in MOU. In current year company has sold the same land to new purchaser and income of Rs.10.00 Lacs booked as mentioned is reversed in the books and net income is booked for current year.
6. The Company is in communication with its suppliers to ascertain the applicability of the provisions of "The Micro, Small and medium Enterprises Development Act, 2006". As on the date of this Balance Sheet, the Company has not received any communication from any of its suppliers regarding filling of necessary memorandum with the appointed authority. In view of this, information as required u/s 22 of the said Act is not given.
7. The Company has single product, namely "Food Processing Machinery". Consequently, there are no Reportable Segments of the Company as per the Accounting Standard (AS) 17- "Segment Reporting" as prescribed by Companies' (Accounting Standards) Amendment Rules, 2007.
8. Estimated amount of contracts remaining to be executed on Capital Accounts and not provided for (net of advances Rs.349.19 Lacs) – 1154.52 Lacs (Previous year Nil).
9. After the end of the financial year 2010-11, at the request of the workers, the company declared Voluntary Retirement Scheme (VRS) for them. All the workers opted for the VRS with effect from 30<sup>th</sup> April 2011. As per the scheme the company has agreed to pay aggregate compensation to the tune of Rs.645.12 Lacs to the workers. In view of the VRS, the liability on account of 'gratuity' and 'leave salary' is provided on actual basis instead of actuarial basis.
10. After the end of the financial year 2010-11, the company has entered into an 'agreement to sale' a portion of its land at Bhiwandi. As per the terms of the agreement the company would sell 2.32 acres of its land for a consideration of Rs. 1000 Lacs. As per the terms of the agreement, the company has received an advance of Rs. 200 Lacs in April 2011 and the transaction would be completed by the end of July 2011.

11. Details of Prior Period Expenses are as follows : Amount (Rs. in Lacs)

Expense Head	For the Current Year	For the Previous Year
Professional Fees	0.04	3.4
Traveling	-	2.65
Postage, Telephone & Courier	0.04	1.2
Housing Expenses	-	0.92
Others	-	0.64
Canteen Expenses	-	0.5
<b>TOTAL</b>	<b>0.08</b>	<b>9.39</b>

12. As required by Accounting Standard (AS 22) " Taxes on income issued by The Institute of Chartered Accountants of India, which is mandatory in nature, the company has recognized deferred taxes, which result from timing differences between book profits and tax profits for the year aggregating Rs.488,400/- has been charged in the Profit and Loss Account, the details of which are as under :

Particulars	(Amount Rs.)		
	Balance Carried on 1.4.2010	Arising During the year	Balance carried as at 31.3.2011
<b>Deferred Tax Assets</b>			
Disallowance u/s 43B of Income Tax Act	(82,106)	(712,082)	(794,188)
<b>Total</b>	<b>(82,106)</b>	<b>(712,082)</b>	<b>(794,188)</b>
<b>Deferred Tax Liabilities</b>			
On account of timing differences in Depreciation	1,069,817	1,200,482	2,270,299
<b>Total</b>	<b>1,069,817</b>	<b>1,200,482</b>	<b>2,270,299</b>
<b>Grand Total</b>	<b>987,711</b>	<b>488,400</b>	<b>1,476,111</b>

13. Related parties, as defined under clause 3 of Accounting Standard (AS 18) "Related Party Disclosure" issued by the Institute of Chartered Accountants of India.

1) Key Management Personnel :

Jeetendra M. Shende- Executive Director

Relatives of Key Management Personnel :

Wife – Nilima J. Shende

Son – Shantanu J. Shende

2) Enterprise in which Directors are interested:

Kirloskar Consultants Limited

3) Subsidiary Company – G.G. Dandekar Investments Pte. Limited

Details of transactions during the year with Related Party

Amount (Rs. In Lacs)

Sr. No.	Particulars	Key Management Personnel	Enterprise in which Directors are interested	Subsidiary company
1	Purchase of Services	NIL	24.89	NIL
2	Managerial Remuneration	12.11	NIL	NIL
3	Outstanding Balances included in:			
	Commission payable	NIL	NIL	NIL
	Sundry Creditors	NIL	0.7	NIL
	Loans & Advances	NIL	NIL	NIL

14. Define Benefit Plans for Employees (AS 15)

A] As per actuarial valuation as on March 31, 2011 and recognised in financial statements in respect of Gratuity Schemes :

Sr. No.	Particulars	Amount in Rupees
i	Components of Employer expenses	
a	Current service cost	815,411
b	Interest Cost	1,262,504
c	Expected Return on Plan Assets	(919,060)
d	Actuarial (Gain) / Loss	5,768,980
e	Total Expense recognised in the Profit and Loss Account	6,927,835
ii	Net Assets / (Liability) recognised in Balance Sheet as at 31 <sup>st</sup> March 2011	
a	Present Value of Obligation	21,985,281
b	Fair Value of Plan Assets	10,237,094
c	(Asset) / Liability recognised in the Balance Sheet	(11,748,187)
iii	Change in Gratuity Obligation during the year	
a	Present Value of Obligation as at 31 <sup>st</sup> March 2010	16,632,806
b	Current Service Cost	725,200
c	Interest Cost	1,223,262
d	Actuarial (Gain) / Loss	462,676
e	Benefit Paid	(2,085,530)
f	Present Value of Obligation as at 31 <sup>st</sup> March 2011	21,985,281
iv	Changes in Fair value of Plan Assets	
a	Present Value of Plan Assets as at 31 <sup>st</sup> March 2010	11,044,742
b	Expected Return on Plan Assets	954,973
c	Actual Company Contribution	644,114
d	Benefits Paid	(2,085,530)
e	Actuarial (Gain) / Loss	26,340
f	Present Value of Obligation as at 31 <sup>st</sup> March 2011	10,237,094
v	Actuarial Assumption	
a	Discount Rate	8.40%
b	Expected Rate of Return	5.00%
c	Rate of Return on Plan Assets	9.25%
d	Expected Average remaining working lives of employees (Years)	22.66

## G. G. DANDEKAR MACHINE WORKS LIMITED

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B] As per actuarial valuation as on March 31, 2011 and recognized in financial statements in respect of Leave Wages :

Sr. No	Particulars	Amount (Rs.)
1	Present Value of obligation	571,188
2	Fair Value of Plan Assets	0
3	(Asset) / Liability recognised in the Balance Sheet	571,188

15. Earnings Per Share (EPS)

Earnings Per Share (EPS) calculated in accordance with Accounting Standards 20 issued by the Institute of Chartered Accountants of India.

16. Previous year's figures have been regrouped and /or rearranged wherever necessary.

Particulars	2010 – 11	2009 – 10
Profit After Tax (Rs.)	17,997,080	16,659,452
Weighted average number of Equity shares of Re. 1 each	4,761,387	4,761,387
Basic & Diluted EPS (Rs.)	3.78	3.50

For and on behalf of the Board of Directors

Place: Pune

Prajakta V. Gokhale

Jeetendra M. Shende

Nihal G. Kulkarni

Date: 12.05.2011

Company Secretary

Executive Director

Vice - Chairman

**Summarized Statement of Financials of Subsidiary Company Pursuant to section 212 of the Companies Act 1956.**

Sr. No.	Particulars	G. G. Dandekar Investments Pte. Ltd. (Singapore)	
		Current Year	Previous Year
1	Capital (Rupees)	70,410,858	70,410,858
2	Reserves (Rupees)	(865,622)	(326,302)
3	Total Assets (Rupees)	76,259,669	64,492,360
4	Total Liabilities (Rupees)	76,259,669	64,492,360
5	Investments		
	(A) Long Term (Non Trade Investment) (Rupees)	73,595,094	61,847,870
	(B) Current Investments (Rupees)	0	0
	a) Unquoted Investments	0	0
	b) Quoted Equity Shares	0	0
	c) Units	0	0
	Total Current Investments	0	0
	Total Investments (A+B) (Rupees)	73,595,094	61,847,870
6	Turnover	0	0
7	Profit /(Loss) Before Tax (Rupees)	(279,321)	(194,320)
8	Provision for Tax	0	0
9	Profit / (Loss) After Tax (Rupees)	(279,321)	(194,320)
10	Proposed Dividend (Excluding Tax on Dividend)	0	0
11	Functional Currency	EURO	EURO
12	Exchange Rate as on 31st March	63.84	60.59

**Statement Pursuant to Section 212 of the Companies Act, 1956.**

Sr. No.	Name of Subsidiary	G. G. Dandekar Investments Pte. Ltd. (Singapore)
1	Financial year ending of the subsidiary	31 <sup>st</sup> March, 2011
2	Extent of the Interest of the Company in subsidiary at the end of the financial year of each-	
	(A) Face Value	SGD 1
	(B) Number of Shares held by : (Nos.)	
	(1) G. G. Dandekar Machine Works Ltd	2,116,935
	(C) Shareholding Percent	
	(1) G. G. Dandekar Machine Works Ltd	100.00%
3	Functional Currency	EURO
4	For Financial Year of the Subsidiary	
	(A) Net aggregate of Profits or Losses so far it concern the members of the Holding company and dealt with the books of account of the Holding company.	NIL
	(B) Net aggregate of Profits or Losses so far it concern the members of the Holding company and not dealt with the books of account of the account of the Holding company.	(279,321)
5	For Previous Financial Years of the Subsidiary	
	(A) Net aggregate of Profits or Losses so far it concern the members of the Holding company and dealt with in the books of account of the Holding company.	NIL
	(B) Net aggregate of Profits or Losses so far it concern the members of the Holding company and not dealt with the books of account of the Holding company.	(194,320)

For and on Behalf of the Board of Directors

Place: Pune  
Date: 12.05.2011Prajakta V. Gokhale  
Company SecretaryJeetendra M. Shende  
Executive DirectorNihal G. Kulkarni  
Vice- Chairman

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Dear Shareholders,

**Subject: Green Initiative - Registration of E-mail address**

This is to inform you that as a part of "Green Initiative in the Corporate Governance", the Ministry of Corporate Affairs (MCA) vide its circular Nos.17/2011 and 18/2011 dated 21.04.2011 and 29.04.2011, respectively; has permitted the companies to serve the documents viz. annual reports, notices of general meetings/ postal ballot, other documents etc. to the members through electronic mode.

In order to support this "Green Initiative", we are pleased to serve you the above referred documents and also any other documents as specified by MCA from time to time through electronic mode. This will also ensure prompt receipt of communication and avoid loss in postal transit.

We therefore request you to register your E-mail address and / or changes therein from time to time with the Company's Registrar & Share Transfer Agent (R & T Agent) or with the Company at [ir@ggdandekar.com](mailto:ir@ggdandekar.com), in case you are holding shares in physical mode by filling up the form appearing on reverse of this communication and with your Depository Participant (DP), in case you are holding shares in dematerialized mode.

In case you require physical copies of annual reports and other documents, you may send an email at [ir@ggdandekar.com](mailto:ir@ggdandekar.com) or write to the Company's R & T Agent viz. Link Intime India Private Limited at 'Akshay' Complex, Block No. 202, 2<sup>nd</sup> Floor, Off Dhole Patil Road, Pune – 411 001, by quoting the name of first/sole shareholder, Folio No./DP ID and Client ID. The above documents will be sent to you free of cost.

We request your whole-hearted support to this "Green Initiative" by opting electronic mode of communication for its successful implementation.

Thanking you and assuring you of our best attention at all times.

Yours faithfully,

**For G. G. Dandekar Machine Works Limited**

**Sd/-**

**Prajakta V. Gokhale  
Company Secretary**

**Place: Pune**

**Date: 26 July 2011**

## G. G. DANDEKAR MACHINE WORKS LIMITED

### REGISTRATION OF E-MAIL ADDRESS FORM

(In terms of circular Nos.17/2011 and 18/2011 dated 21.04.2011 and 29.04.2011, respectively issued by Ministry of Corporate Affairs)  
( For shares in physical mode)

#### Link Intime India Private Limited

(Unit: G. G. Dandekar Machine Works Limited)  
Akshay Complex, Block No.202,  
Near Ganesh Temple, Off Dhole Patil Road,  
Pune - 411 001

I/we shareholder(s) of G. G. Dandekar Machine Works Limited hereby accord my/our approval to receive documents viz. annual reports, notices of general meetings/ postal ballot, and such other documents that the Ministry of Company Affairs may allow to be sent in electronic mode.

I/we request you to note my/our latest email address, as mentioned below. If there is any change in the E-mail address, I/we will promptly communicate the same to you. I/we attach the self attested copy of PAN Card / Passport towards identification proof for the purpose of verification.

Folio No.	
Name of first/sole shareholder	
Name of joint shareholder(s) if any	
Registered Address	
E-mail address (to be registered)	

Place:

Date:

\_\_\_\_\_  
(Signature of Shareholder)

Note: This form is available on Company's website [www.ggdandekar.com](http://www.ggdandekar.com)

(For Shares in dematerialized mode)

You are requested to register you E-mail address and/or changes therein from time to time with your Depository Participant.

**G. G. DANDEKAR MACHINE WORKS LIMITED**  
Regd. Office : Dandekarwadi, Bhiwandi 421 302, Dist. Thane

**ATTENDANCE SLIP**

**Annual General Meeting on Wednesday, 28 September 2011 at 11.00 a.m.**

Ledger Folio No./ DP Id and Client Id : .....

Full Name of the Shareholder (in Capital) : .....

I Certify that I am a member / proxy for the member of the Company.

I hereby record my presence at the Annual General Meeting of the Company at Dandekarwadi, Bhiwandi 421 302, Dist. Thane on Wednesday, 28 September 2011 at 11.00 a.m..

Shareholder's / Proxy's Signature : .....

Proxy's full name (in Capital) : .....

**Note: Please fill in this Attendance Slip and hand it over at the entrance of the Hall.**

----- TEAR HERE -----

**G. G. Dandekar Machine Works Limited**  
Regd. Office : Dandekarwadi, Bhiwandi 421 302, Dist. Thane.

**PROXY FORM**

I / We .....

L.F. No / DP Id and Client Id.....of ..... being member / members of G. G. Dandekar Machine Works Limited do hereby appoint ..... of .....or failing him / her..... of ..... as my/ our proxy in my / our absence to attend and vote for me / us and on my / our behalf at the Annual General Meeting of the Company to be held at Dandekarwadi, Bhiwandi 421 302, Dist. Thane Kothrud, Pune 411038 on Wednesday, 28 September 2011 at 11.00 a.m. and at any adjournment / (s) thereof.

In witness whereof, I / We have set my / our hand(s) on this \_\_\_ day of \_\_\_\_\_2011

Affix Rs.1 Revenue Stamp
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(Signature of the member across the stamp)

**Note: This form, in order to be effective, should be completed, duly signed, stamped and must be deposited at the Registered Office of the Company, not less than 48 hours before the meeting.**

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