

# 31st

## Annual Report



**AUSTIN ENGINEERING COMPANY LIMITED**

# Certificate

Standard **ISO 9001:2008**

Certificate Registr. No. 01 100 058896

TÜV Rheinland Cert GmbH certifies:

Certificate Holder: **Austin Engineering Company Limited**  
Village Patla, Taluka Bhesan  
Via. Ranpur (Sorath) Post Hadmatiya District,  
Junagadh – 362 030, Gujarat, India

Scope: **Design and Manufacture of Antifriction Bearings**

An audit was performed, Report No. 058896 Proof has been furnished that the requirements according to ISO 9001:2008 are fulfilled.  
The due date for all future audits is 17-04 (dd.mm).

Validity: The certificate is valid from 2009-06-15 until 2012-06-14.

Hong Kong, 2009-06-15

  
TÜV Rheinland Cert GmbH  
Am Grauen Stein 51105 Köln



## CERTIFICATE

The TÜV CERT Certification Body  
of TÜV Rheinland Cert GmbH  
certifies in accordance with  
TÜV CERT procedures that

### Austin Engineering Company Limited

Village Patla, Taluka Bhesan Via. Ranpur (Sorath) Post Hadmatiya District,  
Junagadh - 362 030, Gujarat, India

has established and implemented a quality management system for

**Manufacturer of Antifriction Bearings for Automotive Application  
- with product design & development -**

Proof has been furnished through an audit, Report No. 058896  
that the requirements according to

**ISO/TS 16949:2002**

have been fulfilled

The certificate is valid from: **2008-06-24** until **2011-06-23**

Certificate Registration No. **01 111 058896**


IATF Certificate No. **0069112**

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Report No. 058896

  
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# **AUSTIN ENGINEERING COMPANY LIMITED**

## **31st ANNUAL REPORT 2008-2009**

### **: BOARD OF DIRECTORS :**

Mr. N. C. VADGAMA	:	Chairman & Executive Director
Mr. S. M. THANKI	:	Managing Director
Mr. R. R. BAMBHANIA	:	Joint Managing Director
Mr. J. R. BHOGAYTA	:	Executive Director
Mr. S. V. VAISHNAV	:	Non Executive Director
Dr. B. R. SUREJA	:	Non Executive Director
Mr. K. J. MEHTA	:	Non Executive Director
Mr. D. B. NAKUM	:	Non Executive Director

### **AUDITORS :**

DHIRUBHAI DAND & CO.  
Chartered Accountants  
Gokul Chamber, JUNAGADH - 362 001.

### **: COST AUDITORS :**

S. B. PARIKH & CO.  
Cost Accountants, VADODARA.

### **: BANKERS :**

BANK OF BARODA,  
Azad Chowk Branch - JUNAGADH - 362 001.

### **REGISTER & TRANSFER AGENT :**

SHAREPRO SERVICES  
SATAM ESTATE, 3rd FLOOR, ABOVE BANK OF BARODA, CARDINAL GRACIOUS ROAD,  
CHAKLA, ANDHERI (EAST), MUMBAI - 400 099.

### **REGISTERED OFFICE & WORKS :**

VILLAGE : PATLA, TALUKA : BHESAN, DIST : JUNAGADH - 362 030.

### **: JUNAGADH OFFICE :**

101, G.I.D.C. ESTATE, VADAL ROAD, JUNAGADH - 362 003.

Visit at <http://www.aec-bearings.com>

E-mail : [info@aecbearings.com](mailto:info@aecbearings.com)



## NOTICE

**NOTICE** is hereby given that the 31st Annual General meeting of the Company will be held at the Registered office of the Company at Village Patla, Taluka : Bhesan, Dist: Junagadh 362 030 on Tuesday, 22nd September, 2009 at 11.00 a.m. to transact the following business:

### ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Accounts of the Company for the year ended on 31st March, 2009 and the Directors' and Auditors' Reports thereon.
2. To declare dividend on Equity Shares for the financial year ended 31st March, 2009.
3. To appoint a Director in place of Mr. R.R. Bambhania, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. J. R. Bhogayta, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint a Director in place of Mr. D. B. Nakum, who retires by rotation and being eligible offers himself for re-appointment.
6. To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix their remunerations.

### SPECIAL BUSINESS :

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

**"RESOLVED THAT** in accordance to the provisions of section 257 and all other applicable provisions, if any, of Companies Act, 1956, Mr. Bhagwanji D. Joshi who has been appointed as an Additional Director, pursuant to the provisions of section 260 of Companies Act, 1956, be and is hereby appointed as a director of Company, liable to retire by rotation"

*By order of the Board of Directors*

**N C Vadgar**  
Chairman

Place : Patla, Dist. Junagadh

Date : 23rd June, 2009

### NOTES:

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and on poll to vote instead of himself and the proxy need not be a member of the Company. The proxy must be lodged with the Company not less than 48 hours before the time fixed for holding the meeting.
2. The Register of Members and Share Transfer book of the Company will remain closed from 15th September, 2009 to 22nd September, 2009 (both days inclusive).
3. Dividend on Equity shares, upon its declaration at the meeting shall be paid to the shareholders, whose names appear on the Register of members of the Company on 22nd September, 2009. In case of shares held in dematerialized form, the dividend thereon, upon declaration at the meeting, shall be paid to the beneficial owners as per list provided by the depositories for the said purposes.
4. Shareholders holding shares in electronic form are hereby informed that bank particulars registered against the respective deposit accounts will be used by the Company for payment of the dividend. The company or its Registrar can not act on any request received directly from the shareholders holding shares in electronic form for any change of bank particulars or bank mandates. Such changes to be advised only to the Depository Participants of the shareholders.
5. Shareholders holding shares in physical form are requested to advise any change of address immediately to the Company's Registrar and Share transfer agents, M/s Sharepro services, Satam Estate, 3rd floor, Above Bank of Baroda, Andheri (East), Mumbai 400 009. Shareholders holding shares in electronic form must send the advice about change in address to their respective Depository Participants and not to the Company.
6. Pursuant to the requirements on Corporate Governance under clause 49 of Listing Agreement entered into with the Stock Exchange, information about the Directors proposed to be appointed/re-appointed is given in the Annexure to the Notice.
7. Members seeking any further information are required to write to the Company at least 7 days before the meeting so as to enable management to keep the information ready at the meeting.
8. Member/Proxies are requested to bring with them duly filled attendance slip for attending the meeting.
9. As an austerity measure, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their copies to the meeting.



**ANNEXURE TO THE NOTICE**

(Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956)

**Item No. 7 :**

Mr. Bhagwanji D. Joshi was appointed as an Additional Director of Company pursuant to Section 260 of Companies Act, 1956 with effect from 15th May, 2009. The term of his office expires at the ensuing Annual General Meeting of the Company. The Company has received notice from the member proposing the appointment of Mr. Bhagwanji D. Joshi as Director of the Company. His brief resume is separately given by way of Annexure to the Notice.

The Board of Directors recommends his appointment as Director.

None of Directors are interested in the resolutions except Mr. Bhagwanji D. Joshi, to the extent of his appointment as director of Company.

**BRIEF RESUME OF DIRECTORS SEEKING APPOINTMENT/ RE-APPOINTMENT AND DIRECTORS APPOINTED SINCE LAST A.G.M.**

Particulars	Mr. J.R.Bhogayta	Mr.R.R. Bambhanja	Mr.D.B. Nakum	Mr B.D. Joshi
Date of Birth	08-01-1946	29-08-1976	15-04-1944	23-11-1946
Appointed on	27-07-1978	01-02-2008	15-03-2003	15-04-2009
Qualifications	D.M.E.	D. M. E.	B.Com	M.Com. CAIIB
Expertise in Specific Functional Areas	Engineering	Engineering	Banking	Banking
Directorships held in other Public Companies (excluding foreign companies)	NIL	Creative Castings Ltd.	NIL	NIL
Membership/ Chairmanship of Committees across public Companies	NIL	NIL	NIL	Nil
Shareholding	75,500	60,300	-	-

**DIRECTORS' REPORT**

To,  
The Members.  
Your Directors have pleasure in presenting the 31<sup>st</sup> Annual Report with the audited accounts of the Company for the year ended 31st March, 2009

**FINANCIAL RESULTS**

	Rs. In Lacs	
	2008-2009	2007-2008
Gross profit before Interest Depreciation and Tax	1529.52	1240.40
Less: Interest and Depreciation	352.94	310.94
Profit before Tax	1176.58	929.46
MTM Losses on Derivative Contracts for ineffective hedge	229.55	0.00
Less : Provision for Taxation	412.43	328.13
Fringe Benefit Tax	10.50	10.50
Deferred Tax	10.06	( 59.78)
Profit after Tax.	514.05	650.61
Add : Balance brought forward from last year.	1501.18	1041.45
Profit available for appropriations	2015.22	1692.06
<b>Appropriations :</b>		
- Proposed Dividend	52.67	77.68
- Provision for Tax on Proposed Dividend	08.95	13.20
- Transfer To General Reserve	60.00	100.00
Balance carried forwarded to next year	1893.60	1501.18



## OPERATING RESULTS :

The performance of the Company during the year is fairly good in spite of the depressionary conditions in the world economy. The sales of the Company have increased both in domestic and export segment. The Sales during the year were Rs. 8432.95 Lacs as against Rs.7723.56 Lacs in the previous year. The sales thus registered an overall increase of 9.18 % including an increase in export to the tune of 49 % as compared to the last year export.

The net profit of the Company is Rs. 514.05 (Previous Year Rs. 650.61 Lacs) after providing Losses on Derivative Contracts for ineffective hedges to the tune of Rs.229.55 Lacs. Had it been not provided, the said profit would have been increased to that extent. The future of the Company both domestic as well as export segment is quite bright. The Company has earned revenue of Rs. 53.60 Lacs making net Profit of Rs. 15.79 Lacs out of the Wind Mill project.

The Company continued to launch a numbers of new and higher value added products along with tightening cost factors which will further strengthen the Company's competitiveness and profitability in the future.

## DIVIDEND :

In view of the Company's profitable performance, the Directors are pleased to recommend for approval of shareholders a dividend of Rs. 1.50 (Tax Free) per Equity share of the Company in respect of the financial year ended on 31st March, 2009. (Previous Year Rs.2.20) The said dividend shall be payable to those members whose names appear on the Register of members of the company on record date.

## FIXED DEPOSITS ;

There is no deposit outstanding/unpaid as at 31st March, 2009.

## BUY-BACK OF EQUITY OF SHARES :

The Board of Directors of the Company at their meeting held on 8th January, 2009 had approved the Buy-back of equity shares from the Open Market through Stock exchange, not exceeding 4,50,000 equity shares of Rs. 10/- each fully paid up for an aggregate amount not exceeding Rs. 2,92,50,000 and at a price not exceeding Rs.65/- per equity share.

The Company has commenced the said buy back on 27th January, 2009 and till 15th June, 2009; the Company has bought back 32,781 equity shares for Rs 10/- each at an average price of Rs. 52.47 per equity share. The present paid up Capital of the company after extinguishment of above shares is 34,98,219 equity share of Rs 10/- each.

## DIRECTORS :

Mr. R R Bambhania, a Director of the Company retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for reappointment.

Mr. J R Bhogayta, a Director of the Company retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for reappointment.

Mr. D B Nakum, a Director of the Company retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for reappointment.

Mr. Bhagwanji D. Joshi is appointed as an Additional Director of the Company at the meeting of Board of Directors held on 15th May, 2009. He holds office upto the date of ensuing Annual General Meeting. Notice has been received from the member proposing his candidature as Director of the Company, liable to retire by rotation.

Mr. Siddharth V. Vaishnav resigned as a Director with effect from 15th May, 2009. The Board placed on record their appreciation of his services rendered to the Company during his tenure as Director.

## DIRECTORS' RESPONSIBILITY STATEMENT :

Pursuant to Section 217(2AA) of the Companies (Amendment) Act, 2000 Directors confirm that

- In the preparation of the annual accounts, the applicable accounting standards have been followed.
- Appropriate accounting policies have been selected and applied prudently so as to give a true and fair view of the state of affairs of the Company as at March 31, 2009 and of the profit of the company for the year under review.
- Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- The annual accounts have been prepared on a going concern basis.

## AUDITORS :

M/s. Dhirubhai Dand & Co. Chartered Accountants, the auditors of the Company retire at the conclusion of the ensuing Annual General Meeting. They are eligible for re-appointment and have furnished the certificate to the effect that their appointment, if made, will be in accordance with the limits specified under Section 224(B) of the Companies Act, 1956.

## COST AUDITORS :

Pursuant to the provisions of section 233B of the Companies Act, 1956 necessary approval had been obtained from the Department of Company Affairs for the appointment of M/s. S. B. Parikh & Co. as Cost Auditors to Audit the Cost Accounts maintained by the Company for the year ended on 31st March, 2009



**PARTICULARS OF EMPLOYEES :**

The particulars of employees as required Under Section 217(2-A) of the Companies Act,1956, read with the Companies (Particulars of Employees) Rules 1975 is given in the annexure appended hereto and forms part of this Report. As per the Provisions of Section 219 (1) (b) (iv) of the Companies Act, 1956, the report and accounts are being sent to the Shareholders of the Company, excluding the statement of particulars of employees under Section 217(2A) of the Act. Any share holder interested in obtaining a copy of the said statement may write to the Secretarial department at the Registered Office of the Company

**SUBSIDIARY COMPANY :**

As required U/s 212 of the Companies Act, 1956, the audited statement of Accounts for the year ended 31st March, 2009 of Accurate Engineering Inc. U.S.A., the wholly owned subsidiary, together with the report of the Auditors and also the statement U/s. 212 of the Companies Act, 1956 are annexed.

**CORPORATE GOVERNANCE REPORT :**

A separate section on Corporate Governance and a Certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges are annexed to this report.

**MANAGEMENT DISCUSSION AND ANALYSIS STATEMENT :**

A Report on Management Discussion and Analysis Statement is separately annexed to this report.

**INDUSTRIAL RELATIONS :**

The industrial relation with workmen and staff continued to be extremely cordial during the year under review.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO :**

The particulars as prescribed under section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the report of Board of Directors) Rules 1988 are set out in an Annexure to this Report.

**ACKNOWLEDGMENT :**

The Directors wish to place on record their gratitude for the continued co-operation and patronage extended by the esteemed customers both in OEM and after market segments. The Directors would also like to place on record their sincere appreciation for the continued co-operation, guidance, support and assistance during the year under report by our Bankers, all the customers, suppliers of the Company including Government agencies. The Board of Directors also wishes to express its appreciation for the efforts and contribution made by the employees at all levels during the year under report.

On behalf of the Board of Directors

Place : Patla, Dist. Junagadh  
Date : 23rd June, 2009

**N C VADGAMA**  
Chairman

**ANNEXURE (I)**

Information under section 217(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 forming part of Directors Report for the financial year ended on 31st March, 2009

**FORM A :**

**(A) CONSERVATION OF ENERGY :**

- (a) Energy Conservation measures taken:  
Regular preventive maintenance of Machinery & Electric equipments.
- (b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy : None
- (c) Impact of measures at a)and (b)for reduction of energy consumption and consequent impact on the cost of production of goods The aforesaid measures have resulted in a saving in the consumption of electricity & Fuel.
- (d) Total Energy Consumption and Energy Consumption per unit of production as per prescribed Form A is not applicable as the Company is not covered under the list of specified industries and hence not given.

**FORM B :**

**(A) RESEARCH & DEVELOPMENT :**

- (i) Specific areas in which R & D is carried out by the Company:  
The R & D efforts of the Company are directed towards quality assurance, improvement/upgradation of existing product lines, minimizing dependence on scarce and imported raw materials, development of new products and subjecting them to stringent endurance tests.
- (ii) Benefits derived as a result of the above R & D :  
The benefits are improvement in the quality of the existing range of products, cost reduction, development of new products, energy



saving, export promotion and import substitution.

(iii) Future plans of action :

R & D efforts are being planned as a continuous exercise to improve quality, reduce costs and try for import substitution as far as possible.

(iv) Expenditure on R & D :

Expenditure on R & D is not quantifiable at present since it is a continuous exercise, forming part of our Technical Department.

**(B) TECHNOLOGY, ADOPTION & ABSORPTION & INNOVATION :**

The Company is continuously undertaking a comprehensive modernisation and technology upgradation and innovations.

Quality of earnings has improved substantially & are well accepted by OEM as import substitute.

Technology imported during last five years : Nil.

**(C) FOREIGN EXCHANGE EARNING AND OUTGO :**

	(Rs. in Lacs)	
	2008-2009	2007-2008
<b>FOREIGN EXCHANGE EARNINGS :</b>		
1. Exports of goods on FOB basis	4985.76	3351.65
2. Tooling Charges Income	-	33.10
Total Foreign Exchange earned	4985.76	3384.75
<b>FOREIGN EXCHANGE OUTGO :</b>		
1. Import of CIF value of Raw Materials, Capital goods & Spares.	110.76	76.29
2. Traveling	6.67	2.13
3. Sales Commission	54.26	31.83
4. Foreign Marketing & Sales Promotion Expenses	2.13	-
5. FCNR Loan Interest	15.38	75.26
6. Dividend	1.76	1.60
Total Foreign Exchange used	190.96	187.11

On behalf of the Board of Directors

N C VADGAMA  
Chairman

Place : Patla, Dist.:Junagadh

Date : 23rd June, 2009

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### OVERVIEW OF BEARING INDUSTRIES :

Bearing Industry in India can be divided into two segments- the Organized Sector and Unorganized Sector. The organized sector focuses on original equipment manufactures and end users which are predominantly automotive, railways and other industrial users. The unorganized sector focuses on the low end replacement market. There are different types of bearings among them ball bearings constitute of one-third of the bearing sales while tapers, cylindrical, spherical and others from the rest.

The industry passed through an unprecedented crisis during the year because of adversely affected liquidity, high inflation and witnessed a sharp and sudden slowing down of the global economy and tight liquidity conditions.

The automotive industry is the largest user segment for Indian bearing market The Bearing sector which had strong growth over the past few years also experienced a slow down by 2 percent, as there has been a general slow down in motorcycles and passenger car segments.

### OPPORTUNITIES :

The demand for bearing industry is derived from demand in two key user segments- automotive and industrial sector. The automotive industry is the largest user segment for Indian bearing market.

India is one of the fastest growing passenger car markets in the world and it is already the second largest two-wheeler manufacturer globally. The Indian domestic market will continue to be dominated by small cars.

The Indian economy has shown growth of average 8 percent over the last few years and is expected to keep this growth trend over the next decade. Your company aims to leverage this opportunity on its financial strength and its market leadership.

### THREATS :

The counterfeiting of bearings is the biggest threat to the industry since these spurious bearings affect the business and brand image. Spurious bearings are of poor quality and are unsafe and unreliable. Spurious bearings mainly cater to the replacement market, which is price sensitive. Your company is taking steps to curtail spurious trade by improved packaging, creating awareness and other necessary action.





The significant increase in steel prices has resulted in pricing and margin pressure on bearing manufactures. Dumping by Chinese manufacturers, particularly in the auto sector is adding to the woes of the industry in India which is already reeling under the slow down in the domestic economy. Such dumping affects the replacement market as well as the OEM markets.

**OUR BUSINESS STRATEGY :**

AECL is the leading manufacturers of all types of antifriction bearings namely Ball, Tapered Roller, Spherical Roller, Needle Roller and Thrust Bearing. The company offers wide range of bearings to the different category of buyers like Automobiles, Defence, State Road Transport Corporation, Steel Plants, Thermal plants, Cements Plants, Sugar and Paper Industries, Fan and Pump Industry and Material handling equipments.

At the core of AECL, technical upgradations and advancements is the involvement of the top management which itself endeavors and supports new developments, continuous quality improvement and strong desire to prove that Indian technology can compete with any top technologically advanced country products, thus resulting in unshakable customer confidence in India and abroad for 'aec' Bearings.

The majority of the product range of the company is import substitutes and thus indirectly it serves the country by saving foreign exchange. A number of initiatives for strict cost control, and improving efficiency and productivity at all levels have been taken which is expected to further enhance the performance of the Company in the years to come.

The Company is striving to focus on sharpening its competitiveness, and for offering a product mix which is totally market driven in order to create a competitive advantage over other players in the market.

We are in a growth mode and our operating and financial performance outlook for the future continues to be strong. We are executing multiple initiatives aimed at enhancing our national presence, strengthening our market position and providing specialized quality to our customers.

We as "AECL" restrict our exports domain only to the most quality conscious markets like USA and Europe which accounts for over 49% of its revenues. We had 100% subsidiaries in USA and Italy, which also act as marketing front-end. What may come as a surprise to the most is that despite of our very modest size, we have the widest range of bearings in the domestic market. We manufacture bearings from 50 gms. to over half a tone. It is also among a few companies globally to manufacture bearings with 1200mm.

We manufacture bearings for very demanding applications. It is among a handful of customized bearing manufacturers worldwide to produce bearings with 1200mm diameter.

Ours special bearing range includes -

1. Steel Plant bearings
2. Mining Equipment.
3. Material handling equipment.
4. Bearings for cement, sugar, paper and other continuous process industry
5. Special bearings for high speed heavy duty turbines (used in power plants)
6. Oilfield applications

**SEGMENTWISE PERFORMANCE :**

The Company has primarily two segment of activity namely "Bearings" and "Power" Their present performance and future prospectus have been given separately in Directors' Report.

**INTERNAL CONTROL SYSTEMS :**

The company has a sound system of internal controls for financial reporting of the various transactions, and compliance with relevant laws, rules and regulations. The company has well documented policies, procedures and authorization guidelines commensurate with the level of responsibility and standard operating procedures specific to the business.

The Internal Audit department has an extensive audit programme for the year. The post audit checks and reviews are also carried out to ensure follow-up on the observations made by the Audit Committee. The Audit Committee reviews the internal audit reports and the adequacy of internal controls periodically and takes corrective action as and when necessary.

**STRENGTH :**

The Directors are well experienced and technically qualified with well succession plan.

The Company is this line of business for more than 26 years and enjoys its brand name in the market.

The Company has wide market net work with established customer base.

The Company is able to obtain skilled workers at comparatively lower cost.

The Company is a profit making and self-performance are improving year after year.

**WEAKNESS :**

The industry is highly capital intensive and as such operating at the minimum economic volume assumes greater significance. A decline in the capacity utilization would lead to a major negative impact on the operational parameters considering the huge initial capital outlay.

The manufacturers are facing a threat from the spurious parts manufactured who manufacture duplicate parts and sell them in the names of popular brands in the replacement market at a very low price.

Steel and alloy steel are the basic raw-material for the bearing industry and their prices are expected the upward trend in the coming future.

A serious threat is being faced from imports due to decline in duty rates and at the same time, domestic manufacturers are subject to the increased levies.

Higher inventory holding also lead to increase in direct cost.



## OUTLOOK :

The Current global slow down will impact the investment scenario in India. Delays and deferment in projects will derail India's investment story. It is very likely that the current GDP forecast number may be downgraded further. As a result of fall in commodity prices, steel prices are expected to remain depressed. The government has come out with an immediate package to revive the demand which is expected to spur the growth. The impact of the same has already been seen with inflation coming below 5 percent and interest rate falling by around 3 percent from its peak. The fall in inflation will stimulate the growth and rate reduction will provide necessary credit flow into the market.

The market leadership in the segment in which it represents coupled with product quality, global group support and financial strengths shall provide excellent opportunities for growth in the years to come.

We are also actively working on the following areas which are very close to commercialization and they are as follows:

1. Developing bearings for aerospace applications.
2. One of the few manufacturers in the world to manufacture SPB's of 1200mm diameter.
3. Development of Geared Slewing Rim bearings for Heavy Earth Moving and construction equipment.

## HUMAN RESOURCES AND INDUSTRIAL RELATIONS :

The Company believes that the quality of its employees is the key to its success in the long run and is committed to provide necessary human resources development and training opportunities to equip them with skill, enabling them to adapt to contemporary technological advancements. Industrial relations during the year continued to be cordial and company is committed to maintain good relations through negotiations and meetings.

The performance linked bonus and rewards were instituted, which not only helped to improve productivity but also brought the culture of healthy competitive performance within the organization. The gap between existing and desired skills has been filled up in the employees through training and development

## CAUTIONARY STATEMENT :

Certain statements in this annual report may be forward looking statements. Such forward looking statements are subject to certain risks and uncertainties like regulatory changes, local, political or economic developments, technological risks and many other factors that could cause our actual results to differ materially from those contemplated by the relevant forward looking statements. AECL will not be in any way responsible for any action taken based on such statements and undertakes no obligation to publicly update these forward looking statements to reflect subsequent events or circumstances.

## REPORT ON CORPORATE GOVERNANCE

In Compliance with the requirements of Corporate Governance as per the format prescribed by SEBI and incorporated in Clause 49 of the Listing Agreements with the Stock Exchanges, the Company's Policies on Corporate Governance and compliance thereof in respect of specific areas, as applicable, for the year ended 31st March, 2009 is set out below for information of shareholders and investors of the Company.

### 1. PHILOSOPHY :

The Company's philosophy on Corporate Governance is to conduct its affairs in a manner, which is transparent, clear and evident to those having dealings with or having a stake in the Company, namely shareholders, lenders, creditors and employees.

The company not only complies with the statutory requirements of Corporate Governance but also follows voluntarily the best practices of corporate Governance in the industry in order to serve the interests of its stakeholders including shareholders, customers, government and public at large. The Company believes in highest ethical values and morals in order to achieve the best Corporate Governance practices.

### 2. BOARD OF DIRECTORS :

#### (a) Composition of Board :

The Board of directors of the Company consists of Eight directors. In Executive Directors, there are Two whole-time directors, One Managing Director and One Joint Managing Director. All others are Non-Executive as well as independent directors. The Chairman of the Board is an Executive Director, and 50% of the Board comprises of independent directors.

Name of the Directors		No. of Board Meetings Attended During the Year	Whether Attended AGM held on Sep 22, 2008	No. of Other Directorship(s)		No. of Outside Committee(s)	
				Public	Private	Public	Private
				Mr N C Vadgama	Chairman & E.D.	8	YES
Mr.S M Thanki	Managing Director	7	YES	1	1	-	-
Mr.R R Bambhanian	Jt.Managing Director	7	NO	1	1	-	-
Mr.J R Bhogayta	Executive Director	8	YES	-	1	-	-
*Mr.S V Vaishnav	Director	8	YES	-	1	-	-
Dr.B R Sureja	Director	8	YES	-	-	-	-
Mr.K J Mehta	Director	8	YES	-	-	-	-
Mr.D B Nakum	Director	8	YES	-	-	-	-
*Mr.B.D. Joshi	Director	-	NO	-	-	-	-



\* Mr. S.V. Vaishnav resigned as a director with effect from 15th May, 2009.

\* Mr. B D Joshi Appointed as Additional Director with effect from 15th May, 2009.

Attention of the members is invited to the relevant items in the Notice of the Annual General Meeting for seeking their approval for the aforesaid appointments. The information as required under clause 49(IV)(G) of the Listing Agreement is annexed to the Notice of the AGM.

**(b) Details of Board Meeting held during the year 2008-09.**

Date of Meeting	No. of Directors Present	Date of Meeting	No. of Directors Present
10th April, 2008	8	22nd September, 2008	8
29th May, 2008	8	20th October, 2008	6
1st July, 2008	8	8th January, 2009	8
22nd July, 2008	8	27th January, 2009	8

**(c) Details of sitting fees, remuneration etc. paid to Directors for the year ended 31st March, 2009.**

Name of the Directors	Remuneration paid to Directors	Sitting fees paid for attending Board / Audit Committee
Mr. N C Vadgama	75000 per month	NIL
Mr. S M Thanki	75000 per month	NIL
Mr. R R Bambhania	75000 per month	NIL
Mr. J R Bhogayta	75000 per month	NIL
Mr. S V Vaishnav	NIL	10000
Mr. B R Sureja	NIL	10000
Mr. K J Mehta	NIL	10000
Mr. D B Nakum	NIL	10000

Note : The Non-Executive Directors are not entitled to any remuneration except sitting fees for attending Board/Committee meetings. As regards to Executive Directors, they are entitled to remuneration as per terms of appointment.

**(d) Remuneration Committee :**

The Company has set up a remuneration committee which consist of three Non-Executive independence Directors namely (1) Mr. S V Vaishnav (2) Mr. K J Mehta and (3) Mr. D B Nakum.

\*Mr. S V Vaishnav resigned as Director and member of Remuneration Committee with effect from 15th May, 2009 and he was replaced by Mr. B D Joshi as additional director and member of the said committee at the meeting of Board of Directors held on 15th May, 2009. He was also appointed as the Chairman of the said committee.

The said Remuneration committee meeting held on 29th May, 2008 recommend/review the remuneration package of the Managing/Whole-time Directors and also senior managerial personnel. The Company pays remuneration by way of salary and perquisites subject to requisite approval from the Board of Directors of the Company and also from the shareholders as prescribed under the Companies Act, 1956.

During the Financial Year 2007-08, Mr.N.C.Vadgama, Mr.S.M.Thanki, Mr. R R Bambhania and Mr.J.R.Bhogayta have been paid monthly remuneration of Rs.75,000/- each for the whole year.

Mr. S V Vaishnav, the Chairman of Remuneration Committee was present at last Annual general Meeting held on 22<sup>nd</sup> September, 2008.

The meetings of Remuneration Committee was held on 29th May, 2008.

**3. AUDIT COMMITTEE :**

The Audit Committee of Directors comprises three Non-Executive independent directors viz.(1) Mr. S V Vaishnav, (2) Mr. K J Mehta and (3) Mr. D B Nakum, who all have adequate financial accounting knowledge. Mr. S V Vaishnav was the Chairman of the Audit Committee upto 15th May, 2009.

Mr. S V Vaishnav resigned as Director and also as a member of Audit Committee with effect from 15th May, 2009 and he was replaced by Mr. B D Joshi as additional director and member of the said committee at the meeting of Board of Directors held on 15th May, 2009. He was also appointed as the Chairman of the said committee.

The Audit Committee whose terms of reference have been specified as per Clause 49 of the Listing Agreement and as defined by the Board are as under:

- (i) It shall have the authority to investigate into any matter relating to accounts as referred to it by the Board and for this purpose, shall have full access to information contained in "Accounting records" of the Company.
- (ii) Overview of the Company's financial reporting process and manner of disclosure of financial information to ensure that the financial statements are true and correct.
- (iii) Recommending the appointment and removal of Statutory Auditors, fixation of audit fees and also approval for payment for any other services relating there to.
- (iv) Reviewing the Company's financial and risk management policies.
- (v) Looking into the reasons for substantial defaults if any, in the payment to the shareholders (non-payment of declared dividends etc) and creditors etc.
- (vi) And such other matters incidental or as may be delegated by the Board of Directors to the Committee from time to time.

Five Audit Committee meetings were held on 29th May, 2008 22<sup>nd</sup> July, 2008, 22<sup>nd</sup> September, 2008, 22<sup>nd</sup> October, 2008 and 27<sup>th</sup> January, 2009. The attendance of Audit Committee member is given hereunder:



Name of the Director	Category	Nos. of Meetings Attended
Mr. S V Vaishnav	Chairman of Committee	5
Mr. K J Mehta	Member of Committee	5
Mr. D B Nakum	Member of Committee	5

The Audit committee at its meeting held on day, 23<sup>rd</sup> June, 2009 reviewed the Annual Accounts for the year 2008-2009 and recommended the same for approval of the board of Directors.

The Audit Committee invites such of the executives and directors, as it considers appropriate to be present at its meetings. The Manager, the Accountant, the Statutory Auditors and the Internal Auditors are normally invited to this meeting.

#### 4. SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE :

The Shareholders/Investors Grievance Committee was constituted to look into the redressal of shareholders/investors grievances, if any, like transfer/ transmission / demat of shares, loss of shares certificate, non-receipt of Annual Report, Dividends etc.

The Committee oversees the performance of the Registrar and Transfer Agents and recommends measures for overall improvement in the quality of investor services.

The Composition of Committee is as follows:

Name of the Directors & Position	Category
Mr. N C Vadgama Chairman & Executive Director	Chairman of Committee
Mr. R R Bambhania Joint Managing Director	Member of Committee
Mr. B R Sureja Independent Non- Executive Director	Member of Committee

One meeting of Share holder/ Investor Grievances Committee was held on 15<sup>th</sup> April, 2009.

No complaint was pending during the financial year from the shareholders or any other statutory authorities.

#### 5. CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING :

The Company has a policy for prevention of Insider Trading in the securities of the Company. The Code, inter alia, prohibits purchase/ sale of shares of the Company by the employees while in possession of unpublished price sensitive information in relation to the Company.

The Company adopted the Code of Conduct and ethics for Directors and Senior Management. The code had been circulated to all the members of the Board and senior management. The Board member and senior management have affirmed their compliance with the Code. A declaration of Managing Director as to the compliance of the Code of Conduct by the Board Members and Key Managerial Employees has been provided at the end of this report.

#### 6. GENERAL BODY MEETINGS :

Location, time and date where the last three Annual General Meetings of the Company were held are given below :

Financial Year	Date	Location of the Meeting	Time
2006 - 2007	22/09/2006 (AGM)	Village: PATLA, Tal: BHESAN Dist : JUNAGADH 362 030	11.00a.m.
2007 - 2008	29/09/2007 (AGM)	Village: PATLA, Tal: BHESAN Dist : JUNAGADH 362 030	11.00a.m.
2008 - 2009	22/09/2008 (AGM)	Village: PATLA, Tal: BHESAN Dist : JUNAGADH 362 030	11.00a.m.

All resolutions moved at the last Annual General Meeting were passed by a show of hands by the requisite majority of members attending the meeting. The followings are the Special Resolutions passed at the previous three Annual General Meetings and Extra Ordinary General Meeting

AGM/EOGM Held on	Whether Special Resolution Passed	Summary
14-03-06 (EOGM)	Yes	(1) Amending Object Clause by inserting sub-clause 43 to 46 (2) Commencing activity as stated in Other Objects(CI.43 to 46)
31-05-06 (EOGM)	Yes	(1) Issue of Equity Shares on Preferential basis
22-09-06 (AGM)	No	N.A.
29-09-07 (AGM)	No	N.A.
22-09-08 (AGM)	No	N.A.

#### 7. DISCLOSURES :

- During the year under review, besides the transactions mentioned elsewhere in the annual report, there were no other related party transactions by the Company with its promoter, directors, management and subsidiaries that had a potential conflict with the interests of the Company at large.



The Audit Committee is briefed of the related party transactions undertaken by the Company in the ordinary course of business (summary), material individual transactions which were not in the normal course of business and material individual transactions with related parties or others, which were not at arm's length basis together with management's justification for the same.

- ii) The Senior Management has made disclosures to the Board relating to all material, financial and commercial transactions stating that they did not have personal interest that could result in a conflict with the interest of the Company at large.
- iii) The Company has complied with various rules and regulations prescribed by the Stock Exchange, Securities and Exchange Board of India or any other statutory authority relating to the capital markets during the last 3 years. No penalties or strictures have been imposed by them on the Company.
- iv) The Company follows Accounting Standards issued by the Institute of Chartered Accountants of India and in the preparation of Financial Statements, the Company has not adopted a treatment different from that prescribed in any Accounting Standard.
- v) The Managing Director (CEO) have certified to the Board in accordance with Clause 49(V) of the Listing Agreement pertaining to CEO Certification for the Financial Year ended on 31-03-09.

**8. MEANS OF COMMUNICATION :**

- a) The Company does not send its half-yearly reports to each shareholder as the same is not required to be sent legally.
- b) The quarterly, half-yearly and full year results were published in the Business Standard, Indian Express and Financial Express.

**9. GENERAL SHAREHOLDER INFORMATION :**

- (i) Thirty First Annual General Meeting :
  - Day Date and Time : Tuesday, 22nd September, 2009 at 11.00 a.m.
  - Venue : Village: PATLA, Taluka : BHESAN, Dist : JUNAGADH-362 030
- (ii) Financial year : 2008-2009
- (iii) Financial Calendar : 1st April to 31st March
  - Publication of Financial results in compliance with Stock Exchange Listing requirement :
    - First Quarterly Results : Before end of July, 2008
    - Second Quarterly Results : Before end of October, 2008
    - Third Quarterly Results : Before end of January, 2009
    - Audited Financial Results for the year ended 31st March,2009 : Before end of June, 2009
- (iii) Date of Book Closure : 15th September, 2009 to 22<sup>nd</sup> September, 2009 (Both days inclusive)
- (iv) Dividend Payment Date : 20th October, 2009.
- (v) Listing on Stock Exchange :
  - (a) Bombay Stock Exchange Limited
  - (b) Scrip Code No. - 522005 (c) ISIN No. - INE759F01012
  - The annual listing fees for the year 2009-10 have been paid to the aforesaid stock Exchange.
- (vi) **Market Price Data :**

The monthly high and low quotations of the Company's shares traded on the Mumbai Stock Exchange - Mumbai during financial year 2008-09 are as under :

Month	Year	High (Rs.)	Low (Rs.)	Month	Year	High (Rs.)	Low (Rs.)
April	2008	115.40	80.00	October	2008	60.75	39.55
May	2008	109.70	79.60	November	2008	55.70	47.25
June	2008	86.95	67.50	December	2008	55.50	46.00
July	2008	83.00	61.55	January	2009	68.00	47.00
August	2008	84.90	72.50	February	2009	58.40	40.00
September	2008	77.95	56.00	March	2009	48.00	38.15

(vii) **Share Transfer System :**

Application for transfer of shares held in physical form are received either at our Registrar & Transfer Agent, or at the office of the Company which in turn send to Registrar & Transfer Agent, who does all work pertaining to transfers/transmission.

The Share Transfer Committee approves the transfers sent by Registrar & Transfer Agent at least once in 15 days depending upon the number of transfers received.

Shares held in the dematerialised form are electronically traded in the Depositories and the Registrar and Share Transfer Agents of the Company, viz. Sharepro Services periodically receive from the Depositories, the beneficial holding data, so as to enable them to update their records and to send all corporate communications. Physical shares received for dematerialisation are processed and completed within a period of 30 days from the date of receipt provided they are in order in every respect. Bad deliveries are immediately returned to Depository Participants under advice to the shareholders within the aforesaid period.



Pursuant to Clause 47(c) of the Listing Agreement with the Stock Exchange, certificates on half-yearly basis have been issued by a Company Secretary-in-Practice for due compliance of share transfer formalities by the Company. Pursuant to SEBI (Depositories and Participants) Regulations, 1996, certificates have also been received from a Company Secretary-in-Practice for timely dematerialisation of the shares of the Company and for conducting a secretarial audit on a quarterly basis for reconciliation of the share capital of the Company.

**(viii) Outstanding GDRs/ADRs/Warrants or any Convertible Instruments conversion date and likely impact on equity:**

The Company has not issued any GDRs/ADRs/Warrants or any convertible instruments.

**(ix) Distribution Pattern of shareholding as on 31st March, 2009.**

No. of Equity Shares Held	Number of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
1 - 500	5318	89.049	852018	24.247
501 - 1000	310	5.191	254906	7.254
1001 - 2000	173	2.897	265867	7.566
2001 - 3000	57	0.954	147034	4.184
3001 - 4000	26	0.435	95401	2.715
4001 - 5000	18	0.301	83534	2.377
5001 - 10000	27	0.452	188144	5.354
10001 and above	43	0.720	1627021	46.302
<b>Grand Total</b>	<b>5972</b>	<b>100.00</b>	<b>3513925</b>	<b>100.00</b>
<b>Physical Mode</b>	<b>1916</b>	<b>32.08</b>	<b>618902</b>	<b>17.61</b>
<b>Electronic Mode</b>	<b>4056</b>	<b>67.92</b>	<b>2895023</b>	<b>82.39</b>

**(x) Shareholding Pattern as on 31st March, 2008 :**

Category	Number of Shares	% of Holding
Indian Promoters/Relatives	1205125	34.30
Resident Individuals & Corporates	2252607	64.11
Fin. Institutions/Banks/Mutual Fund	7000	0.20
NRIs	49193	1.39
<b>Total :</b>	<b>3513925</b>	<b>100.00</b>
<b>Note : Buyback extinguishment of share</b>	<b>17075</b>	

**(xi) Dematerialisation of equity shares :**

The Company's equity shares are compulsorily dematerialised with effect from 17.10.2002. The Company's ISIN No. INE759F01012. A shareholder, desirous of dematerialisation of their shares, is requested to approach any Depository Participant for opening of account for any operational clarification; the Share Certificates are required to be sent to the Company through Depository Participant only.

Nearly 82.39% of total equity shares of the Company are held in dematerialised form with following depository.  
in N S D L : 2379460 shares. ( 67.72 %) in C D S L : 515593 shares. ( 14.67 %)

**(xii) Registrar & Share Transfer Agents :**

**SHAREPRO SERVICES (India) Pvt. Ltd :**

Satam Estate, 3rd Floor, Above Bank of Baroda, Cardinal Gracious Road, Chakala, Andheri (E) MUMBAI 400 099  
Phone No. : +91-022-67720329/67720300 Fax No. : +91-022-28202365

**(xiii) Plant Location :**

Village : PATLA, Taluka :BHESAN District : JUNAGADH 362 030 ( Gujarat )  
Phone : 02873 - 252223 / 252267 / 252268 Fax : 0285-2661505 & 02873-252267-8 e-mail : info@aecbearings.com

**(xiv) Address for Investor Correspondence :**

For any assistance regarding dematerialisation of shares, share transfers, transmissions, change of address, non-receipt of dividend any other query relating to shares, please write to:

**SHAREPRO SERVICES (India) Pvt. Ltd :**

Satam Estate, 3rd Floor, Above Bank of Baroda, Cardinal Gracious Road, Chakala, Andheri (E) MUMBAI 400 099  
Phone No. : 022-67720329/67720300 Fax No.:022-28202365Email : sharepro@vsnl.com



**For general correspondence write to :**

Austin Engineering Co. Ltd. Village : PATLA, Taluka : BHESAN District : JUNAGADH 362 030 ( Gujarat )

Phone : 02873 – 252223 / 252267 / 252268 Fax : 0285-2661505 & 02873-252267-252268 Email : [info@aecbearings.com](mailto:info@aecbearings.com)

**DECLARATION BY CEO UNDER CLAUSE 49 OF THE LISTING AGREEMENT REGARDING ADHERENCE TO THE CODE OF CONDUCT:**

In accordance with Clause 49 Sub-Clause 1(D) of the Listing Agreement with the Stock Exchange, I hereby confirm that, all Directors and the Senior Management Personnel of the Company have affirmed compliance to their respective Codes of Conduct, as applicable to them for the Financial year ended on 31<sup>st</sup> March, 2009.

FOR AUSTIN ENGINEERING CO.LTD.

Place : Patla, Dist. Junagadh

Date : 23<sup>rd</sup> June, 2009

S.M.THANKI

MANAGING DIRECTOR

**Auditors' Certificate on Compliance with the conditions of Corporate Governance under clause 49 of the Listing Agreements:**

To the Members of **AUSTIN ENGINEERING CO. LTD.**

We have examined the compliance of conditions of Corporate Governance by AUSTIN ENGINEERING COMPANY LIMITED during the year ended on 31<sup>st</sup> March, 2009 as stipulated in Clause 49 of the Listing Agreement of the said Company with the stock exchange in India.

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

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

We 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.

For **Dhirubhai Dand & Co.**  
CHARTERED ACCOUNTANTS

Place: Junagadh.

Dated: 23<sup>rd</sup> June, 2009

**DHIRUBHAI H. DAND**

PROPRIETOR.



## AUDITORS' REPORT

To,

**The Members of AUSTIN ENGINEERING CO. LTD.**

We have audited the attached Balance Sheet of Austin Engineering Company Limited as at 31st March, 2009 and also the Profit & Loss Account for the year ended on that date annexed thereto and the Cash flow statement for the year ended on that date. 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.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

We report as follows:

1. As required by the Companies (Auditor's Report) Order, 2003 as amended by Companies (Auditor's Report) (Amendment) Order 2004 issued by the Central Government of India in terms of section 227 (4A) of the Companies Act, 1956, we enclosed in the annexure a statement on the matters specified in paragraphs 4 & 5 of the said Order.
2. Further to our comments in the Annexure referred in paragraph (1) above, we report that :
  - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - b) In our opinion, proper Books of Account as required by law have been kept by the company as far as appears from our examination of the books.
  - c) The Balance Sheet, Profit & Loss Account & Cash Flow Statement dealt with by this report are in agreement with the Books of Account.
  - d) In our opinion, the Balance Sheet, Profit & Loss Account & Cash Flow Statement comply with the accounting standards referred to in Sub. Section (3C) of Section 211 of the Companies Act, 1956.
  - e) On the basis of written representations received from the directors, as on 31.03.2009, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31.03.2009 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
  - f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements read together with the significant accounting policies and other notes thereon give the information required by the Companies Act, 1956, in the manner so required, and present a true and fair view in conformity with the accounting principles generally accepted in India;
    - (i.) in the case of the Balance sheet, of the state of affairs of the Company as at 31st March, 2009 ;
    - (ii.) in the case of the Profit & Loss Account, of the Profit for the year ended on that date; and
    - (iii.) in the case of Cash Flow Statement, of the Cash Flows for the year ended on that date.

For **DHIRUBHAI DAND & CO.,**  
Chartered Accountants

PLACE : JUNAGADH  
DATE : 23rd June, 2009

**DHIRUBHAI H. DAND**  
PROPRIETOR  
M. NO. 17117

## ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 1 of our report of even date)

- i) a) The Company has maintained proper records to show full particulars including quantitative details and situations of Fixed Assets (other than in respect of tools, dies, furniture & fixture).
  - b) As per the information and explanations given to us, the Fixed Assets of the Company have been physically verified by the Management at reasonable intervals and no serious discrepancies between the book records and physical verification were noticed.
  - c) During the year, the Company has not disposed off any substantial / major part of Fixed Assets.
- ii) a) As per the information and explanations given to us, the Inventories have been physically verified by the Management at reasonable intervals during the year.
  - b) In our opinion and as per the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
  - c) The Company has maintained proper records of Inventories. According to the information and explanations given to us, no material discrepancies were noticed on physical verification.
- iii) a) As per information furnished, the Company has not granted any Loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956, Accordingly, the provisions of clauses 4 (iii) (b) to (d) of the Order are not applicable.





- b) As per information furnished, the Company has not taken any Loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956, Accordingly, the provisions of clauses 4 (iii) (f) to (g) of the Order are not applicable.
- iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of Inventory and Fixed Assets and for the Sale of Goods and services. We have not observed any continuing failure to correct major weaknesses in the internal control system.
- v) In respect of transactions entered in the register maintained in pursuance of section 301 of the Companies Act, 1956 :
  - a) To the best of our knowledge and belief and according to the information and explanations given to us, particulars of contracts or arrangements that needed to be entered into the register have been so entered.
  - b) According to the information and explanations given to us and excluding certain transactions of purchase of goods, material and services of special nature for which alternate quotations are not available, the transactions in pursuance of such contracts or arrangements have been made at prices which are prima facie reasonable having regard to the prevailing market prices at the relevant time.
- vi) In our opinion and according to the information and explanations given to us, the Company has complied with the Provisions of Sections 58A and 58AA and other relevant provisions of the Companies Act, 1956, and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from public.
- vii) In our opinion, the Internal Audit functions carried out during the year by a firm of chartered accountants appointed by the management have commensurate with the size of the Company and nature of its business.
- viii) We have broadly reviewed the books of account and records maintained by the company relating to the manufacturing of bearings, pursuant to the order made by the Central Govt. for the maintenance of Cost Records U/s 209 (1) (d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have, however not made a detailed examination of the records with a view to determining whether they are accurate or complete.
- ix) According to information and explanations given to us and the records examined by us, the Company has generally been regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-Tax, Sales-Tax, Wealth-Tax, Service-Tax, Custom Duty, Excise Duty, Cess and other Statutory dues wherever applicable. According to information and explanations given to us, no undisputed arrears of Statutory dues were outstanding as at 31st March-2009, for a period of more than six months from the date they became payable.
- x) There are no accumulated losses of the Company as on 31st March-2009. The Company has not incurred any Cash losses during the financial year covered by our Audit and the immediately preceding financial year.
- xi) Based on our audit procedure and on the basis of information and explanation given by the management, we are of the opinion that, the Company has not defaulted in repayment of dues to Banks. The Company has no borrowings from financial institutions or by way of debentures.
- xii) Based on our examination of the records and the information and explanations given to us, the Company has not granted any Loans and / or Advances on the basis of security by way of pledge of Shares, Debentures and other securities.
- xiii) Clause (xiii) of the Order is not applicable to the Company as the Company is not a Chit fund Company or Nidhi / Mutual Benefit Fund / Society.
- xiv) Clause (xiv) of the Order is not applicable to the Company as the Company is not dealing or trading in Shares, Securities, Debentures and other Investments.
- xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- xvi) The term loans obtained by the company were applied only for the purposes for which the loans were obtained.
- xvii) According to the Cash Flow Statement and other records examined by us and the information and explanations given to us, on and over all basis, funds raised on short term basis have prima facie not been used during the year for long term investment.
- xviii) The company has not made any preferential allotment of shares during the year to parties of companies covered in the register maintained under section 301 of the Companies Act, 1956.
- xix) Clause (xix) of the Order is not applicable to the Company as the Company has not issued any Debentures.
- xx) The Company has not raised any money by Public Issues during the year covered by our report.
- xxi) As per the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For **DHIRUBHAI DAND & CO.,**  
Chartered Accountants

PLACE : JUNAGADH  
DATE : 23rd June, 2009

**DHIRUBHAI H. DAND**  
PROPRIETOR  
M. NO. 17117



## Balance Sheet as at 31st March, 2009

Particulars	Sch No.	2008-2009		2007-2008	
		Rs.	Rs.	Rs.	Rs.
<b>SOURCES OF FUNDS</b>					
<b>SHAREHOLDERS' FUNDS</b>					
Capital	1	35,112,500		35,310,000	
Reserves & Surplus	2	<u>304,198,833</u>	339,311,333	<u>266,960,564</u>	302,270,564
<b>LOAN FUNDS</b>					
Secured Loans	3		135,446,717		164,715,322
Deferred Tax Liabilities (Net)			<u>8,202,359</u>		<u>7,196,669</u>
TOTAL :			<u>482,960,409</u>		<u>474,182,555</u>
<b>APPLICATION OF FUNDS</b>					
Fixed Assets	4				
Gross Block		344,313,546		305,584,825	
Less: Depreciation		<u>183,847,746</u>	160,465,800	<u>171,005,377</u>	134,579,448
Investments	5		3,847,606		3,760,157
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>					
Inventories	6	285,516,305		284,664,968	
Sundry debtors	7	164,825,535		179,198,533	
Cash & Bank Balances	8	19,178,538		17,883,875	
Loans & Advances	9	<u>64,582,047</u>		<u>63,106,942</u>	
		<u>534,102,425</u>		<u>544,854,318</u>	
<b>Less: CURRENT LIABILITIES &amp; PROVISIONS 10</b>					
Liabilities		169,730,997		160,455,232	
Provisions		<u>45,724,425</u>		<u>48,556,136</u>	
		<u>215,455,422</u>		<u>209,011,368</u>	
NET CURRENT ASSETS			318,647,003		335,842,950
TOTAL :			<u>482,960,409</u>		<u>474,182,555</u>
NOTES ON ACCOUNTS	17				

As per our Report of even date

For **DHIRUBHAI DAND & Co.**,  
Chartered Accountants.DHIRUBHAI H. DAND  
Proprietor.Place : Junagadh  
Date : 23rd June, 2009

For and on behalf of the Board of Directors

**N. C. Vadgama** Chairman & Executive Director**S. M. Thanki** Managing Director**R. R. Bambhania** Jt. Managing Director**J. R. Bhogayta** Executive Director



**Profit & Loss Account for the Year ended 31st March, 2009.**

Particulars	Sch No.	2008-2009		2007-2008	
		Rs.	Rs.	Rs.	Rs.
<b>INCOME</b>					
Sales (Gross)	11	843,295,105		772,355,659	
Less : Excise Duty recovered on sales		<u>26,609,630</u>	816,685,475	<u>42,405,585</u>	729,950,074
Other Income	12		<u>15,761,610</u>		<u>16,981,569</u>
			832,447,085		746,931,643
Increase(Decrease) in Finished Goods.					
Semi Finished Goods & Trade Goods.	13		<u>2,593,916</u>		<u>63,122,587</u>
			<u>835,041,001</u>		<u>810,054,230</u>
<b>EXPENDITURE</b>					
Manufacturing and other exp.	14		599,177,289		617,073,292
Purchase of Trade Goods			82,912,047		68,770,912
Loss on Sale of Assets			-		170,706
Interest	15		19,277,295		17,760,793
Depreciation			<u>16,016,583</u>		<u>13,332,962</u>
			717,383,214		717,108,665
<b>Profit before Exceptional Item</b>			117,657,787		92,945,565
MTM Losses on Derivative Contracts for ineffective hedge			<u>22,955,000</u>		--
<b>Profit after Exceptional Item</b>			94,702,783		92,945,565
<b>Provision for taxation</b>					
- Current Tax			40,000,000		31,700,000
- Fringe Benefit Tax			1,050,000		1,050,000
- Deferred Tax			1,005,690		(5,978,398)
<b>Profit after tax</b>			<u>52,647,097</u>		<u>66,173,963</u>
Prior period Expenses (Income Tax )			1,242,484		1,755,061
Excess Provision of Income Tax W/Back			--		(642,391)
Profit for the Year			<u>51,404,613</u>		<u>65,061,293</u>
Balance brought forward from last year			<u>150,117,846</u>		<u>104,144,959</u>
<b>AMOUNT AVAILABLE FOR APPROPRIATION</b>			<u>201,522,459</u>		<u>169,206,252</u>
Appropriations:					
- Proposed Dividend			5,266,875		7,768,200
- Provision for Tax on Proposed Dividend			895,105		1,320,206
- Transfer to General Reserve			<u>6,000,000</u>		<u>10,000,000</u>
Balance Carried to Balance Sheet			<u>189,360,479</u>		<u>150,117,846</u>
NOTES ON ACCOUNTS	17				

As per our Report of even date

For **DHIRUBHAI DAND & Co.,**  
Chartered Accountants.

DHIRUBHAI H. DAND  
Proprietor.

Place : Junagadh  
Date : 23rd June, 2009

For and on behalf of the Board of Directors

**N. C. Vadgama** Chairman & Executive Director

**S. M. Thanki** Managing Director

**R. R. Bambhania** Jt. Managing Director

**J. R. Bhogayta** Executive Director

**SCHEDULE 1 : SHARE CAPITAL**

Particulars	2008-2009		2007-2008	
	Rs.	Rs.	Rs.	Rs.
<b>AUTHORISED :</b>				
40,00,000 Equity Shares of Rs.10 each		40,000,000		40,000,000
<b>ISSUED, SUBSCRIBED AND PAID UP :</b>				
35,11,250 Equity Shares of Rs.10 each fully paid up.	35,310,000		35,310,000	
(Previous Year 35,31,000 Equity Shares of Rs. 10 each fully paid up)				
Less : Equity Share Buy Back	197,500	35,112,500	--	35,310,000
Total :		35,112,500		35,310,000

**SCHEDULE 2 : RESERVES & SURPLUS****RESERVES :**

Capital Reserve		792,427		792,427
Cash subsidy reserve		2,935,458		2,935,458
Share Premium		86,795,000		86,795,000
Capital Reldemption Reserve				
Amt. Trasferred from General Reserve		197,500		--
<b>General Reserve :</b>				
As per last Balance Sheet	26,319,833		32,703,351	
Add:Transfer from Profit & Loss A/c	6,000,000		10,000,000	
Less : Tranfer to Captial Redemption Reserve	197,500		--	
Less : Premium Paid for Buy-back of Share	759,364		--	
Less : Transitional loss recognised pursuant to early adoption of Accounting standard-30 'Financial instruments Recognition and Measurement (refer note no.II)	7,245,000		--	
Less : Transitional adjustment for	--	24,117,969	16,383,518	26,319,833
Gratuity Liability Net of provided.		114,838,354		116,842,718

**SURPLUS :**

Profit & Loss A/c		189,360,479		150,117,846
Total :		304,198,833		266,960,564

**SCHEDULE 3 : SECURED LOANS**

(A) Deferred Payment Loan				
from ICICI Bank		69,192		842,631
from HDFC Bank		1,542,378		511,844
from CHOLAMANDLAM DBS Fin. Ltd.		655,580		1,183,016
(B) Term Loan				
1) from Bank of Baroda		13,446,741		12,290,141
2) from Bank of Baroda		15,901,841		21,001,272
(C) Working Capital Loan				
from Bank of Baroda		103,830,985		128,886,418
Total :		135,446,717		164,715,322

\* Borrowings under Item (A) is Secured against Hypothecation of Vehicles.

\* Borrowings under Item (B)(1) is Secured against Hypothecation of Mechinery.

\* Borrowings under Item (B)(2) is Secured against Hypothecation of Wind Power Machinery.

\* Borrowings under Item (C) is Secured against Hypothecation of all Stocks, Bill Discount and Book-debts and all movable machinery includir stores & spares, Equitable Mortgage of all Land & Building of the Company and against the personal guarantees of. Managing & whole-tir Directors


**SCHEDULE 4 : FIXED ASSETS**

SR NO	ASSETS	Gross Block				Depreciation				Net Block	
		Balance as at 31/03/2008	Addition During the year	Sales/Trans. During the year	Balance as at 31/03/2009	Provided Upto 31/03/2008	Provided During the year	Adjustment on account of Sales	Total as at 31/03/2009	Balance as at 31/03/2009	Balance as at 31/03/2008
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1	'aec' TRADE MARK	40,861,000	--	--	40,861,000	10,623,860	817,220	--	11,441,080	29,419,920	30,237,140
2	FREEHOLD LAND	71,871	--	--	71,871	--	--	--	--	71,871	71,871
3	LEASEHOLD LAND	96,408	--	--	96,408	--	--	--	--	96,408	96,408
4	FACTORY BUILDING	35,671,913	2,901,827	--	38,573,740	15538426	1229105	--	16,767,531	21,806,209	20,133,487
5	PLANT & MACHINERY	111,878,021	32,155,685	3,661,310	140,372,396	73629668	6899383	2,694,415	77,834,636	62,537,760	38,248,353
6	PLANT & MACHINERY(100% DEPRECIATION)	2,774,089	--	--	2,774,089	2774089	--	--	2,774,089	--	--
7	ELECTRIC INSTALLATION	8,796,939	409,058	--	9,205,997	8728368	232032	--	8,960,400	245,597	68,571
8	TOOLS DIES & MEASURING INSTRUMENTS	33,692,117	1,508,250	--	35,200,367	29701625	863965	--	30,565,590	4,634,777	3,990,492
9	FURNITURE & FIXTURE	9,146,540	946,079	--	10,092,619	5998137	573272	--	6,571,409	3,521,210	3,148,403
10	OFFICE & FACTORY EQUIPMENT	5,426,111	536,188	--	5,962,299	2066703	259536	--	2,326,239	3,636,060	3,359,408
11	VEHICLES	14,609,342	2,486,261	479,800	16,615,803	7119780	1130515	479,799	7,770,496	8,845,307	7,489,562
12	COMPUTERS & SOFWARES	7,252,764	1,926,483	--	9,179,247	6306148	360738	--	6,666,886	2,512,361	946,616
13	WIND ELECTRIC POWER CONVERTER	35,307,710	--	--	35,307,710	8518573	3650817	--	12,169,390	23,138,320	26,789,137
	<b>TOTAL</b>	<b>305,584,825</b>	<b>42,869,831</b>	<b>4,141,110</b>	<b>344,313,546</b>	<b>171,005,377</b>	<b>16,016,583</b>	<b>3,174,214</b>	<b>183,847,746</b>	<b>160,465,800</b>	<b>134,579,448</b>
	PREVIOUS YEAR	282,013,784	25,316,481	1,745,440	305,584,825	159,197,143	13,332,962	1,524,728	171,005,377	134,579,448	122,816,641

**SCHEDULE 5 : INVESTMENTS (AT COST)**

PARTICULARS	2008-2009			2007-2008		
	NO.OF SHARES	FACE VALUE Rs.	Rs.	NO.OF SHARES	FACE VALUE Rs.	Rs.
<b>LONG TERM INVESTMENTS :</b>						
<b>(A) UNQUOTED :</b>						
<b>Equity Share (Fully Paid)</b>						
Kowa Spining Ltd.	60,000	10	1,050,000	60,000	10	1,050,000
Investment in Subsidiary Company						
- Accurate Engineering Inc. - U.S.A.	25,000	US\$ 1	1,142,950	25,000	US\$ 1	1,142,950
<b>(B) QUOTED :</b>						
<b>Equity Share (Fully Paid)</b>						
Antifriction Brg.Cornp.	177	10	7,130	177	10	7,130
Asian Bearings Ltd.	100	10	1,525	100	10	1,525
A.J.Brothers Ltd.	3,800	10	57,000	3,800	10	57,000
Ahmedabad Gases Ltd.	3,900	10	39,000	3,900	10	39,000
Asahi Fibres Ltd.	3,000	10	30,000	3,000	10	30,000
Bagri Min & Chem Ltd.	2,600	10	26,000	2,600	10	26,000
Bhupendra Cap. & Fin.Ltd.	1,700	10	68,000	1,700	10	68,000
Damanat Cap.Markets Ltd.	9,300	10	279,000	9,300	10	279,000
Gujarat Meditech Ltd.	900	10	9,000	900	10	9,000
Hindustan Agri Ltd.	700	10	7,000	700	10	7,000
Kongarar Textiles Ltd.	600	10	27,000	600	10	27,000
Midpoint Soft. & Flec.Sys.Ltd.	1,500	10	15,000	1,500	10	15,000
Orissa Luminaries Ltd.	2,000	10	20,000	2,000	10	20,000
Recon Limited	700	10	70,000	700	10	70,000
Stiefel Und.Schuh (I) Ltd.	400	10	4,000	400	10	4,000
Supriya Pharma Ltd.	500	10	10,000	500	10	10,000
Tina Electronics Ltd.	1,100	10	11,000	1,100	10	11,000
Valley Abresive Ltd.	1,500	10	15,000	1,500	10	15,000
Thambi Modern Spng.Mills	600	10	30,000	600	10	30,000
Pennar Aqua Exports Ltd.	7,700	10	77,000	7,700	10	77,000
Indo Dutch Protiens Ltd.	700	10	7,000	700	10	7,000
Cosboard Ind. Ltd.	1,400	10	19,600	1,400	10	19,600



PARTICULARS	2008-2009			2007-2008		
	NO.OF SHARES	FACE VALUE Rs.	Rs.	NO.OF SHARES	FACE VALUE Rs.	Rs.
Narmada Geletine Cumu. Rede. Pre. Share	--	--	--	400	10	1336
Fag Bearings Ltd. Share	100	10	53650	50	10	32723
NRB Bearings share	50	2	4593	50	2	4593
Reliance Petro. Ltd. Share	1000	10	173913	750	10	130943
SKF Bearing Ltd. Share	300	10	104601	200	10	79713
Timken India Ltd.	50	10	7144	50	10	7144
<b>(C) DEBENTURE :</b>						
Essar Oil Ltd.	4,100	105	430,500	4,100	105	430,500
<b>(D) GOVERNMENT SECURITIES :</b>						
National Saving Certificate (Pledged as security to excise dept)			51,000			51,000
Total :			<u>3,847,606</u>			<u>3,760,157</u>
Aggregate Book Value of Investment						
- Unquoted			2,192,950			2,192,950
- Quoted Market Value Rs. 1047035 /- (Previous year Rs. 1111673/-)			1,603,656			1,516,207
- Government Securities			51,000			51,000
			<u>3,847,606</u>			<u>3,760,157</u>

**SCHEDULE 6 : INVENTORIES**

Particulars	2008-2009		2007-2008	
	Rs.	Rs.	Rs.	Rs.
[Valued as stated in the accounting policies in Note No. 1(iii)]				
Raw materials		51,383,518		52,780,916
Semi-finished goods		168,911,388		172,052,829
Finished goods		50,088,677		44,783,703
Stores and spares		5,158,234		6,635,760
Packing materials		4,170,323		3,037,978
Trade Goods		5,804,165		5,373,782
Total :		<u>285,516,305</u>		<u>284,664,968</u>

**SCHEDULE 7 : SUNDRY DEBTORS****UNSECURED -CONSIDERED GOOD**

Under Six Months Old		153,305,063		167,671,309
Over Six Months Old		11,520,472		11,527,224
Total :		<u>164,825,535</u>		<u>179,198,533</u>

**SCHEDULE 8 : CASH & BANK BALANCES**

Cash on Hand		2,022,953		592,218
Balance with Scheduled Bank				
In Current Account	9,945,842		8,193,647	
In Unpaid dividend A/c.	1,103,965		679,444	
In Fixed Deposit A/c.	6,105,778	17,155,585	4,571,778	13,444,869
Remittance In Transit		--		3,846,788
Total :		<u>19,178,538</u>		<u>17,883,875</u>



## HEDULE 9 : LOANS &amp; ADVANCES

Particulars	2008-2009		2007-2008	
	Rs.	Rs.	Rs.	Rs.
<b>UNSECURED - CONSIDERED GOOD :</b>				
Advances recoverable in cash or in kind or for value to be received.		15,994,154		18,540,028
Staff loan & advance		3,572,452		3,549,667
Other Loans		4,468,424		1,941,500
Sundry deposits		3,349,178		2,737,139
Advances for capital expenditure		4,364,435		7,597,455
Advances for expenses		28,997,992		23,910,426
Advances for raw materials		2,706,762		3,702,077
share application money		1,128,650		1,128,650
Total :		<u>64,582,047</u>		<u>63,106,942</u>

## SCHEDULE 10 : CURRENT LIABILITIES &amp; PROVISIONS :

## CURENT LIABILITIES :

Sundry creditors	109,221,663		127,268,939	
Other liabilcities	30,208,334		32,306,290	
Trade deposits	101,000		101,000	
Mark to Market loss on forward contract	30,200,000		--	
Interest Accured but not Due	--	169,730,997	779,003	160,455,232

## PROVISIONS :

Provision for Proposed Dividend	5,266,875		7,768,200	
Tax on Proposed Dividend	895,105		1,320,206	
Bonus Provision	9,256,529		8,187,200	
Gratuity Provision	25,373,891		19,652,550	
Income Tax provision (NET)	4,932,025	45,724,425	11,627,980	48,556,136
Total :		<u>215,455,422</u>		<u>209,011,368</u>

\* Sundry creditors include liability in respect of Capital Goods Rs. 18,64,846/- (Previous year Rs.10,20,543/-) Amount due to Directors of Rs. 3,03,600/- Previous year Rs.3,03,600/-).

\* The Company has not received information from vendors regarding their status under the Micro, Small and Medium Enterprise Development Act, 2006 and hence disclosure relating to amounts unpaid as at the year end together with interest paid / payable under this Act have not been given.

\* Other Liabilities include amount due to Directors Rs. 98,15,840 /- ( Previous Year Rs. 1,01,63,873/-).

## SCHEDULE 11 : SALES

Sales of Manufactured Goods	738,095,156	681,104,897
Sales of Trade Goods	105,199,949	91,250,762
(Inclusive of Excise duty & Sales Tax)		
Total :	<u>843,295,105</u>	<u>772,355,659</u>

## SCHEDULE 12 : OTHER INCOME

Job-work Income	876,441	1,323,142
Sales of scrap	4,068,921	4,129,382
Miscellaneous income	759,232	137,999
Interest Income	401,557	376,494
DEPB Licence Incentive	7,021,378	5,475,000
Dividend Income	2,433	708
Foreign Exchange Rate Diff. Income	11,639,990	--
Forward contracts - gains / (losses)	(9,452,914)	1,730,000
Profit on sale of Assets	208,050	285,994
Profit on sale of Shares	--	27,583
Tooling charges	--	3,310,136
Sales tax Refund	236,522	185,131
Total :	<u>15,761,610</u>	<u>16,981,569</u>



## SCHEDULE 13 : INCREASE(DECREASE) IN FINISHED GOODS, SEMI-FINISHED GOODS AND TRADE GOODS.

Particulars	2008-2009		2007-2008	
	Rs.	Rs.	Rs.	Rs.
<b>FINISHED GOODS:</b>				
Opening Stock	44,783,703		43,387,727	
Closing Stock	<u>50,088,677</u>	5,304,974	<u>44,783,703</u>	1,395,976
<b>SEMI-FINISHED GOODS:</b>				
Opening Stock	172,052,829		109,771,931	
Closing Stock	<u>168,911,388</u>	(3,141,441)	<u>172,052,829</u>	62,280,898
<b>TRADE GOODS</b>				
Opening Stock	5,373,782		5,928,069	
Closing Stock	<u>5,804,165</u>	430,383	<u>5,373,782</u>	(554,287)
Total :		<u>2,593,916</u>		<u>63,122,587</u>

## SCHEDULE 14 : MANUFACTURING AND OTHER EXPENSES

<b>Raw Material consumed</b>				
as per schedule-16		254,740,308		280,859,547
Stores & Spares consumed		57,989,908		45,158,925
Packing materials consumed		13,188,377		14,484,018
Power & Fuel		4,269,140		4,099,322
Job work charges		91,084,712		95,294,670
<b>Employee's remuneration &amp; benefits:</b>				
Salary, wages & bonus	73,231,688		62,147,534	
[(including Directors Remuneration Rs. 3,643,200/- (Previous Year Rs. 3,643,200/-)]				
Contribution to P.F. & E.S.I.	6,135,869		5,500,316	
Welfare expenses	<u>1,836,872</u>	81,204,429	<u>1,568,114</u>	69,215,964
Foreign Exchange Rate Diff.		--		2,164,669
Travelling Exp.		7,041,815		5,822,927
<b>Repairs :</b>				
Machinery	1,772,178		2,441,114	
Others	491,311		586,430	
Building	<u>673,093</u>	2,936,582	<u>444,371</u>	3,471,915
Rent, rates & taxes		354,264		289,231
Insurance		812,941		766,867
<b>Selling Expenses :</b>				
Advertisement	238,968		245,603	
Sales commission	21,250,108		22,652,163	
Sales promotion	4,783,668		5,839,732	
Sales-tax	9,102,302		13,363,735	
Discount	3,935,073	39,310,119	4,606,352	46,707,585
Bad - Debt Written Off		1,083,752		3,321,651
Service Tax		--		174,790
Expenses Relating to Buy Back of Shares		435,019		--
Misc.Expenses		<u>44,725,923</u>		<u>45,241,211</u>
Total :		<u>599,177,289</u>		<u>617,073,292</u>





**SCHEDULE 15 : INTEREST**

Particulars	2008-2009		2007-2008	
	Rs.	Rs.	Rs.	Rs.
Bank Interest				
Term Loan	3,563,763		3,692,165	
Others	13,223,354	16,787,117	11,299,365	14,991,530
Others		2,490,178		2,769,263
Total :		<u>19,277,295</u>		<u>17,760,793</u>

**SCHEDULE 16 : RAW MATERIALS CONSUMED**

Opening Stock	52,780,916	34,875,306
Add: Purchases	256,420,436	302,048,126
	<u>309,201,352</u>	<u>336,923,432</u>
Less: Sales	3,077,526	3,282,969
	<u>306,123,826</u>	<u>333,640,463</u>
Less: Closing Stock	51,383,518	52,780,916
Total :	<u>254,740,308</u>	<u>280,859,547</u>

**SCHEDULE 17 :**

Significant Accounting Policies & Notes forming part of the Accounts for the year ended 31st March, 2009.

**1 Significant Accounting policies :**

[i] Basis of Accounting :

The Accounts have been prepared primarily on the basis of historical cost except where specifically stated.

[ii](a) Fixed Assets & Depreciation:

Fixed assets are stated at cost less depreciation. Cost of acquisition or construction is inclusive of duties, taxes and other incidental expenses.

Depreciation on assets is provided on the basis of Straight Line Method at the rates prescribed in Schedule XIV of the Companies Act, 1956. In respect of the assets added during the Period, the depreciation is provided on pro-rata basis from the date of such assets first put to use till the end of the financial year. No depreciation is charged on assets sold during the year.

(b) Intangible Assets amortized as follows:

Trademark is amortized over the useful life estimated by the management.

[iii] Inventories :

Inventories are valued at the lower of cost and net realizable value. Cost is determined on the weighted average basis and where applicable, includes the cost of material (net of available Cenvat credit), labour and factory overheads. Finished products also include excise duty on products manufactured.

[iv] Cenvat:

Cenvat benefit is accounted for by reducing the purchase cost of the materials/ fixed assets.

[v] Foreign Currency Transaction:

Transactions in foreign currency are recorded at the exchange rate prevailing at the time of the transaction.

Monetary items denominated in Foreign Currencies at the year end and not covered by forward exchange contract are translated at year end rates and those covered by forward exchange contracts are translated at the rate ruling at the date of transaction as increased or decreased by the proportionate difference between forward rate and exchange rate on the date of transaction, such difference having been recognized over the life of the contract.

[vi] Retirement benefits

- A) Company's contributions Payable during the year to the Government Provident fund and ESIC, which are defined contribution schemes, are charged to the Profit & Loss Account.
- B) Gratuity and leave encashment which are defined benefits, are accrued based on actuarial valuation at the balance sheet date, carried out by an independent actuary.
- C) Actuarial gains/losses in respect of defined benefits are immediately taken to Profit & Loss account and are not deferred.



[vii] Excise:

Excise Duty has been accounted on the basis of, both, payments made in respect of goods cleared as also provision made for goods lying in bonded warehouse.

[viii] Dividend

Dividend whenever proposed by the Board of Directors as appropriation of profits are provided for in the books of account, pending approval of the shareholders at the annual general meeting.

[ix] Contingent liability:

Liabilities in respect of Show Cause Notices received are considered as contingent liabilities only when they are converted into demands and contested by the Company.

Contingent liabilities not provided for in the accounts are shown separately in notes on accounts.

[x] Investment:

Investments are classified into long term investment. Investments are stated at cost. A provision for diminution is made to recognize a decline, other than temporary, in the value of long term investments.

[xi] Export Incentives:

Export Incentives relating to DEPB Licenses are accounted in the year of export on accrual basis considering the realizable value thereof.

[xii] Taxation:

The deferred tax asset and deferred tax liability is calculated by applying tax rate and tax rules that have enacted or substantially enacted by the Balance Sheet date. Deferred tax assets arising mainly on account of brought forward business losses and unabsorbed depreciation allowance under tax laws, are recognized only if there is a virtual certainty of its realization. Deferred tax assets on account of other timing differences are recognized only to the extent there is a reasonable certainty of its realization. At each balance sheet date, the carrying amount of deferred tax assets are reviewed to re-assure realization.

[xiii] Derivative instruments and hedge accounting

The company uses foreign exchange forwards contracts to hedge its exposure to movements in foreign exchange rate. This foreign exchange forward contracts is not used for trading or speculation purposes. The accounting policies for forward contracts is based on whether it meet the criteria for designation as effective cash flow hedges. To designate the forward contract as an effective cash flow hedge, the company objectively evaluates with appropriate supporting documentation at the inception of the each contract whether the contract is effective in achieving offsetting cash flows attributable to the hedged risk. Effective hedge is generally measured by comparing the cumulative change in the fair value of the hedge contracts with a cumulative change in the fair value of the hedged item. For forward contracts that are designated as effective cash flow hedges, the gain or loss from the effective portion of the hedge is recorded and reported directly in the shareholders' fund (under the head "hedging reserve") and are reclassified into the profit & loss account upon the occurrence of the hedged transactions. The company recognizes gains or losses from changes in fair value of forward contracts that are not designated as effective cash flow hedges for accounting purposes in the profit and loss account in the period the fair value changes occur.

**2 Contingent liabilities not provided for in respect of:**

- [i] The assessment of the erstwhile dissolved firm and its partners are completed in respect of the period for and upto the date of dissolution. The assessment is disputed and the appeals are filed before Appellate authorities against the said orders of the assessment. Appeals are not yet decided and hence the amount of liability in this respect if any, is not ascertainable.
- [ii] The claim of the agent of M/s. Accurate Engineering Company for the commission on the sales effected by the Company is not accepted. The matter is under dispute in the court and the amount is not ascertainable.
- [iii] Bank guarantees outstanding as at 31st March, 2009 for which the Company has given counter guarantees amounting to Rs. 1,49,96,865/- (Previous year Rs. 1,74,13,473/-).
- [iv] Income Tax liabilities pertaining to previous assessment amounting to Rs. 2.69 lacs (previous year Rs. 2.69 lacs) have been disputed by the Company. Out of these liabilities a sum of Rs. 2.69 lacs (previous year RS. 2.69 lacs) is paid under protest.

3 In the opinion of the Board of Directors, current assets and loans and advances have a value on realization in ordinary course of business at least equal to the amount at which they are stated.

4 Confirmations of debit/credit balances have not been received and hence these balance are subject to adjustment if any.

**5 BUY BACK OF SHARES :**

The Board of Directors of the Company at its meeting held on January 8, 2009, had approved the Buy-back of the equity shares of Rs. 10 each, not exceeding 4,50,000/- number of equity shares from the existing owners, at a maximum price of Rs.65 per equity share, for an aggregate amount not exceeding Rs. 2,92,50,000/-, from the open market through stock exchange(s) in terms of the SEBI (Buy Back of Securities) Regulations, 1998 and subsequent amendments thereof, pursuant to the first proviso to clause (b) of sub-section (2) of Section 77A, 77AA and 77B of the Companies Act, 1956. Consequently, the Company made a public announcement dated January 19, 2009 regarding Buy- back of equity shares.

As of March 31, 2009, the Company has bought back 19,750 equity shares of Rs. 10 each at an average price of Rs. 48.45 per share, utilizing a sum of Rs. 9,60,311/- (inclusive of brokerage and applicable taxes total amount Rs. 3,448/-). Out of this, 17,075 equity shares of Rs. 10 each have been extinguished till the year end and 2,675 shares, lying in share suspense account as at the year end, have been extinguished subsequent to the balance sheet date. The amount of Rs. 7,59,364/- paid towards buy back of shares, in excess of the face value, has been charged to General Reserve Account. The Company has also transferred Rs 1,97,500/- from free reserves to Capital Redemption Reserve Account, which represents the nominal value of shares bought back during the year.



## AUSTIN ENGINEERING COMPANY LIMITED

### 6 ADDITIONAL INFORMATION PURSUANT OF PARAGRAPH 3(i),(ii),4B,4C AND 4D OF PART II OF SCHEDULE :

(a) Auditors remuneration: (net of service tax )

	2008-2009	2007-2008
(i) Audit fees	200000	175000
(ii) Taxation audit fees	50000	50000
(iii) Income tax Matter	165000	165000
(iv) Miscellaneous certificates out of pocket expence	60000	60000
	<u>475,000</u>	<u>450,000</u>

(b) Information for each class of goods manufactured during the year

Class of goods	Units	Licenced Capacity		Installed Capacity		Actual Production	
		2008-2009	2007-2008	2008-2009	2007-2008	2008-2009	2007-2008
Bearings	Nos.	-	-	1,700,000	1,700,000	903,013	1,172,080
Components	Nos.	-	-	-	-	1,476,124	2,308,439
Wind Power (Electricity)	MW/KWH	-	-	0.800 MW	0.800 MW	1,231,022 KWH	1,328,164 KWH

- No licence is required for the Industrial units of the company . However the said unit is registered with DGTD.
- Wind power (electricity) includes captive consumption 1181783 KWH (Previous Year 1275039).
- As per the agreement entered into with GEDA, the company gets credit for the unit generated by the Wind Power for the actual power consumed by it after deduction of 4 % for wheeling charges.

(c) Information of opening stock,closing stock and sales of goods manufactured

Particulars	2008-2009		2007-2008	
	Qty	Value in Rs.	Qty	Value in Rs.
Opening Stock				
Bearings	186864	38654073	207961	37881788
Components	69986	6129630	84006	5505939
Closing Stock				
Bearings	208144	42778657	186864	38654073
Components	123451	7310020	69986	6129630
Sales				
Bearings	881308	489537871	1192645	486242157
Components	1422649	248557285	2322404	194862739

(d) Information of the raw materials and bought out components consumed.

(i) Raw materials and bought out components consumed.

Particulars		2008-2009		2007-2008	
		Qty	Value in Rs.	Qty	Value in Rs.
Steel Bars & Tubes	Kgs.	1117533	60756193	1219021	54619833
Steel Wire	Kgs.	116523	7621376	172376	8962784
Steel Balls	Pcs.	7255614	14972252	10433088	18247498
CRCA sheets	Kgs.	112056	5387993	164837	6636489
Races	Pcs.	711321	28256678	939206	38342507
Cages	Pcs.	785980	26062204	922170	23383469
Rollers	Pcs.	4005983	7723336	4939756	8557618
S.M.Race & Forged Ring	Pcs.	801564	103293946	1530226	120143805
Miscellaneous		-	666330	-	1965544
Total :			<u>254,740,308</u>		<u>280,859,547</u>

(ii) Value of raw materials and components consumed

	% of total Consumption	Value in Rs.	% of total Consumption	Value in Rs.
Imported at landed cost	2.49	6,341,840	2.26	6,341,840
Indigenously obtained	97.51	248,398,468	97.74	274,517,707
	100.00	254,740,308	100.00	280,859,547

(iii) The stores and spares consumed :

Imported at landed cost	-	-	-	-
Indigenously obtained	100.00	57,989,908	100.00	45,158,925
	100.00	57,989,908	100.00	45,158,925

(e) Information in respect of Trading Activities.

Particulars	2008-2009		2007-2008	
	Qty	Value in Rs.	Qty	Value in Rs.
Opening Stock :				
Bearings	53737	5354482	75255	5928069
Components	1002	19300	-	-
Purchase :				
Bearings	590839	82675127	584379	68559222
Components	6335	236920	7521	211690
Sales :				
Bearings	591865	104867251	605897	90918190
Components	5125	332698	6519	332572
Closing Stock :				
Bearings	52711	5742847	53737	5354482
Components	2212	61318	1002	19300

(f) CIF Value of Imports

Raw materials	2,227,449	6,589,858
Trade Goods	-	-
Capital goods	8,848,259	1,038,522
Spares	-	-

(g) Expenditure in foreign currency in respect of

- Travelling	667,224	213,445
- Sales Commission	5,425,586	3,183,402
- Marketing & Sales Promotion Exp.	213,156	-
- FCNR Loan Interest	1,537,951	7,525,834

(h) Earnings in foreign exchange

Export of goods calculated on F.O.B. basis	498,575,774	335,164,535
Tooling Charges Income	-	3,310,136

**7 DETAILS OF SEGMENT REPORTING :**

The company has identified two reportable Segments viz. Bearing and Power.

**(1) PRIMARY SEGMENT:**

Particulars	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
	Bearing	Bearing	Power	Power	Total	Total
<b>A. SEGMENT REVENUE</b>						
Sales & Power Generate	832,447,085	746,931,643	5,360,389	5,574,979	837,807,474	752,506,622
Other Unallocated Revenue	-	-	-	-	-	-
Total :	832,447,085	746,931,643	5,360,389	5,574,979	837,807,474	752,506,622
Less: Inter Segment Revenue	-	-	5,360,389	5,574,979	5,360,389	5,574,979
Net Income from Operation	832,447,084	746,931,643	-	-	832,447,085	746,931,643



Particulars	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
	Bearing	Bearing	Power	Power	Total	Total
<b>B. SEGMENT RESULTS</b>						
Profit/ (Loss) Before						
Tax & Interest	135,356,093	108,938,441	1,578,989	1,767,917	136,935,082	110,706,358
LESS : Interest	-	-	-	-	19,277,295	17,760,793
Other unallocated Expenses	-	-	-	-	22,955,000	-
<b>Total Profit Before Tax</b>	<b>135,356,093</b>	<b>108,938,441</b>	<b>1,578,989</b>	<b>1,767,917</b>	<b>94,702,787</b>	<b>92,945,565</b>

**C. CAPITAL EMPLOYED**

(Segment Assets - Segment Liabilities )

Segment Assets	674,746,141	655,763,924	23,669,690	27,429,99	698,415,831	683,193,923
Add: Common assets	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>674,746,141</b>	<b>655,763,924</b>	<b>23,669,690</b>	<b>27,429,99</b>	<b>698,415,831</b>	<b>683,193,923</b>
Segment Liabilities	328,838,318	343,631,337	15,901,841	21,006,947	344,740,159	364,638,284
Add: Common Liabilities	-	-	-	-	14,364,339	16,285,074
<b>TOTAL LIABILITIES</b>	<b>328,838,318</b>	<b>343,631,337</b>	<b>15,901,841</b>	<b>21,006,947</b>	<b>359,104,498</b>	<b>380,923,359</b>
<b>SEGMENT CAPITAL EMPLOYED</b>	<b>345,907,823</b>	<b>312,132,587</b>	<b>7,767,849</b>	<b>6,423,052</b>	<b>339,311,333</b>	<b>302,270,564</b>

**(2) GEOGRAPHICAL SEGMENTS :**

(a) The following table shows the distribution of the company's sales by geographical market :

Revenue	2008-2009	2007-2008
Within India	316,000,679	387,429,393
Overseas	500,684,796	342,520,681
<b>Total :</b>	<b>816,685,475</b>	<b>729,950,074</b>

(b) Assets base on geographical location :

	Carrying Amount of Segment assets		Addition to Fixed Assets and Intangible Assets	
	2008-2009	2007-2008	2008-2009	2007-2008
Within India	609,679,712	618,571,656	34,021,572	24,277,959
Overseas	88,736,119	64,622,267	8,848,259	1,038,522
<b>Total:</b>	<b>698,415,831</b>	<b>683,193,923</b>	<b>42,869,831</b>	<b>25,316,481</b>

**8 EARNINGS PER SHARE :**

	2008-2009	2007-2008
Basic Earnings per Share	Rs. 14.64	18.43
Diluted Earnings per Share	Rs. 14.64	10.43
Nominal value per Share	Rs. 10.00	10.00

Earning per share is calculated by dividing the profit attributable to the Equity Shareholders by the number of Equity Shares outstanding during the period. The numbers used in Calculating basic and diluted earnings per Equity Share are as stated below:

Profit Rs.	51,404,613	65,061,293
------------	------------	------------

The no. of shares outstanding during the period : 3511250      3531000

**9 DEFERRED TAX LIABILITEIS / (ASSETS) :**

Particulars	as at 31.03.2009	as at 31.03.2008
Deferred Tax Liabilities on account of Difference between book & Tax Depreciation	14,931,824	14,151,527
Deferred Tax Assets on account of Employees Benefits	(6,729,465)	(6,954,858)
<b>Total:</b>	<b>(6,729,465)</b>	<b>(6,954,858)</b>
Deferred Tax Liabilities/(Assets) (Net)	8,202,359	7,196,669



## 10 AMORTISATION OF INTANGIBLE ASSETS :

In accordance with the accounting standard 26 "Intangible assets" issued by the Institute of Chartered Accountants of India intangible assets are amortised as follows :

- (a) Considering the legal rights are renewable, renewal is virtually certain and economic benefits to be derived, the useful life of 50 years of Trademark is estimated by the Management and hence the Cost of Trademark is amortised over 50 years. For the year Rs. 8,17,220/- (Previous year Rs. 8,17,220/-) is charged to profit & loss account.

## 11. Forward contract in foreign currencies - Hedging and Derivatives :

The Company uses foreign exchange forward contracts to hedge its exposure to movement in foreign exchange rates for cash flow. The use of these foreign exchange forward contracts reduce the risk or cost to the company and the company does not use those for trading or speculation purposes .

Effective from June 1, 2008, the Company adopted AS - 30, " Financial Instruments : Recognition and Measurement ", to the extent that the adoption did not conflict with existing accounting standards and other authoritative pronouncements of the Company Law and other regulatory requirements.

The Company records the gain or loss on effective hedges, if any, in the Hedging Reserve Account until the transaction are complete. On completion, the gain or loss is transferred to the Profit and Loss Account of that period. To designate a forward contract as an effective hedge, the management objectively evaluates evidence with appropriate supporting documents at the inception of each contract whether the contract is effective in achieving offsetting cash flows attributable to the hedged risk . In the absence of a designation as effective hedge, a gain or loss is recognized in the Profit and Loss Account. Currently hedge undertaken by the Company are all ineffective in nature and the resultant gain or loss consequent to fair valuation is recognized in the profit and Loss Account at each reporting date.

Pursuant to the adoption of the said AS - 30, Transitional loss representing the loss on fair valuation of foreign currency forward contract, determined to be ineffective cash flow hedge on the date of adoption, amounting to Rs. 72.45 lacs has been adjusted against the opening balance of General Reserve Account in the Balance Sheet .

The company has outstanding foreign exchange forward contract aggregating Rs. 16.23 Crores. Although this contract is effective as hedge from an economic perspective , they do not qualify for hedge accounting due to ineffectiveness in nature and accordingly these are accounted as derivatives instruments at fair value with changes in fair value recorded in the Profit and Loss Account .

Exchange Loss of Rs. 94,52,914/- ( Previous Year Exchange gain Rs. 17,30,000/- ) on foreign exchange forward contracts has been recognized in the year ended March 31, 2009.

## 12 IMPAIRMENT OF ASSETS :

The Company has adopted the provisions of Accounting Standard - 28 on "Impairment of Assets" as recommended by the Institute of Chartered Accountants of India during the financial year. On the assessment made by the Management and the Valuation Report of the approved Valuer, there is no impairment of assets and therefore no provisions for impairment of loss is required.

## 13 RELATED PARTY INFORMATION :

Disclosures in respect of related parties (as defined in Accounting Standard 18), with whom transactions have taken place during the year are given below:

### (1) Relationship

(a) Enterprises where control of Key Management Personnel and/or their relatives exists.

- |                                      |                               |                       |
|--------------------------------------|-------------------------------|-----------------------|
| (1) Max Precision Bearings Pvt. Ltd. | (2) Austin Traders            | (3) SNR Enterprises   |
| (4) Optimum Services Inc.            | (5) Accord Precision Products | (6) Keyur Enterprises |

(b) Key Management Personnel

- (1) Mr. S M Thanki (2) Mr. N C Vadgama (3) Mr. R. R Bambhania (4) Mr. J R Bhogayta

(c) Relative of Key Management Personnel

- |                                |                            |                             |                             |
|--------------------------------|----------------------------|-----------------------------|-----------------------------|
| (1) Mr. S. M. Thanki HUF       | (2) Mr. N. C. Vadgama HUF  | (3) Mr. R. N. Bambhania HUF | (4) Mr. J. R. Bhogayata HUF |
| (5) Mr. Chandulal N. Bambhania | (6) Mr. Rajan R. Bambhania | (7) Mr. Jignesh S. Thanki   | (8) Mr. Hiren N. Vadgama    |

(d) Subsidiary Company :

Acurate Engineering Inc. - U.S.A.

Note : Related party relationship is as identified by the company and relied upon by the auditors.



**(2) Transaction with Related Parties**

Particular	Related Parties							
	Referred in 1 (a) above		Referred in 1 (b) above		Referred in 1 (c) above		Referred in 1 (d) above	
	2008-2009	2007-2008	2008-2009	2007-2008	2008-2009	2007-2008	2008-2009	2007-2008
<b>INCOME</b>								
1) Sales of Goods & Mat.	9110756	9063382	-	-	-	-	95685308	79896735
2) Job Work	876441	1323142	-	-	-	-	-	-
3) Tooling Charges	-	-	-	-	-	-	-	55388
<b>EXPENSES</b>								
1) Purchase of Goods & Mat.	75735451	55580760	-	-	-	-	73245	-
2) Remuneration	-	-	4091378	4095947	1313187	1492975	-	-
3) Jobwork	38116322	30418867	-	-	-	-	-	-
4) Interest	-	-	51163	65724	1884178	1848144	-	-
SALE OF ASSETS	345000	-	-	-	-	-	-	-
PURCHASE OF ASSETS	310000	-	-	-	-	-	-	-
<b>OUTSTANDING</b>								
Payable	11414720	8209556	303600	800720	13896558	13397671	103378	30133
Receivable	5922107	7439652	14754	-	-	-	19467373	13947230
Corporate Loan Repayment	-	-	-	-	-	-	-	1089750

**14. LOANS AND ADVANCES IN THE NATURE OF LOANS TO SUBSIDIARIES :**

NAME OF THE COMPANY	PARTICULARS	As at 31.03.2009		As at 31.03.2008	
		BALANCE O/S	MAXIMUM AMOUNT O/S DURING THE YEAR	BALANCE O/S	MAXIMUM AMOUNT O/S DURING THE YEAR
ACCURATE ENGINEERING INC.	CORPORATE LOAN	-	-	-	1089750

**15. DERIVATIVES AND FOREIGN CUURENCY EXPOSURES :**

The Company uses forward contract to mitigate its risks associated with foreign currency fluctuations having underlying transaction in relation to Sale of goods. The company does not enter into any forward contract which is intended for trading or speculative purposes. The details of forward contracts outstanding at the year end is as follows :-

	Number of Contracts		Amount in foreign currency		Equivalent amount in Rs.	
	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
Currency U S D	NIL	1	NIL	2398384	NIL	95000000

The details of foreign currency exposures that are not hedged by derivative instrument or otherwise are summarised below :

Particulars	Amount in foreign currency		Equivalent amount in Rs.	
	2008-09	2007-08	2008-09	2007-08
Payable	NIL	NIL	NIL	NIL
Receivable				
EURO	990109	781329	60987837	45903087
USD	602397	471516	27748282	18719180
Total :			88736119	64622267
BANK				
USD EEFC BANK ACCOUNT			NIL	NIL

**16. REMITTANCE IN FOREIGN CUURENCY ON ACCOUNT OF DIVIDEND :**

The company has paid dividend in respect of shares held by Non Residents Share Holders :

	2008-09	2007-08
Number of share holder	1	1
Number of shares held	80000	80000
Amounts remitted	176000	160000
Year to which dividend relates	2007-08	2006-07

**17. DISCLOSURES IN RESPECT OF DEFINED CONTRIBUTION PLAN, RECOGNISED AS EXPENSES FOR THE YEAR IS AS UNDER :**

	2008-09	2007-08
Employer's Contribution to Provident Fund	6,135,869	5,500,316

**Disclosures in respect of Defined benefit plans in respect of Leave Encashment and Gratuity :**

The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method for gratuity and Leave Encashment.

The amount recognised in the Balance Sheet are as follows :

	Gratuity		Leave Encashment	
	2008-09	2007-08	2008-09	2007-08
Present Value of obligation ( Total Funded & Unfunded )	26,902,875	21,354,525	793,739	641,440
Fair value of plan assets	1,528,984	1,701,975	-	-
Unrecognised past service cost	-	-	-	-
Net liability in the Balance Sheet - (Un - funded )	25,373,891	19,652,550	793,739	641,440

**The amount recognised in the Profit & Loss A/c are as follows :**

Current Service cost	1611,731	1,334,748	763,659	649,071
Interest on obligation	1,708,122	1,571,935	51,315	55,416
Expected return on plan assets	-	-	-	-
Net actuarial losses (gains) recognised in year	2,557,656	(470,454)	(662,675)	339,796
past service cost	-	-	-	-
Losses (gains) on curtailment and settlements	-	-	-	-
Total included in 'employee benefit expenses'	5,721,336	2,436,229	-	1,044,283
Actual return on plan assets	130,808	155,856	-	-

Changes in the present value of the defined benefit obligation representing reconciliation of opening and closing balances thereof are as under :

Opening defined benefit obligation	21,354,525	19,648,647	641,440	692,703
Prior period adjustment	-	-	-	-
Service cost	1,611,731	1,334,748	763,659	649,071
Interest Cost	1,708,122	1,571,935	51,315	55,416
Actuarial losses ( gains )	2,557,656	(470,454)	517,223	339,796
Benefits Paid	329,159	(730,351)	1,179,898	1,095,546
closing defined benefit obligation	26,902,875	21,354,525	793,739	641,440

Changes in the fair value of plan assets representing reconciliation of the opening and closing balances thereof are as follows :

Opening fair value of plan assets	1,701,975	876,470	-	-
Expected Return	130,808	155,856	-	-
Actuarial gains and (losses)	-	-	-	-
Contribution by Employer	25,360	1,400,000	-	-
benefits paid	329,159	730,351	-	-
Closing fair value of plan assets	1,528,984	1,701,975	-	-

Principal actuarial assumptions at the balance sheet date





Discount rate per annum as at 31st March, 2009	8.00%	8.00%	-	8.00%
Expected return per annum on plan assets as at 31 .03. 09	9.00%	9.00%	-	0.00%
Salary Escalation per Annum	5.00%	5.00%	-	5.00%
Retirement Age	60 years	60 years	-	60 years
Mortality	LIC 1994-96 Ultimate		LIC 1994-96-Ultimate	
Withdrawal Rates	1.00%	1.00%	1.00%	1.00%

The estimates of future salary increases, consideration in actuarial valuation take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

18 Previous year figures have been regrouped/ rearranged in view of the easy comparison with current year figures

19 The paises have been eliminated to the nearest rupees for convenience

**SIGNATURES TO THE SCHEDULES 1 TO 17**

As per our Report of even date

For **DHIRUBHAI DAND & Co.,**  
Chartered Accountants.

**DHIRUBHAI H. DAND**  
Proprietor.

Place : Junagadh  
Date : 23rd June, 2009

For and on behalf of the Board of Directors

**N. C. Vadgama** Chairman & Executive Director

**S. M. Thanki** Managing Director

**R. R. Bambhania** Jt. Managing Director

**J. R. Bhogayta** Executive Director





## CASH FLOW STATEMENT

AS ON 31st MARCH, 2009 AS PER CLAUSE 32 OF THE LISTING AGREEMENT

(Rs.in Lacs)

PARTICULARS	2008-2009	2007-2008
<b>A CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Net Profit (Loss)before tax & Extraordinary Items :	947.02	929.46
<b>Adjustments for:</b>		
Depreciation	160.17	133.33
Interest Paid	192.77	177.61
MTM Losses on derivative contracts for ineffective hedge	229.55	--
Profit on sale of Assets/shares	(2.08)	(3.14)
Interest/Dividend Income	(4.04)	(3.77)
Income Tax Expenses	(12.42)	(11.12)
Loss on sales of assets/shares	-	1.71
	<u>563.94</u>	<u>294.62</u>
Operating Profit before working capital changes	1,510.96	1,224.08
<b>Adjustments for :</b>		
Trade and other receivables	128.98	(11.14)
Inventories	(8.51)	(817.42)
Trade payables	(141.34)	164.74
Cash generated from operations	<u>1,490.08</u>	<u>560.26</u>
Direct taxes paid	(477.46)	(337.92)
Net Cash From Operating Activities :	<u>1,012.62</u>	<u>222.34</u>
<b>B CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Proceeds from Issue of Share Capital (Buybacks of shares)	(9.57)	-
Purchase of Fixed Assets	(428.70)	(253.16)
Purchase of Investments	(0.87)	(2.81)
Sale of Fixed Assets	11.75	3.36
Sale of Investments	-	0.56
Interest/Dividend Received	4.04	3.77
Net Cash used in investing activities	<u>(423.34)</u>	<u>(248.27)</u>
<b>C CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Proceeds of Long Term Borrowings	(292.69)	392.03
Dividend Paid	(77.68)	(70.62)
Dividend Tax Paid	(13.20)	(12.00)
Interest paid	(192.77)	(177.61)
Net Cash used in financial activities	<u>(576.34)</u>	<u>131.80</u>
Net increase in cash and cash equivalents(A+B+C)	<u>12.95</u>	<u>105.87</u>
Cash and Cash equivalents (Opening Balance)	178.84	72.97
Less : Cash and cash equivalents(Closing Balance)	191.79	178.84
	<u>12.95</u>	<u>105.87</u>

Note:Figures in bracket denote payment.

For and on behalf of the Board

Place : Patla. (Dist.Junagadh)

N. C. Vadgama

Date : 23rd June, 2009

Chairman &amp; Executive Director

## AUDITORS' REPORT :

We have verified the attached Consolidated Cash Flow Statement of Austin Engineering Co. Ltd. And its subsidiary derived from audited consolidated financial statements and the books and records maintained by the Company for for the year ended **31st March, 2009** and **31st March, 2008** found the same in agreement therewith.

For **DHIRUBHAI DAND & Co.**,  
Chartered Accountants.

Place : Junagadh

**DHIRUBHAI H. DAND**

Date : 23rd June, 2009

Proprietor.



**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**  
AS PER SCHEDULE VI, PART(IV) OF THE COMPANIES ACT, 1956.

I. Registration Details

Registration No. **L 2 7 2 5 9 G J 1 9 7 8 P L C 0 0 3 1 7 9**

State Code **0 4**

Balance sheet Date **3 1 0 3 2 0 0 9**  
Date Month Year

II. Capital raised during the year (Amount Rs. in Thousands)

Public Issue	<b>- - N I L - -</b>	Right Issue	<b>- - N I L - -</b>
Bonus Issue	<b>- - N I L - -</b>	Private Placement	<b>- - N I L - -</b>

III. Position of Mobilisation and Deployment of Funds(Amount Rs. in Thousands)

Total Liabilities	<b>6 9 8 4 1 6</b>	Total Assets	<b>6 9 8 4 1 6</b>
Source of Funds			
Paid-up Capital	<b>3 5 1 1 3</b>	Reserves & Surplus	<b>3 0 4 1 9 9</b>
Secured Loans	<b>1 3 5 4 4 7</b>	Deferred Tax Liabilities	<b>8 2 0 2</b>
Application of Funds		Unsecured Loans	<b>- - N I L - -</b>
Net Fixed Assets	<b>1 6 0 4 6 6</b>	Investments	<b>3 8 4 8</b>
Net Current Assets	<b>3 1 8 6 4 7</b>	Deferred Tax Assedttts	<b>- - N I L - -</b>
Miscellaneous Expenditure	<b>- - N I L - -</b>	Accumulated Losses	<b>- - N I L - -</b>

IV. Performance of the Company (Amount Rs. in Thousands)

Total Income	<b>8 3 5 0 4 1</b>	Total Expenditure	<b>7 4 0 3 3 8</b>
<input checked="" type="checkbox"/> + Profit Before Tax	<b>9 4 7 0 3</b>	<input checked="" type="checkbox"/> + Profit after Tax	<b>5 1 4 0 5</b>

(Please tick Appropriate box + Profit - for Loss)

Earnings Per Share (Rs.)	<b>1 4 . 6 4</b>	Dividend Rate (%)	<b>1 5</b>
--------------------------	------------------	-------------------	------------

V. Generic Names of Three Principal Products/Services of the Company (As per Monetary Terms)

Item Code No. (Itc Code) **8 4 . 8 2**

Product Description **A L L K I N D S O F R O L L I N G B E A R I N G**

As per our Report of even date

For **DHIRUBHAI DAND & Co.,**  
Chartered Accountants.

**DHIRUBHAI H. DAND**  
Proprietor.

Place : Junagadh  
Date : 23rd June, 2009

For and on behalf of the Board of Directors

**N. C. Vadgama** Chairman & Executive Director

**S. M. Thanki** Managing Director

**R. R. Bambhanias** Jt. Managing Director

**J. R. Bhogayta** Executive Director



**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956  
RELATING TO THE SUBSIDIARIES FOR THE YEAR ENDED 31st MARCH, 2009**

1.	Name of the Company	ACCURATE ENGINEERING INC U S A
2.	Financial Year of the subsidiary of Company	31st March, 2009
3.	No. of Shares held in Subsidiary of Company as on the above date	25000 equity Shares of \$ 1 Each
4.	% holding (Equity)	100%
5.	holding (Preference)	NIL
6.	The net aggregate of Profit (Losses) of the Subsidiary Company so far as they concern the members of the Company	
	a) Dealt with in the Accounts of the Company for the year ended 31-03-2009	
	b) Not dealt with in the Account of the Company for the year ended 31-03-2009	\$ 34,652
7.	The net aggregate of Profit (Losses) of the Subsidiary Company so far as they concern the members of the Company	
	a) Dealt with in the Accounts of the Company for the year ended 31-03-2008	NIL
	b) Not dealt with in the Account of the Company for the year ended 31-03-2008	\$ 1,13,053
8.	Changes in the interest of the Company between the end of the financial year of the subsidiary company and of the Financial year ended 31-03-09	NIL
9.	Material Changes between the end of the Financial year of the subsidiary Company and the company's Financial year ended 31st March, 2009	N.A. as the year end of the company and being the same as at 31-03-2009
	a) Fixed Assets (b) Investments (c) Money Lent	
	d) Money borrowed other than those for meeting current liabilities	

For and on behalf of the Board of Directors

<b>N. C. Vadgama</b>	Chairman & Executive Director
<b>S. M. Thanki</b>	Managing Director
<b>R. R. Bambhania</b>	Jt. Managing Director
<b>J. R. Bhogayta</b>	Executive Director

Place : Patla, Dist. Junagadh  
Date : 23rd June, 2009

**AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENT**

To,  
The Board of Director  
**AUSTIN ENGINEERING CO. LTD.**

We have audited the attached Consolidated Balance Sheet of Austin Engineering Company Limited and its subsidiary (collectively, 'the group') as at 31st March, 2009 and also the Consolidated Profit & Loss Account for the year ended on that date annexed thereto and the Consolidated Cash flow statement for the year ended on that date. 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.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statements of Accurate Engineering Inc. USA, Subsidiary Company, whose financial statements/reflect total assets of Rs. 3,38,61,672/- as at 31st March 2009, (Previous Year Rs. 2,25,20,637/-) the total revenue of Rs. 11,14,20,420/- for the year ended 31st March, 2009 ( Previous Year Rs. 10,03,88,789/-). These financial statements and other financial information have been audited by the other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors.

We report that the consolidated financial statements have been prepared by the management of company in accordance with the requirements of Accounting Standards 21 (AS-21). "Consolidated Financial Statement" issued by The Institute of Chartered Accountants of India.

Based on our audit and on consideration of report of other auditors on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

**AUSTIN ENGINEERING COMPANY LIMITED – CONSOLIDATED FINANCIAL STATEMENT**

- (i.) in the case of the Consolidated Balance sheet, of the state of affairs of the Group as at 31st March, 2009 ;
- (ii.) in the case of the Consolidated Profit & Loss Account, of the Profit for the year ended on that date; and
- (iii.) in the case of Consolidated Cash Flow Statement, of the Cash Flows for the year ended on that date.

For **DHIRUBHAI DAND & Co.,**  
Chartered Accountants.

Place : Junagadh  
Date : 23rd June, 2009

**DHIRUBHAI H. DAND**  
Proprietor.  
M. NO. 17117



**Consolidated Balance Sheet as at 31st March, 2009**

Particulars	Sch No.	2008-2009		2007-2008	
		Rs.	Rs.	Rs.	Rs.
<b>SOURCES OF FUNDS</b>					
<b>SHAREHOLDERS' FUNDS</b>					
Capital	1	35,112,500		35,310,000	
Reserves & Surplus	2	<u>312,623,994</u>		<u>270,587,480</u>	
			347,736,494		305,897,480
<b>LOAN FUNDS</b>					
Secured Loans	3		135,446,717		164,715,322
Deferred Tax Liabilities (Net)			8,202,359		7,196,669
			<u>143,649,076</u>		<u>171,911,991</u>
Total :			<u>491,385,570</u>		<u>477,809,471</u>
<b>APPLICATION OF FUNDS</b>					
Fixed Assets	4				
Gross Block		344,771,484		305,773,803	
Less: Depreciation		<u>184,063,992</u>		<u>171,066,343</u>	
			160,707,492		134,707,460
Investments	5		2,704,656		2,617,207
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>					
Inventories	6	295,187,334		291,288,161	
Sundry debtors	7	159,037,664		172,796,271	
Cash & Bank Balances	8	28,808,740		25,816,297	
Loans & Advances	9	<u>63,735,491</u>		<u>62,269,403</u>	
		<u>546,769,229</u>		<u>552,170,132</u>	
<b>Less : CURRENT LIABILITIES &amp; PROVISIONS 10</b>					
Liabilities		172,731,444		161,010,782	
Provisions		<u>46,064,363</u>		<u>50,674,546</u>	
		<u>218,795,807</u>		<u>211,685,328</u>	
NET CURRENT ASSETS			327,973,422		340,484,804
			<u>491,385,570</u>		<u>477,809,471</u>
Total :			<u>491,385,570</u>		<u>477,809,471</u>
NOTES ON ACCOUNTS	17				

As per our Report of even date

For **DHIRUBHAI DAND & Co.**,  
Chartered Accountants.

DHIRUBHAI H. DAND  
Proprietor.

Place : Junagadh  
Date : 23rd June, 2009

For and on behalf of the Board of Directors

**N. C. Vadgama** Chairman & Executive Director

**S. M. Thanki** Managing Director

**R. R. Bambhania** Jt. Managing Director

**J. R. Bhogayta** Executive Director



### Consolidated Profit & Loss Account for the Year ended 31st March, 2009.

Particulars	Sch No.	2008-2009		2007-2008	
		Rs.	Rs.	Rs.	Rs.
<b>INCOME</b>					
Sales (Gross)	11	858,934,681		792,157,457	
Less : Excise Duty recovered on sales		<u>26,609,630</u>	832,325,051	<u>42,405,585</u>	749,751,872
Other Income	12		<u>15,771,771</u>		<u>17,473,635</u>
			848,096,822		767,225,507
Increase(Decrease) in Finished Goods. Semi Finished Goods & Trade Goods.	13		<u>5,641,752</u>		<u>60,406,860</u>
			853,738,574		827,632,367
<b>EXPENDITURE</b>					
Manufacturing and other exp.	14		611,738,084		625,503,825
Purchase of Trade Goods			85,859,024		71,736,063
Loss on Sale of Assets			-		170,706
Interest	15		19,277,295		17,764,430
Depreciation			<u>16,171,863</u>		<u>13,387,699</u>
			733,046,266		728,562,723
<b>Profit before Exceptional Item</b>			120,692,308		99,069,644
MTM Losses on Derivative Contracts for ineffective hedge			<u>22,955,000</u>		--
<b>Profit after Exceptional Item</b>			97,737,308		99,069,644
<b>Provision for taxation</b>					
- Current Tax			40,283,345		33,787,242
- Fringe Benefit Tax			1,050,000		1,050,000
- Deferred Tax			1,005,690		(5,978,398)
<b>Profit after tax</b>			<u>55,398,273</u>		<u>70,210,800</u>
Prior period Expenses (Income Tax )			1,242,484		1,755,061
Excess Provision of Income Tax W/Back			--		(642,391)
Profit for the Year			<u>54,155,789</u>		<u>69,098,130</u>
Balance brought forward from last year			<u>153,503,508</u>		<u>103,493,784</u>
<b>AMOUNT AVAILABLE FOR APPROPRIATION</b>			<u>207,659,297</u>		<u>172,591,914</u>
Appropriations:					
- Proposed Dividend			5,266,875		7,768,200
- Provision for Tax on Proposed Dividend			895,105		1,320,206
- Transfer to General Reserve			<u>6,000,000</u>		<u>10,000,000</u>
Balance Carried to Balance Sheet			<u>195,497,317</u>		<u>153,503,508</u>
NOTES ON ACCOUNTS	17				

As per our Report of even date

For **DHIRUBHAI DAND & Co.**,  
Chartered Accountants.DHIRUBHAI H. DAND  
Proprietor.Place : Junagadh  
Date : 23rd June, 2009

For and on behalf of the Board of Directors

**N. C. Vadgama** Chairman & Executive Director**S. M. Thanki** Managing Director**R. R. Bambhania** Jt. Managing Director**J. R. Bhogayta** Executive Director



**SCHEDULE 1 : SHARE CAPITAL**

Particulars	2008-2009		2007-2008	
	Rs.	Rs.	Rs.	Rs.
<b>AUTHORISED :</b>				
40,00,000 Equity Shares of Rs.10 each		40,000,000		40,000,000
<b>ISSUED, SUBSCRIBED AND PAID UP :</b>				
35,11,250 Equity Shares of Rs.10 each fully paid up.	35,310,000		35,310,000	
(Previous Year 35,31,000 Equity Shares of Rs. 10 each fully paid up)				
Less : Equity Share Buy Back	197,500	35,112,500	--	35,310,000
Total :		35,112,500		35,310,000

**SCHEDULE 2 : RESERVES & SURPLUS**

**RESERVES :**

Capital Reserve		792,427		792,427
Cash subsidy reserve		2,935,458		2,935,458
Share Premium		86,795,000		86,795,000
Capital Reldemption Reserve				
Amt. Trasferred from General Reserve		197,500		--

**General Reserve :**

As per last Balance Sheet	26,319,833		32,703,351	
Add: Transfer from Profit & Loss A/c	6,000,000		10,000,000	
Less : Tranfer to Capital Redemption Reserve	197,500		--	
Less : Premium Paid for Buy-back of Share	759,364		--	
Less : Transitional loss recognised pursuant to early adoption of Accounting standard-30 'Financial instuments Recognition and Measurement (refer note no.II)	7,245,000		--	
Less : Transitional adjustment for Gratuity Liability Net of provided.	--	24,117,969	16,383,518	26,319,833
		114,838,354		116,842,718
Foreign Exchange Translation reserve		2,288,323		241,254

**SURPLUS :**

Profit & Loss A/c		195,497,317		153,503,508
Total :		312,623,994		270,587,480

**SCHEDULE 3 : SECURED LOANS**

(A) Deferred Payment Loan				
from ICICI Bank		69,192		842,631
from HDFC Bank		1,542,378		511,844
from CHOLAMANDLAM DBS Fin. Ltd.		655,580		1,183,016
(B) Term Loan				
1) from Bank of Baroda		13,446,741		12,290,141
2) from Bank of Baroda		15,901,841		21,001,272
(C) Working Capital Loan				
from Bank of Baroda		103,830,985		128,886,418
Total :		135,446,717		164,715,322

\* Borrowings under Item (A) is Secured against Hypothecation of Vehicles.

\* Borrowings under Item (B)(1) is Secured against Hypothecation of Machinery.

\* Borrowings under Item (B)(2) is Secured against Hypothecation of Wind Power Machinery.

\* Borrowings under Item (C) is Secured against Hypothecation of all Stocks, Bill Discount and Book-debts and all movable machinery including stores & spares, Equitable Mortgage of all Land & Building of the Company and against the personal guarantees of. Managing & whole-time Directors



**SCHEDULE 4 : FIXED ASSETS**

SR. NO.	ASSETS	Gross Block				Depreciation				Net Block	
		Balance as at 31/03/2008 Rs.	Addition During the year Rs.	Sales/Trans. During the year Rs.	Balance as at 31/03/2009 Rs.	Provided Upto 31/03/2008 Rs.	Provided During the year Rs.	Adjustment on account of Sales Rs.	Total as at 31/03/2009 Rs.	Balance as at 31/03/2009 Rs.	Balance as at 31/03/2008 Rs.
1.	'aec' TRADE MARK	40,861,000	-	-	40,861,000	10,623,860	817,220	-	11,441,080	29,419,920	30,237,140
2.	FREEHOLD LAND	71,871	-	-	71,871	-	-	-	-	71,871	71,871
3.	LEASEHOLD LAND	96,408	-	-	96,408	-	-	-	-	96,408	96,408
4.	FACTORY BUILDING	35,671,913	2,901,827	-	38,573,740	15,538,426	1,229,105	-	16,767,531	21,806,209	20,133,487
5.	PLANT & MACHINERY	111,878,021	32,155,685	3,661,310	140,372,396	73,629,668	6,899,383	2,694,415	77,834,636	62,537,760	38,248,353
6.	PLANT & MACHINERY(100% DEPRECIATION)	2,774,089	-	-	2,774,089	2,774,089	-	-	2,774,089	-	-
8.	ELECTRIC INSTALLATION	8,796,939	409,058	-	9,205,997	8,728,368	232,032	-	8,960,400	245,597	68,571
9.	TOOLS DIES & MEASURING-INSTRUMENTS	33,692,117	1,508,250	-	35,200,367	29,701,625	863,965	-	30,565,590	4,634,777	3,990,492
11.	FURNITURE & FIXTURE	9,146,540	958,154	-	10,104,694	5,998,137	585,347	-	6,583,484	3,521,210	3,148,403
12.	OFFICE & FACTORY EQUIPMENT	5,426,111	536,188	-	5,962,299	2,066,703	259,536	-	2,326,239	3,636,060	3,359,408
13.	VEHICLES	14,609,342	2,486,261	479,800	16,615,803	7,119,790	1,130,515	479,799	7,770,496	8,845,307	7,489,562
14.	COMPUTERS & SOFTWARE	7,441,742	2,183,368	-	9,625,110	6,367,114	503,943	-	6,871,057	2,754,053	1,074,628
15.	WIND ELECTRIC POWER CONVERTER	35,307,710	-	-	35,307,710	8,518,573	3,650,817	-	12,169,390	23,138,320	26,789,137
	<b>TOTAL</b>	<b>305,773,803</b>	<b>43,138,791</b>	<b>4,141,110</b>	<b>344,771,484</b>	<b>171,066,343</b>	<b>16,171,863</b>	<b>3,174,214</b>	<b>184,063,992</b>	<b>160,707,492</b>	<b>134,707,460</b>
	PREVIOUS YEAR	282,162,993	25,356,250	1,745,440	305,773,803	159,203,372	13,387,699	1,524,728	171,066,343	134,707,460	122,959,621

**SCHEDULE 5 : INVESTMENTS (AT COST)**

PARTICULARS	2008-2009			2007-2008		
	NO.OF SHARES	FACE VALUE Rs.	Rs.	NO.OF SHARES	FACE VALUE Rs.	Rs.
<b>LONG TERM INVESTMENTS :</b>						
<b>(A) UNQUOTED :</b>						
Equity Share (Fully Paid)						
Kowa Spining Ltd.	60,000	10	1,050,000	60,000	10	1,050,000
<b>(B) QUOTED :</b>						
Equity Share (Fully Paid)						
Antifriction Brg.Cornp.	177	10	7,130	177	10	7,130
Asian Bearings Ltd.	100	10	1,525	100	10	1,525
A.J.Brothers Ltd.	3,800	10	57,000	3,800	10	57,000
Ahmedabad Gases Ltd.	3,900	10	39,000	3,900	10	39,000
Asahi Fibres Ltd.	3,000	10	30,000	3,000	10	30,000
Bagri Min & Chem Ltd.	2,600	10	26,000	2,600	10	26,000
Bhupendra Cap. & Fin.Ltd.	1,700	10	68,000	1,700	10	68,000
Damania Cap.Markets Ltd.	9,300	10	279,000	9,300	10	279,000
Gujarat Meditech Ltd.	900	10	9,000	900	10	9,000
Hindustan Agri Ltd.	700	10	7,000	700	10	7,000
Kongarar Textiles Ltd.	600	10	27,000	600	10	27,000
Midpoint Soft.& Flec.Sys.Ltd.	1,500	10	15,000	1,500	10	15,000
Orissa Luminaries Ltd.	2,000	10	20,000	2,000	10	20,000
Recon Limited	700	10	70,000	700	10	70,000
Stiefel Und.Schuh (I) Ltd.	400	10	4,000	400	10	4,000
Supriya Pharma Ltd.	500	10	10,000	500	10	10,000
Tina Electronics Ltd.	1,100	10	11,000	1,100	10	11,000
Valley Abresive Ltd.	1,500	10	15,000	1,500	10	15,000
Thambi Modern Spng.Mills	600	10	30,000	600	10	30,000
Pennar Aqua Exports Ltd.	7,700	10	77,000	7,700	10	77,000
Indo Dutch Protiens Ltd.	700	10	7,000	700	10	7,000
Cosboard Ind. Ltd.	1,400	10	19,600	1,400	10	19,600





PARTICULARS	2008-2009			2007-2008		
	NO.OF SHARES	FACE VALUE Rs.	Rs.	NO.OF SHARES	FACE VALUE Rs.	Rs.
Narmada Geletine Cumu. Rede. Pre. Share	--	--	--	400	10	1336
Fag Bearings Ltd. Share	100	10	53650	50	10	32723
NRB Bearings share	50	2	4593	50	2	4593
Reliance Petro. Ltd. Share	1000	10	173913	750	10	130943
SKF Bearing Ltd. Share	300	10	104601	200	10	79713
Timken India Ltd.	50	10	7144	50	10	7144
<b>(C) DEBENTURE :</b>						
Essar Oil Ltd.	4,100	105	430,500	4,100	105	430,500
<b>(D) GOVERNMENT SECURITIES :</b>						
National Saving Certificate (Pledged as security to excise dept)			51,000			51,000
Total :			<u>2,704,656</u>			<u>2,617,207</u>
Aggregate Book Value of Investment						
- Unquoted			1,050,000			1,050,000
- Quoted Market Value Rs. 1047035 /- (Previous year Rs. 1111673/-)			1,603,656			1,516,207
- Government Securities			51,000			51,000
			<u>2,704,656</u>			<u>2,617,207</u>

**SCHEDULE 6 : INVENTORIES**

Particulars	2008-2009		2007-2008	
	Rs.	Rs.	Rs.	Rs.
[Valued as stated in the accounting policies in Note No. 1(iii) ]				
Raw materials		51,383,518		52,780,916
Semi-finished goods		168,911,388		172,052,829
Finished goods		59,759,706		51,406,896
Stores and spares		5,158,234		6,635,760
Packing materials		4,170,323		3,037,978
Trade Goods		5,804,165		5,373,782
Total :		<u>295,187,334</u>		<u>291,288,161</u>

**SCHEDULE 7 : SUNDRY DEBTORS**
**UNSECURED -CONSIDERED GOOD**

Under Six Months Old	147,511,893	158,617,997
Over Six Months Old	11,525,771	14,178,274
Total :	<u>159,037,664</u>	<u>172,796,271</u>

**SCHEDULE 8 : CASH & BANK BALANCES**

Cash on Hand		2,022,953		592,218
Balance with Scheduled Bank				
In Current Account	9,945,842		8,193,647	
In Unpaid dividend A/c.	1,103,965		679,444	
In Fixed Deposit A/c.	6,105,778	17,155,585	4,571,778	13,444,869
Remittance In Transit		--		3,846,788
Balance with Non Scheduled Bank		9,630,202		7,932,422
Total :		<u>28,808,740</u>		<u>25,816,297</u>

**SCHEDULE 9 : LOANS & ADVANCES**

Particulars	2008-2009		2007-2008	
	Rs.	Rs.	Rs.	Rs.
UNSECURED - CONSIDERED GOOD				
Advances recoverable in cash or in kind or for value to be received.		15,769,026		18,433,226
Staff loan & advance		4,079,674		3,947,580
Other Loans		4,468,424		1,941,500
Sundry deposits		3,349,178		2,737,139
Advances for capital expenditure		4,364,435		7,597,455
Advances for expenses		28,997,992		23,910,426
Advances for raw materials		2,706,762		3,702,077
Total :		<u>63,735,491</u>		<u>62,269,403</u>

**SCHEDULE 10: CURRENT LIABILITIES & PROVISIONS**

## CURRENT LIABILITIES:

Sundry creditors	112,222,110		127,824,489	
Other liabilities	30,208,334		32,306,290	
Trade deposits	101,000		101,000	
Mark to Market loss on forward contract	30,200,000		-	
Interest accrued but not due on loans	-	172,731,444	779,003	161,010,782
Provision for Proposed Dividend	5,266,875		7,768,200	
Tax on Proposed Dividend	895,105		1,320,206	
Bonus Provision	9,256,529		8,187,200	
Gratuity Provision	25,373,891		19,652,550	
Income Tax Provision (NET)	5,271,963	46,064,363	13,746,390	50,674,546
Total :		<u>218,795,807</u>		<u>211,685,328</u>

\* Sundry creditors include liability in respect of Capital Goods Rs. 18,64,846/- (Previous year Rs.10,20,543/-) Amount due to Directors of Rs. 3,03,600/- Previous year Rs.3,03,600/-).

\* The Company has not received information from vendors regarding their status under the Micro, Small and Medium Enterprise Development Act, 2002 and hence disclosure relating to amounts unpaid as at the year end together with interest paid / payable under this Act have not been given.

\* Other Liabilities include amount due to Directors Rs. 98,15,840 /- ( Previous Year Rs. 1,01,63,873/-).

**SCHEDULE 11 : SALES**

Sales of Manufactured Goods	753,734,732	700,906,695
Sales of Trade Goods	105,199,949	91,250,762
(Inclusive of Excise duty & Sales Tax)		
Total :	<u>858,934,681</u>	<u>792,157,457</u>

**SCHEDULE 12 : OTHER INCOME**

Job-work Income	876,441	1,323,142
Sales of scrap	4,068,921	4,129,382
Miscellaneous income	769,393	138,682
Interest Income	401,557	376,494
DEPB Licence Incentive	7,021,378	5,475,000
Dividend Income	2,433	708
Foreign Exchange Rate Diff. Income	11,639,990	--
Forward contracts - gains / (losses)	(9,452,914)	1,730,000
Profit on sale of Assets	208,050	285,994
Profit on sale of Shares	--	27,583
Tooling charges	--	3,801,519
Sales tax Refund	236,522	185,131
Total :	<u>15,771,771</u>	<u>17,473,635</u>

**SCHEDULE 13 : INCREASE(DECREASE) IN FINISHED GOODS, SEMI-FINISHED GOODS AND TRADE GOODS.**

## FINISHED GOODS:

Opening Stock	51,406,896		52,726,647	
Closing Stock	59,759,706	8,352,810	51,406,896	(1,319,751)
SEMI-FINISHED GOODS:				
Opening Stock	172,052,829		109,771,931	
Closing Stock	168,911,388	(3,141,441)	172,052,829	62,280,898
TRADE GOODS				
Opening Stock	5,373,782		5,928,069	
Closing Stock	5,804,165	430,383	5,373,782	(554,287)
Total :		<u>5,641,752</u>		<u>60,406,860</u>



**SCHEDULE 14 : MANUFACTURING AND OTHER EXPENSES**

Particulars	2008-2009		2007-2008	
	Rs.	Rs.	Rs.	Rs.
<b>Raw Material consumed</b>				
as per schedule-17		254,667,063		280,859,547
Stores & Spares consumed		57,989,908		45,158,925
Packing materials consumed		13,188,377		14,484,018
Power & Fuel		4,269,140		4,099,322
Job work charges		91,084,712		95,294,670
<b>Employee's remuneration &amp; benefits:</b>				
Salary, wages & bonus	79,883,003		66,887,756	
[(including Directors Remuneration Rs. 54,45,994/- (Previous Year Rs. 54,45,994/-)]				
Contribution to P.F. & E.S.I.	6,135,869		5,500,316	
Welfare expenses	1,836,872	87,855,744	1,568,114	73,956,186
Foreign Exchange Rate Diff. income		--		2,164,669
Travelling Exp.		7,200,945		5,976,170
<b>Repairs :</b>				
Machinery	1,772,178		2,441,114	
Others	491,311		586,430	
Building	673,093	2,936,582	444,371	3,471,915
Rent, rates & taxes		1,068,319		845,916
Insurance		812,941		766,867
<b>Selling Expenses :</b>				
Advertisement	238,968		245,603	
Marketing Expenses	1,306,124		2,476,960	
Sales commission	24,425,548		22,652,163	
Sales promotion	4,783,668		5,839,732	
Sales-tax	9,102,302		13,363,735	
Discount	3,935,073	43,791,683	4,606,352	49,184,545
Bad - Debt Written Off		1,083,752		3,321,651
Service Tax		--		174,790
Expenses Relating to Buy Back of Shares		435,019		--
Misc.Expenses		45,353,899		45,744,634
<b>Total :</b>		<b>611,738,084</b>		<b>625,503,825</b>

**SCHEDULE 15 : INTEREST**

Bank Interest				
Term Loan	3,563,763		3,692,165	
Other	13,223,354	16,787,117	11,303,002	14,995,167
Others		2,490,178		2,769,263
<b>Total :</b>		<b>19,277,295</b>		<b>17,764,430</b>

**SCHEDULE 16 : RAW MATERIALS CONSUMED**

Opening Stock		52,780,916		34,875,306
Add : Purchases		256,347,191		302,048,126
		309,128,107		336,923,432
Less : Sales		3,077,526		3,282,969
		306,050,581		333,640,463
Less : Closing Stock		51,383,518		52,780,916
<b>Total :</b>		<b>254,667,063</b>		<b>280,859,547</b>

**SCHEDULE 17: Notes on Accounts to Consolidated Financial Statement as at 31st March, 2009.****BACKGROUND****1.1 Overview :**

Austin Engineering Company Limited ('Austin' or 'the company'), a publicly held company together with its subsidiary Accurate Engineering Inc. USA ('Accurate') (collectively 'the Group') is primarily engaged in the Business of Bearings.

Consolidated financial statements have been prepared to meet the requirements of Clause 32 of Listing Agreement with the Stock Exchange.

**1.2 Basis of Consolidation :**

The consolidation of accounts is done in accordance with the requirements of Accounting Standard – 21 (AS-21). 'Consolidated Financial Statement' issued by The Institute of Chartered Accountants of India. The Consolidated Financial Statements ('CFS') include the financial statement Of Austin Engineering Company Ltd., and its wholly owned foreign Subsidiary company Accurate Engineering Inc. - USA.

'Accurate' is a wholly owned subsidiary of 'Austin'. 'Accurate' provides Sale of Goods as well as Marketing and distribution Services for the finished products of 'Austin'.

**1.3 Principles of Consolidation :**

The Consolidated Financial Statements of the Group have been prepared based on a line-by-line consolidation of Profit & Loss Account & Balance Sheet.

All inter company balances and transactions within the group are eliminated on consolidation in terms of AS – 21.

The accompanying financial statements for the year ended 31st March, 2009, have been prepared incorporating Accounting Policies of the parent company under the historical cost conversion, in compliance with Indian Generally Accepted Accounting Practice ('GAAP') comprises with mandatory and relevant Accounting Standards (AS) issued by the Institute of Chartered Accountants of India ('ICAI') in compliance with the provisions of Companies Act, 1956.

**1.4 Foreign Currency Translation :**

The reporting currency of the company is the Indian rupee. The reporting currency of the Company's foreign subsidiary is US Dollars.

Transactions arising in foreign currency are reported at exchange rate at the date of transaction. Exchange difference arising on a monetary item that, in substance, forms part of an enterprise's net investments in a non-integral foreign operation are accumulated in a foreign currency translation reserve.

For the purpose of consolidation, income and expenses are translated at average rates and the assets and liabilities are stated at closing rate. The net impact of such change is disclosed under Foreign Exchange Translation Reserve.

**1.5 Use of Estimates :**

The Consolidated Financial Statements include the accounts of the Company and its subsidiary company. The preparation of consolidated financial statements requires management to make estimate and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as of the date of financial statements, and the reported amount of revenues and expenses during the reporting year. The estimates and assumption used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of financial statements. Actual results may differ from the estimates used in preparing the accompanying financial statements.

**Significant Accounting Policies & Notes forming part of the Accounts for the year ended 31st March, 2009.****1 SIGNIFICANT ACCOUNTING POLICIES:****[i] Basis of Accounting:**

The Accounts have been prepared primarily on the basis of historical cost except where specifically stated.

**[ii](a) Fixed Assets & Depreciation:**

Fixed assets are stated at cost less depreciation. Cost of acquisition or construction is inclusive of duties, taxes and other incidental expenses.

Depreciation on assets is provided on the basis of Straight Line Method at the rates prescribed in Schedule XIV of the Companies Act, 1956. In respect of the assets added during the Period, the depreciation is provided on pro-rata basis from the date of such assets first put to use till the end of the financial year. No depreciation is charged on assets sold during the year.

(b) Intangible Assets amortized as follows: Trademark is amortized over the useful life estimated by the management.

**[iii] Inventories :**

Inventories are valued at the lower of cost and net realisable value. Cost is determined on the weighted average basis and where applicable, includes the cost of material (net of available Cenvat credit), labour and factory overheads. Finished products also include excise duty on products manufactured.

**[iv] Cenvat:**

Cenvat benefit is accounted for by reducing the purchase cost of the materials/ fixed assets.

**[v] Foreign Currency Transaction:**

Transactions in foreign currency are recorded at the exchange rate prevailing at the time of the transaction.

Monetary items denominated in Foreign Currencies at the year end and not covered by forward exchange contract are translated at year end rates and those covered by forward exchange contracts are translated at the rate ruling at the date of transaction as increased or decreased by the proportionate difference between forward rate and exchange rate on the date of transaction, such difference having been recognized over the life of the contract.

**[vi] Retirement benefits**

A) Company's contributions Payable during the year to the Government Provident fund and ESIC, which are defined contribution schemes, are charged to the Profit & Loss Account.

B) Gratuity and leave encashment which are defined benefits, are accrued based on actuarial valuation at the balance sheet date, carried out by an independent actuary.

C) Actuarial gains/losses in respect of defined benefits are immediately taken to Profit & Loss account and are not deferred.

**[vii] Excise:**

Excise Duty has been accounted on the basis of, both, payments made in respect of goods cleared as also provision made for goods lying in bonded warehouse.



[viii] Dividend

Dividend whenever proposed by the Board of Directors as appropriation of profits are provided for in the books of account, pending approval of the share holders at the annual general meeting.

[ix] Contingent liability:

Liabilities in respect of Show Cause Notices received are considered as contingent liabilities only when they are converted into demands and contested by the Company.

Contingent liabilities not provided for in the accounts are shown separately in notes on accounts.

[x] Investment:

Investments are classified into long term investment. Investments are stated at cost. A provision for diminution is made to recognise a decline, other than temporary, in the value of long term investments.

[xi] Export Incentives :

Export Incentives relating to DEPB Licenses are accounted in the year of export on accrual basis considering the realisable value thereof.

[xii] Taxation:

The deferred tax asset and deferred tax liability is calculated by applying tax rate and tax rules that have enacted or substantially enacted by the Balance Sheet date. Deferred tax assets arising mainly on account of brought forward business losses and unabsorbed depreciation allowance under tax laws, are recognised only if there is a virtual certainty of its realisation. Deferred tax assets on account of other timing differences are recognised only to the extent there is a reasonable certainty of its realisation. At each balance sheet date, the carrying amount of deferred tax assets are reviewed to re-assure realisation.

[xiii] Derivative instruments and hedge accounting

The company uses foreign exchange forwards contracts to hedge its exposure to movements in foreign exchange rate. This foreign exchange forward contracts is not used for trading or speculation purposes. The accounting policies for forward contracts is based on whether it meet the criteria for designation as effective cash flow hedges. To designate the forward contract as an effective cash flow hedge, the company objectively evaluates with appropriate supporting documentation at the inception of the each contract whether the contract is effective in achieving offsetting cash flows attributable to the hedged risk. Effective hedge is generally measured by comparing the cumulative change in the fair value of the hedge contracts with a cumulative change in the fair value of the hedged item.

For forward contracts that are designated as effective cash flow hedges, the gain or loss from the effective portion of the hedge is recorded and reported directly in the share holders' fund ( under the head "hedging reserve ") and are reclassified into the profit & loss account upon the occurrence of the hedged transactions.

The company recognizes gains or losses from changes in fair value of forward contracts that are not designated as effective cash flow hedges for accounting purposes in the profit and loss account in the period the fair value changes occur.

**2 Contingent liabilities not provided for in respect of :**

- [i] The assessment of the erstwhile dissolved firm and its partners are completed in respect of the period for and up to the date of dissolution. The assessment are disputed and the appeals are filed before Appellate authorities against the said orders of the assessment. Appeals are not yet decided and hence the amount of liability in this respect if any, is not ascertainable.
- [ii] The claim of the agent of M/s. Accurate Engineering Company for the commission on the sales effected by the Company is not accepted. The matter is under dispute in the court and the amount is not ascertainable.
- [iii] Bank guarantees outstanding as at 31st March, 2009 for which the Company has given counter guarantees amounting to Rs. 14996865/- (Previous year Rs. 17413473/-)
- [iv] Income Tax liabilities pertaining to previous assessment amounting to Rs. 2.69 lacs (previous year Rs. 2.69 lacs) have been disputed by the Company. Out of these liabilities a sum of Rs. 2.69 lacs (previous year Rs. 2.69 lacs) is paid under protest.

**3. BUY BACK OF SHARES**

The Board of Directors of the Company at its meeting held on January 8, 2009, had approved the Buy-back of the equity shares of Rs.10 each, not exceeding 4,50,000/- number of equity shares from the existing owners, at a maximum price of Rs.65 per equity share, for an aggregate amount not exceeding Rs. 2,92,50,000/-, from the open market through stock exchange(s) in terms of the SEBI (Buy Back of Securities) Regulations, 1998 and subsequent amendments thereof, pursuant to the first proviso to clause (b) of sub-section (2) of Section 77A, 77AA and 77B of the Companies Act, 1956. Consequently, the Company made a public announcement dated January 19, 2009 regarding Buy-back of equity shares.

As of March 31, 2009, the Company has bought back 19,750 equity shares of Rs. 10 each at an average price of Rs. 48.45 per share, utilizing a sum of Rs. 9,60,311/- (inclusive of brokerage and applicable taxes total amount Rs. 3,448/-). Out of this, 17,075 equity shares of Rs. 10 each have been extinguished till the year end and 2675 shares, lying in share suspense account as at the year end, have been extinguished subsequent to the balance sheet date. The amount of Rs. 7,59,364/- paid towards buy back of shares, in excess of the face value, has been charged to General Reserve Account. The Company has also transferred Rs. 1,97,500/- from free reserves to Capital Redemption Reserve Account, which represents the nominal value of shares bought back during the year.

**4. Forward contract in foreign currencies – Hedging and Derivatives :**

The company uses foreign exchange forward contracts to hedge its exposure to movement in foreign exchange rates for cash flow. The use of these foreign exchange forward contracts reduce the risk or cost to the Company and the Company does not use those for trading or speculation purposes.

Effective June 1, 2008, the company adopted AS - 30, " Financial Instruments : Recognition and Measurement ", to the extent that the adoption did not conflict with existing accounting standards and other authoritative pronouncements of the Company Law and other regulatory requirements.

The Company records the gain or loss on effective hedges, if any, in the Hedging Reserve Account until the transactions are complete. On completion, the gain or loss is transferred to the Profit and Loss account of that period. To designate a forward contract as an effective hedge, the Management objectively evaluates evidence with appropriate supporting documents at the inception of each contract whether the contract is effective in achieving offsetting cash flows attributable to the hedged risk. In the absence of a designation as effective hedge, a gain or loss is recognized in the Profit and Loss account. Currently hedge undertaken by the Company are all ineffective in nature and the resultant gain or loss consequent to fair valuation is recognized in the Profit and Loss account at each reporting date.



Pursuant to the adoption of the said AS – 30, Transitional loss representing the loss on fair valuation of foreign currency forward contract, determined to be ineffective cash flow hedges on the date of adoption, amounting to Rs. 72.45 lacs has been adjusted against the opening balance of General Reserve Account in the Balance Sheet.

The Company has outstanding foreign exchange forward contract aggregating Rs. 16.23 Crores. Although this contract is effective as hedge from an economic perspective, they do not qualify for hedge accounting due to ineffectiveness in nature and accordingly these are accounted as derivatives instruments at fair value with changes in fair value recorded in the Profit and Loss Account.

Exchange Loss of Rs. 94,52,914/- ( Previous Year exchange gain Rs. 17,30,000/-) on foreign exchange forward contracts has been recognized in the year ended March 31, 2009.

**3. RELATED PARTY INFORMATION :**

Disclosures in respect of related parties (as defined in Accounting Standard 18), with whom transactions have taken place during the year are given below :

**(1) Relationship :**

(a) Enterprises where control of Key Management Personnel and/or their relatives exists.

- (1) Max Precision Bearings Pvt. Ltd.      (2) Austin Traders      (3) SNR Enterprises
- (4) Optimum Services Inc.      (5) Accord Precision Products      (6) Keyur Enterprises

(b) Key Management Personnel

- (1) Mr. S M Thanki      (2) Mr. R R. Bambhania      (3) Mr. N C Vadgama      (4) Mr. J R Bhogayta      (5) Mr. B N Vadgama

(c) Relative of Key Management Personnel

- (1) Mr. S. M. Thanki HUF      (2) Mr. N. C. Vadgama HUF      (3) Mr. R. N. Bambhania HUF      (4) Mr. J. R. Bhogayata HUF
- (5) Mr. Chandulal N. Bambhania      (6) Mr. Rajan R. Bambhania      (7) Mr. Jignesh S. Thanki      (8) Mr. Hiren N. Vadgama

Note : Related party relationship is as identified by the company and relied upon by the auditors.

**(2) Transaction with Related Parties :**

Particulars	Referred in 1 (a) above 2008-2009	Referred in 1 (a) above 2007-2008	Referred in 1 (b) above 2008-2009	Referred in 1 (b) above 2007-2008	Referred in 1 (c) above 2008-2009	Referred in 1 (c) above 2007-2008
<b>INCOME</b>						
(1) Sales of Goods & Mat.	9,110,756	9,063,382	-	-	-	-
(2) Job Work	876,441	1,323,142	-	-	-	-
<b>EXPENSES</b>						
(1) Purchase of Goods & Mat.	75,735,451	55,580,760	-	-	-	-
(2) Remuneration	-	-	4,091,378	6,294,857	1,313,187	1,492,975
(3) Jobwork	38,116,322	30,418,867	-	-	-	-
(4) Interest	-	-	51,163	65,724	1,884,178	1,848,144
<b>OUTSTANDING</b>						
Payable	11,414,720	8,209,556	303,600	800,720	19,467,373	13,947,230
Receivable	5,922,107	7,439,652	14,754	-	-	-

**4 DETAILS OF SEGMENT REPORTING :**

The company has identified two reportable Segments viz. Bearing and Power.

**(1) PRIMARY SEGMENT :**

Particulars	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
	Bearing	Bearing	Power	Power	Total	Total
<b>A. SEGMENT REVENUE</b>	848,096,822	767,225,507	5,360,389	5,574,979	853,457,211	771,070,486
Other Unallocated Revenue	-	-	-	-	-	-
Total	848,096,822	767,225,507	5,360,389	5,574,979	853,457,211	771,070,486
Less: Inter Segment Revenue	-	-	5,360,389	5,574,979	5,360,389	5,574,979
Net Income from Operation	848,096,822	767,225,507	--	-	848,096,822	765,495,507
<b>2. SEGMENT RESULTS</b>						
Profit/ (Loss) Before Tax & Interest	138,390,614	115,066,157	1,578,989	1,767,917	139,969,603	116,834,074
LESS : Interest	-	-	-	-	19,277,295	17,764,430
Other unallocated Expenses	-	-	-	-	22,955,000	-
<b>TOTAL PROFIT BEFORE TAX</b>	138,390,614	115,066,157	1,578,989	1,767,917	97,737,308	99,069,644



**3. CAPITAL EMPLOYED**

(Segment Assets - Segment Liabilities )

Segment Assets	686,511,687	662,064,800	23,669,690	27,429,999	710,181,377	689,494,799
Add: Common assets	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>686,511,687</b>	<b>662,064,800</b>	<b>23,669,690</b>	<b>27,429,999</b>	<b>710,181,377</b>	<b>689,494,799</b>
Segment Liabilities	332,178,703	346,305,297	15,901,841	21,006,947	348,080,544	367,312,244
Add: Common Liabilities	-	-	-	-	14,364,339	16,285,075
<b>TOTAL LIABILITIES</b>	<b>332,178,703</b>	<b>346,305,297</b>	<b>15,901,841</b>	<b>21,006,947</b>	<b>362,444,883</b>	<b>383,597,319</b>
<b>SEGMENT CAPITAL EMPLOYED</b>	<b>354,332,984</b>	<b>315,759,503</b>	<b>7,767,849</b>	<b>6,423,052</b>	<b>347,736,494</b>	<b>305,897,480</b>

**(2) GEOGRAPHICAL SEGMENTS:**

(a) The following table shows the distribution of the company's sales by geographical market:

Revenue	2008-09	2007-2008
Within India	342,610,309	402,680,962
Overseas	516,324,372	389,476,495
<b>Total:</b>	<b>858,934,681</b>	<b>792,157,457</b>

(B) Assets base on geographical location:

	Carrying Amount of Segment assets		Addition to Fixed Assets and Intangible Assets	
	2008-09	2007-2008	2008-09	2007-2008
Within India	627,233,129	631,274,794	34,021,572	24,277,959
Overseas	82,948,248	58,220,005	9,117,219	1,078,291
<b>Total:</b>	<b>710,181,377</b>	<b>689,494,799</b>	<b>43,138,791</b>	<b>25,356,250</b>

The paises have been eliminated to the nearest rupees for convenience

SIGNATURES TO THE SCHEDULES 1 TO 17

As per our Report of even date

For **DHIRUBHAI DAND & Co.,**  
Chartered Accountants.

**DHIRUBHAI H. DAND**  
Proprietor.

Place : Junagadh  
Date : 23rd June, 2009

For and on behalf of the Board of Directors

**N. C. Vadgama** Chairman & Executive Director

**S. M. Thanki** Managing Director

**R. R. Bambhanja** Jt. Managing Director

**J. R. Bhogayta** Executive Director



## CONSOLIDATED CASH FLOW STATEMENT

AS ON 31st MARCH, 2009 AS PER CLAUSE 32 OF THE LISTING AGREEMENT

(Rs.in Lacs)

PARTICULARS	2008-2009	2007-2008
<b>A CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Net Profit (Loss) before tax & Extraordinary Items :	977.37	990.70
<b>Adjustments for:</b>		
Depreciation	161.72	133.88
Interest Paid	192.77	177.64
MTM Losses on derivative contracts for ineffective hedge	229.55	--
Profit on sale of Assets/shares	(2.08)	(3.14)
Interest/Dividend Income	(4.04)	(3.77)
Income Tax Expenses	(12.42)	(11.13)
Loss on sales of assets/shares	-	1.71
Increase in Foreign Exchange translation reserve	20.47	3.67
	585.97	298.87
Operating Profit before working capital changes	1,563.34	1,289.57
<b>Adjustments for :</b>		
Trade and other receivables	122.93	(67.40)
Inventories	(38.99)	(790.26)
Trade payables	(116.88)	164.56
Cash generated from operations	1,530.39	596.47
Direct taxes paid	(498.08)	(338.70)
Net Cash From Operating Activities :	1,032.31	257.77
<b>B CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Proceeds from Issue of Share Capital (Buybacks of shares)	(9.57)	-
Purchase of Fixed Assets	(431.39)	(253.56)
Purchase of Investments	(0.87)	(2.81)
Sale of Fixed Assets	11.75	3.36
Sale of Investments	-	0.56
Interest/Dividend Received	4.04	3.77
Net Cash used in investing activities	(426.04)	(248.68)
<b>C CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Proceeds of Long Term Borrowings	(292.69)	392.03
Dividend Paid	(77.68)	(70.62)
Dividend Tax Paid	(13.20)	(12.00)
Interest paid	(192.77)	(177.64)
Net Cash used in financial activities	(576.34)	131.77
Net increase in cash and cash equivalents(A+B+C)	29.93	140.85
Cash and Cash equivalents (Opening Balance)	258.16	117.31
Less : Cash and cash equivalents(Closing Balance)	288.09	258.16
	29.93	140.85

Note: Figures in bracket denote payment.

For and on behalf of the Board

N. C. Vadgama

Chairman & Executive Director

Place : Patla. (Dist. Junagadh)

Date : 23rd June, 2009

### AUDITORS' REPORT :

We have verified the attached Consolidated Cash Flow Statement of Austin Engineering Co. Ltd. And its subsidiary derived from audited consolidated financial statements and the books and records maintained by the Company for for the year ended **31st March, 2009 and 31st March, 2008** found the same in agreement therewith.

For **DHIRUBHAI DAND & Co.,**  
Chartered Accountants.

Place : Junagadh

Date : 23rd June, 2009

**DHIRUBHAI H. DAND**

Proprietor.





**BOARD OF DIRECTORS :**

Mr. Hiren N. Vadgama Director  
Mr. Jignesh S. Thanki Director  
Mr. Rajan R. Bambhania Director  
Mr. Bhavin N. Vadgama Director

**AUDITORS :**

Mr. Khozema Anajwalla  
Partner  
KAV & Co., Chartered Accountants  
307, Gokul Arcade, Andheri-Sahar Road, Vile Parle(East) MUMBAI 400057

**REGISTERED OFFICE :**

9TH East Loockerman Street, Suit 1B, in the city of Dover,  
Country of Kent, 19901. U.S.A.

**DIRECTORS REPORT**

To the Members,

Your Directors have pleasure in presenting this Report together with the audited financial statement for the period ending 31st March, 2009 for your consideration.

**Principal Activities :** The Company consolidated with its marketing operation of trading of Bearings. During the year turnover of the Company was **USD 2,398,717**

**Capital :** The authorised share capital of the Company as on 31st March, 2009 stood at US\$ 25,000.

**Business Review :** The overall view of the business during the period unde review remained fair.

With the consumer confidence index looking up, the business prospects of the bearings industry for the next decade seems quite bright.

Date : 20th June, 2009

Place : Mumbai

By order & on behalf of the Board.

Director.

**AUDITORS' REPORT**

To the members of Accurate Engineering Inc.

We have audited the attached balance sheet of Accurate Engineering Inc. ("the Company") as at March 31, 2009 and the profit and loss account and the cash flow statement for the year April 01, 2008 to March 31, 2009 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.

We conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion and to the best of our information and according to the explanations given to us, the Companies (Auditor's Report) Order, 2003 issued by the Central Government in terms of sub-section (4A) of section 227 of the Companies Act, 1956 ("the Act") is not applicable to the Company for the year under review, it being a foreign company having no place of business established within India as defined under Section 591 (1) (a) of the Act;

Further to our comments on non-applicability of CARO, 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 the books;
- iii) the balance sheet and profit and loss account dealt with by this report are in agreement with the books of account;
- iv) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet and profit and loss account dealt with by the report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- v) in our opinion, and based on information and explanations given to us, none of the directors are disqualified as on March 31, 2009 from being appointed as directors in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- vi) in our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the notes and significant accounting policies thereon, give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, in the case of:-
  - a) the balance sheet, of the Company's state of affairs as at 31 March 2009;
  - b) the profit and loss account, of the profit for the year 01 April 2008 to 31 March 2009; and
  - c) the cash flow statement, of the cash flows for the year 01 April 2008 to 31 March 2009.

For KAV & Co.  
Chartered Accountants

Place : Mumbai  
Date: 20th June, 2009

Vaibhav Manek  
Partner  
Membership No: 102388

**Balance sheet as at 31st March 2009**

(in USD)

Particulars	Notes	2008- 2009	2007-2008
<b>SOURCES OF FUNDS</b>			
<b>Shareholder's Funds :</b>			
Capital	3	25,000	25,000
Share application money		25,000	25,000
Reserves			
Profit & Loss Account		142,472	107,820
Total :		192,472	157,820
<b>APPLICATION OF FUNDS :</b>			
<b>Fixed Assets :</b>			
Gross Block	4	8,988	4,728
Less : Depreciation		4,226	1,502
		4,762	3,226
<b>Current assets, loans and advances :</b>			
Inventory	5	189,814	165,704
Sundry debtors	6	271,062	186,094
Cash and bank	7	189,013	198,459
Loans and advances	8	9,955	9,955
<b>Less : Current liabilities and provisions</b>			
Current liabilities		465,462	352,618
Provisions		6,672	53,000
<b>Net current assets</b>		187,710	154,594
Total :		192,472	157,820

(The accompanying notes are an integral part of these financial statements)

As per our report of even date attached.

For KAV &amp; Co. (Chartered Accountants)

Vaibhav Manek (Partner)

Membership No.: 102388

Place : Mumbai

Date : 20th June, 2009

For and on behalf of the Board of Directors

H. N. Vadgama R. R. Bambhania

Director Director

Place : Junagadh

Date : 20th June, 2009

**Profit and Loss Account for the year ended 31st March 2009**

(in USD)

Particulars	Notes	2008- 2009	2007-2008
<b>Income :</b>			
Sales Income	2.4,10	2,398,499	2,501,573
Other Income	11	219	17
		2,398,718	2,501,590
<b>Expenditure :</b>			
Cost of goods sold		2,083,249	2,124,989
Selling, general and administrative expenses	12	271,993	210,172
Depreciation		2,724	1,364
		2,357,966	2,336,525
<b>Profit before tax</b>		40,752	165,065
<b>Income taxes :</b>			
Current	2.3	6,100	52,012
Deferred		-	-
<b>Profit after tax</b>		34,652	113,053
Balance transferred to Balance Sheet		142,472	107,820

(The accompanying notes are an integral part of these financial statements)

As per our report of even date attached.

For KAV &amp; Co. (Chartered Accountants)

Vaibhav Manek (Partner)

Membership No.: 102388

Place : Mumbai

Date : 20th June, 2009

For and on behalf of the Board of Directors

H. N. Vadgama R. R. Bambhania

Director Director

Place : Junagadh

Date : 20th June, 2009



## Cash Flow statement

	2008-2009 USD	2007-2008 USD
<b>Cash flows from Operating Activities :</b>		
Profit before tax	40,752	165,065
<b>Adjustments to reconcile profit before tax to cash used by operating activities</b>		
Depreciation	2,724	1,364
Income tax	(6,100)	(51,415)
<b>Operating cash flows before working capital changes</b>		
Decrease / (increase) in sundry debtors	(84,968)	280,405
Decrease / (increase) in inventories	(24,110)	48,541
Increase / (decrease) in current liabilities	66,516	(320,911)
<b>Net cash generated from operating activities (A)</b>	<u>(5,186)</u>	<u>123,049</u>
<b>Cash flows from investing activities</b>		
Purchase of fixed assets	(4,260)	(1,305)
<b>Net cash used in investing activities ( B )</b>	<u>(4,260)</u>	<u>(1,305)</u>
<b>Cash flows from financing activities</b>		
Repayment of unsecured loan	-	( 25,000)
Share application money received	-	-
<b>Net cash (used in)/generated from financing activities ( C )</b>	<u>-</u>	<u>( 25,000)</u>
Net increase / (decrease) in cash and cash equivalents <b>(A+B+C)</b>	(9,446)	96,744
Cash and Cash equivalents at the beginning of the year	198,459	101,715
<b>Cash and Cash equivalents at the end of the year</b>	<u>189,013</u>	<u>198,459</u>
<b>Supplemental disclosure of cash flow information</b>		
Income taxes paid	<u>52,428</u>	<u>1,448</u>

(The accompanying notes are an integral part of these financial statements)

As per our report of even date attached.  
For KAV & Co. (Chartered Accountants)  
Vaibhav Manek (Partner)  
Membership No.: 102388  
Place : Mumbai  
Date : 20th June, 2009

For and on behalf of the Board of Directors  
H. N. Vadgama                      R. R. Bambhania  
Director                                      Director  
Place : Junagadh  
Date : 20th June, 2009

### ACCURATE ENGINEERING INC.

#### Financial Statements :

Notes to financial statements

#### 1. Background and principal activities

Accurate Engineering Inc. ("Accurate" or "the Company") is a company incorporated in Delaware, USA, on 22 April 2004. Accurate is a subsidiary of an Indian company, Austin Engineering Company Limited ("Austin"). Accurate does business as Accurate Bearing Inc and has a Certificate of Authority to conduct business in the state of Alabama, USA.

Accurate was set-up to be the marketing and distribution company for the finished products of Austin in the US markets.

Accurate has started its operations from 17 May 2004. The current financial statements are drawn for the year 01 April 2008 to 31 March 2009.

#### 2. Significant accounting policies

##### 2.1 Basis of preparation of financial statements

The financial statements are prepared under the historical cost convention on an accrual basis of accounting, in accordance with accounting principles generally accepted in India ("Indian GAAP").

The preparation of the financial statements in conformity with Indian GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities as of the date of financial statements, and the reported amount of revenue and expenses during the reporting period. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of financial statements. Actual results may differ from the estimates used in preparing the accompanying financial statements. Any revision to accounting estimates is recognised prospectively in the current and future period. Examples of such estimates include the useful life of assets, deferred taxation etc.

##### 2.2 Foreign currency transactions

Transactions in foreign currency have been accounted for at rates prevailing on the date of the transaction.

**2.3 Taxation**

Provision for current taxes is made based on applicable local laws, on income chargeable to tax.

The company uses the asset and liability method of accounting for deferred income taxes. Under this method, the deferred tax assets are not recognized unless there is a virtual certainty that they will be realized and deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between their financial statement carrying amounts and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted tax rates to apply to taxable income in those years in which the temporary differences are expected to reverse.

**2.4. Revenue recognition**

Sales of goods are accounted based on despatch of goods. Tooling charges are recognized on accrual basis in accordance with the terms of the arrangement.

<b>Financial Statements</b>	<b>2008-2009 USD</b>	<b>2007- 2008 USD</b>
<b>3 Share Capital :</b>		
<b>Authorised</b>		
25,000 Equity shares of USD 1 par	25,000	25,000
Issued, subscribed and paid up		
25,000 Equity shares of USD 1 par	25,000	25,000
	<u>25,000</u>	<u>25,000</u>
<b>4 Fixed Assets :</b>		
Computer		
Gross block	8,751	4,728
Accumulated depreciation	(3,989)	(1,501)
Net Block	<u>4,762</u>	<u>3,227</u>
<b>Furniture :</b>		
Gross block	237	-
Accumulated Depreciation	(237)	-
Net Block	<u>-</u>	<u>-</u>
<b>5 Inventories :</b>		
Goods In Transit	189,814	165,703
	<u>189,814</u>	<u>165,703</u>
<b>6 Sundry debtors</b>		
Over six months		
Unsecured – considered good	2,677	66,326
<b>Others</b>		
Unsecured – considered good	268,385	119,768
	<u>271,062</u>	<u>186,094</u>
<b>7 Cash and bank balances</b>		
Cash in hand	-	-
Balances with non-scheduled banks :		
- in current accounts	189,013	198,459
	<u>189,013</u>	<u>198,459</u>
<b>8 Loans and advances</b>		
(unsecured, considered good)		
Advance to staff	9,955	9,955
<b>9 Current liabilities and provisions</b>		
Outstanding liabilities	465,462	352,618
Income tax provision	6,672	53,000
<b>10 Sales</b>		
Sale of goods	2,398,499	2,487,948
Tooling charges received	-	13,625
	<u>2,398,499</u>	<u>2,501,573</u>
<b>11 Other income</b>		
Miscellaneous income	219	17



# AUSTIN ENGINEERING COMPANY LIMITED

Village : Patla, Taluka : Bhesan, Dist. : Junagadh - 362 030.

## FORM OF PROXY

DP ID** :	
CLIENT ID** :	

REGD. FOLIO NO. :	
NO. OF SHARES HELD :	

I/we \_\_\_\_\_ resident of \_\_\_\_\_ being member(s) of

AUSTIN ENGINEERING COMPANY LTD. hereby appoint Mr./Ms. \_\_\_\_\_ of \_\_\_\_\_ or failing him Mr./Ms. \_\_\_\_\_ of \_\_\_\_\_ as my/our proxy to vote for me/us my/our behalf at the 31st Annual General Meeting of the Company to be held on Tuesday, 22nd September, 2009 at 11-00 A.M.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2009

**Affix  
1 Rupee  
Revenue  
Stamp**

**Signature of Member(s)**

Notes :

1. A Member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself
- 2.. A proxy need not be a member.
3. The proxy from duly completed should be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for holding the meeting.

\*\*Applicable to the members whose shares are head on dematerialized form.



# AUSTIN ENGINEERING COMPANY LIMITED

Village : Patla, Taluka : Bhesan, Dist. : Junagadh - 362 030.

## ATTENDANCE SLIP

DP ID** :	
CLIENT ID** :	

REGD. FOLIO NO. :	
NO. OF SHARES HELD :	

Full Name of the member attending \_\_\_\_\_

Full Name of the joint-holder \_\_\_\_\_

(To be filled in if the member does not attend thye meeting)

Name of Poxy \_\_\_\_\_

(To be filled in if Proxy Form has been duly deposited with the Company)

I/we hereby record my presence at the 31st Annual General Meeting of the Company held at the Registered Office of the Company on Tuesday, 22nd September, 2009 at 11-00 A.M.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2009

\_\_\_\_\_  
Signature of member/proxy

Notes :

Only Member / Proxy will be allowed to attend the meeting and they should bring with them the duly filled attendance slip.

\*\*Applicable to the members whose shares are head on dematerialized form.



**Financial Statements**

	<b>2008-2009 USD</b>	<b>2007- 2008 USD</b>
<b>12 Selling, general and administrative expenses</b>		
Rent, rates and taxes	15,373	13,872
Salaries	143,193	118,122
Marketing & communication expenses	99,580	61,723
Travel	3,426	3,819
Legal and professional fees	3,258	7,183
Office Expenses	2,903	1,082
Auditor's remuneration	1,655	1,685
Bank charges	2,263	2,494
Interest on loan	-	91
Miscellaneous expenses	342	101
	<b>271,992</b>	<b>210,172</b>

**13 Related party transactions**

**13.1 Party where control exists**

Name of the party	Nature of transaction	
<b>a. Austin Engineering Company Limited - Parent Company</b>	<b>2008-2009</b>	<b>2007-2008</b>
	Share application money received	Share application money received
	Purchase of goods	Purchase of goods
	Sales of goods	Sales of goods
	Balance due on account of Accounts Receivables	Balance due on account of Accounts Receivables
	Accounts Payable	Accounts Payable
<b>b. Bhavin Vadgama – Director</b>	Director's Remuneration	Director's Remuneration
<b>c. Max Precision Bearings Private Limited Enterprise where control of key management personal exists</b>	Purchase of goods	Purchase of goods

**13.2 Transactions with related party**

	<b>USD</b>	<b>USD</b>
Purchase of goods	2,082,084	2,124,989
Sales of goods	1,838	735
Director's Remuneration	55,920	55,014

**13.3 Outstanding balances**

Payable on account of purchase of goods	440,514	341,822
Payable on account of reimbursement of expenses	6,695	1,077
Receivable on account of sales	2,573	735

**14 Income tax**

Income tax expense comprises current tax and deferred tax charge or credit.

The deferred tax charge or credit is recognized using substantially enacted tax rates. In absence of virtual certainty the Company has not recognized deferred taxes on account unabsorbed depreciation.

**15 Supplementary statutory information for the profit and loss account**

Auditor's remuneration		
Add: fees (including service tax)	1,655	1,685

BOOK-POST

સુપર ટેકનિકલ સોલ્યુશન્સ  
પ્રાઇવેટ લિમિટેડ  
સુપર ટેકનિકલ સોલ્યુશન્સ  
સુપર ટેકનિકલ સોલ્યુશન્સ  
સુપર ટેકનિકલ સોલ્યુશન્સ  
સુપર ટેકનિકલ સોલ્યુશન્સ

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