



AUSTIN ENGINEERING COMPANY LIMITED

32nd ANNUAL REPORT

2009-2010

: 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. B.D. JOSHI	:	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
13-AB, SAMHITA WAREHOUSING COMPLEX, NEAR SAKINAKA TELEPHONE EXCHANGE,
ANDHERI-KURLA ROAD, SAKINAKA, ANDHERI (EAST), MUMBAI - 400 072.

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

NOTICE

NOTICE is hereby given that the 32nd 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 Wednesday, 22nd September, 2010 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, 2010 and the Directors' and Auditors' Reports thereon.
2. To declare dividend on Equity Shares for the financial year ended 31st March, 2010.
3. To appoint a Director in place of Dr. B. R. Sureja, who retires by rotation and being eligible offers himself for re- appointment.
4. To appoint a Director in place of Mr. K. J. Mehta, who retires by rotation and being eligible offers himself for re- appointment.
5. 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 :

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

"RESOLVED THAT pursuant to the provisions of Section 314 and all other applicable provisions, if any, of the Companies Act, 1956 and the rules made there under from time to time and subject to the prior approval of the Central Government and further subject to such modifications, amendments and variations as the Central Government may suggest, and which the Board of Directors of the Company is hereby authorised to accept and subject to such other consents, approvals, permissions as may be required, consent of the Company be and the same is hereby accorded for revising remuneration of Mr. Hiren Vadgama as Vice President-Design of the Company with effect from the first day of the following month of the date as the Central Government may approve while according its approval on the following remuneration including perquisites or such remuneration as may be approved by the Central Government while according its approval and as may be accepted by Mr. Hiren Vadgama.

- (1) Salary (in scale of): Rs.75000/- per month in the scale of 75000-10000-105000. + Bonus as per the rules of the Company.

- (2) Perquisites: The following perquisites will be allowed in addition to the salary.

(a) Medical Reimbursements :

For self and his family, subject to a ceiling of one month a year or 3 months salary over a period of 3 consecutive years subject to maximum Rs. 15000/- per annum.

(b) Leave Travel Concession :

For self and his family, once in a year incurred in accordance with the rules of the Company

(c) Gratuity :

It shall be payable at half a month's salary for each completed year of service.

(d) Leave :

Leave on full pay allowance as per the rules of the Company but not exceeding one month's leave for 11 months of services.

"FURTHER RESOLVED THAT consent of the Company be and the same is hereby accorded for Mr. Hiren Vadgama to hold an office or place of profit in the Company, as above, he being a relative (son) of Mr. N C Vadgama, Chairman and Executive Director of the Company.

"FURTHER RESOLVED THAT Mr. S M Thanki, Managing Director of the Company be and is hereby authorised to do all such acts, deeds, and things, as may be expedient and desirable for the purpose of giving effect to the resolutions including all such modification/s, when necessary, to the above terms of remuneration as the Central Government may suggest or require while granting approval.

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

"RESOLVED THAT pursuant to the provisions of Section 314 and all other applicable provisions, if any, of the Companies Act, 1956 and the rules made there under from time to time and subject to the prior approval of the Central Government and further subject to such modifications, amendments and variations as the Central Government may suggest, and which the Board of Directors of the Company is hereby authorised to accept and subject to such other consents, approvals, permissions as may be required, consent of the Company be and the same is hereby accorded for revising remuneration of Mr. Jignesh Thanki as Vice President-Technical of the Company with effect from the first day of the following month as the Central Government may approve while according its approval on the following remuneration including perquisites or such remuneration as may be approved by the Central Government while according its approval and as may be accepted by Mr. Jignesh Thanki.

- (1) Salary (in scale of): Rs.75000/- per month in the scale of 75000-10000-105000 + Bonus as per the rules of the Company.

- (2) Perquisites : The following perquisites will be allowed in addition to the salary.

(a) Medical Reimbursements :

For self and his family, subject to a ceiling of one month a year or 3 months salary over a period of 3 consecutive years subject to maximum Rs. 15000/- per annum.

(b) Leave Travel Concession :

For self and his family, once in a year incurred in accordance with the rules of the Company.



(c) Gratuity :

It shall be payable at half a month's salary for each completed year of service.

(d) Leave :

Leave on full pay allowance as per the rules of the Company but not exceeding one month's leave for 11 months of services.

"FURTHER RESOLVED THAT consent of the Company be and the same is hereby accorded for Mr. Jignesh Thanki to hold an office or place of profit in the Company, as above, he being a relative (son) of Mr. S M Thanki, Managing Director of the Company.

"FURTHER RESOLVED THAT Mr. N C Vadgama, Chairman and Executive Director of the Company be and is hereby authorised to do all such acts, deeds, and things, as may be expedient and desirable for the purpose of giving effect to the resolutions including all such modification/s, when necessary, to the above terms of remuneration as the Central Government may suggest or require while granting approval.

By order of the Board of Directors

N C Vadgama
Chairman

Place : Patla, Dist. Junagadh

Date : 29th May, 2010

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, 2010 to 22nd September, 2010 (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, 2010. In case of shares held in dematerialized form, the dividend thereon, upon its 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 depository 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 are 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, 13-AB, Samhita Warehousing Complex, 2nd Floor, Near Sakinaka Telephone Exchange, Andheri-Kurla Road, Sakinaka, Andheri (East) MUMBAI 400 072 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, the 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 the 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. 6 & 7 :

Mr. Hiren Vadgama and Mr. Jignesh Thanki has been working with the Company as Vice President since 15 years and both are presently drawing remuneration of Rs. 48,900/- per month. During their tenures, the Company made tremendous progress in terms of sales particularly on export front; profitability by taking several strategic managerial and financial decisions, increased the product mix and several value added products. Mr. Hiren Vadgama and Mr. Jignesh Thanki, are professionally qualified as B. E. (Mechanical) and both are associated with the Company since last 15 years. They fought out bravely and efficiently during the critical hours and reached the Company to its new heights under the able guidance of whole-time directors. Both of them have leadership qualities.

In terms of requirements of Section 314 (1B) of the Companies Act, 1956 read with the Directors' Relatives (Office or Place of Profit) Rules, 2003, the Remuneration Committee of the Company has also recommended Board of Directors to revise their remuneration as mentioned in the resolution. The perquisites proposed are more or less similar to other employees of the Company. Moreover they are in the exclusive employment of the Company and do not hold any place of profit in any other Company.





Since Mr. Hiren Vadgama is related to Mr. N. C. Vadgama, Chairman and Executive Director of the Company being his son and Mr. Jignesh Thanki is related to Mr. S. M. Thanki, Managing Director of the Company being his son and since the revised remunerations as proposed exceed Rs 50000/- per month, they will be deemed to be holding an office or place of profit in the Company within the meaning of Section 314 of the Companies Act, 1956 and holding of such an office or place of profit requires the prior consent of the Company by Special Resolution and the prior approval of the Central Government. In these circumstances, consent of the member is being sought for Mr. Hiren Vadgama and Mr. Jignesh Thanki to hold such an office or place of profit in the Company. Accordingly, Special Resolution set out in Item No.6 & 7 of the Notice is submitted to the meeting.

The proposed holding of office or place of profit by Mr. Hiren Vadgama and Mr. Jignesh Thanki will also be subject to the prior approval of the Central Government for which necessary application will be made by the Company. The Special Resolution set out in the Notice also authorizes Mr. S M Thanki the Managing Director and/ or Mr. N C Vadgama, Chairman and Executive Director of the Company to accept such modifications or amendments or variations in the terms and conditions of remuneration of Mr. Hiren Vadgama and Mr. Jignesh Thanki as may be suggested by the Central Government while according its approval and as may be accepted by them.

Your Directors commend the resolution for your approval.

Except Mr. N C Vadgama, Chairman and Executive Director and Mr. S M Thanki, Managing Director of the Company, no other director is concerned or interested in this resolution.

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

Particulars	Dr. B. R. Sureja	Mr. K. J. Mehta
Date of Birth	27-10-1968	24-11-1934
Appointed on	15-03-2003	15-03-2003
Qualifications	M. D.	B.A., C.A.I.I.B.
Expertise in Specific Functional Areas Directorships held in other Public Companies (excluding foreign companies)	NO	NO
Membership/ Chairmanship of Committees across public Companies	NO	NO
Shareholding	NO	NO

DIRECTORS' REPORT

To,
The Members,
Your Directors have pleasure in presenting the 32nd Annual Report with the audited accounts of the Company for the year ended 31st March, 2010

FINANCIAL RESULTS

	Rs. In Lacs	
	Year ended 31st March 2010	Year ended 31st March 2009
Gross profit before Interest Depreciation and Tax	932.63	1529.52
Less: Interest and Depreciation	282.82	352.94
Profit before Tax	649.81	1176.58
MTM Losses (Gain) on Derivative Contracts for ineffective hedge	(275.90)	229.55
Less : Provision for Taxation	229.41	412.43
Fringe Benefit Tax	-	10.50
Deferred Tax Assets	(9.37)	10.06
Profit after Tax.	705.67	514.04
Add : Balance brought forward from last year.	1893.60	1501.18
Profit available for appropriations	2599.27	2015.22
Appropriations :		
- Proposed Dividend	52.17	52.67
- Provision for Tax on Proposed Dividend	08.10	08.95
- Transfer To General Reserve	80.00	60.00
Balance carried forwarded to next year	2459.00	1893.60



OPERATING RESULTS :

The performance of the company during the year remains fair in spite of the depressionary conditions in the world economy. The sales of the Company have declined both in domestic and export segment. The sales during the year were Rs. 6886.23 lacs as against Rs.8432.95 lacs in the previous year. The net profit of the Company has however increased from Rs. 514.05 lacs to Rs. 705.67 lacs registering an increase of 37.28 % as compared to the last year. The Company has earned revenue of Rs. 73.95 lacs making net profit of Rs. 36.07 lacs out of the Wind Mill Project.

The Company continued to launch a number 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 :

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, 2010. (Previous Year Rs.1.50) The said dividend shall be payable to those members whose names appear on the Register of member of the company on record date.

FIXED DEPOSITS : There is no deposit outstanding/unpaid as at 31st March, 2010.

COMPLIANCE CERTIFICATE :

The company has obtained compliance certificate from M/s. K.J.SHAH & COMPANY, Company secretaries, Ahmedabad, under section 383 (A) of the Companies Act, 1956 and a copy of such certificate is annexed to this report.

BUYBACK OF EQUITY SHARES :

The Board of Directors of the Company at their meeting held on 8th January, 2009 had approved the Buyback of equity shares from the open market through stock exchange, not exceeding 4,50,000 nos. of equity shares of Rs.10/- each fully paid up for an aggregate amount not exceeding Rs. 2,92,50,000 at a price not exceeding Rs.65/- pre equity share.

The Company had commenced the said buyback on 27th January, 2009 and closed the same on 7th January 2010. During the same period, the company had bought back 53,200 equity shares for the aggregate consideration of Rs. 29,25,593.78 (at an average of Rs. 54.99 per share). The present paid up capital of the company after extinguishment of above shares is Rs. 3,47,78,000 divided in to 34,77,800 equity shares of Rs.10/- each.

DIRECTORS :

Dr. B. R. Sureja, a Director of the Company who retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for reappointment.

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

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 prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2010 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 retires 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 AUDIT :

As per the Government directives, the company's cost record in respect of Bearings for the financial year ended on 31st March, 2010 were being audited by M/s. S. B. Parikh & Company, Cost Auditor who were appointed by the Board pursuant to the provisions of section 233B of the Companies Act, 1956 with necessary approval from the Central Government.

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 :

Pursuant to section 212 of the Companies Act, 1956, the audited statement of accounts for the year ended on 31st March, 2010 of Accurate Engineering Inc. U.S.A., the wholly owned subsidiary together with the report of the auditors, necessary audited attachments and also the statement under section 212 of the Companies Act, 1956 are annexed to this report.

As prescribed by Accounting Standard 21 of the Institute of Chartered Accountants of India, the audited consolidated financial statements are annexed to this report.



LISTING OF EQUITY SHARES :

The Company's equity shares are listed at Bombay Stock Exchange Limited, Phiroze Jeejeebhoy Tower, Dalal Street, Mumbai 400 001
The Company has paid the annual listing fee of the said stock exchange for the financial year 2010-2011.

AUDIT COMMITTEE :

The Audit committee consists of the following directors viz;

1. Mr. B. D. Joshi, Chairman of committee
2. Mr. K. J. Mehta, Members of committee
3. Mr. D. B. Nakum, Members of committee

All the members of Audit Committee are independent directors.

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 : 29th May, 2010

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, 2010

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/up gradation 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 making continuous efforts towards modernization and technology up-gradation 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)	
	2009-2010	2008-2009
FOREIGN EXCHANGE EARNINGS :		
1. Exports of goods on FOB basis	3268.25	4985.76
Total Foreign Exchange earned	3268.25	4985.76
FOREIGN EXCHANGE OUTGO :		
1. Import of CIF value of Raw Materials, Capital goods & Spares.	8.39	110.76
2. Traveling	4.95	6.67
3. Sales Commission	28.67	54.26
4. Foreign Marketing & Sales Promotion Expenses	7.33	2.13
5. FCNR Loan Interest	-	15.38
6. Dividend	1.76	1.76
Total Foreign Exchange used	51.10	190.96

On behalf of the Board of Directors

Place : Patla, Dist.:Junagadh

Date : 29th May, 2010

N C VADGAMA

Chairman

MANAGEMENT DISCUSSION AND ANALYSIS REPORT**OVERVIEW OF BEARING INDUSTRES :**

The Indian Bearing market can primarily be divided into two sectors-Automotive and Industrial. Each of these segments may further be sub-divided into OEM and end users. OEM are the major uses of bearings in India with about 60% market share while the end user segment contributes to the remaining 40% market shares. Within the OEM's, the automobile segment consumes the largest share of bearings followed by the industrial sector.

The supply structure within the bearing industry is dominated by the domestic bearing manufacturers who accounts for almost 75% of the total demand. Balance is met through imports. The domestic bearing market focuses on the low and replacement market. There are different types of bearings among them ball bearings constituting of one third of the bearings sales while tapers, cylindrical, spherical and others form the rest.

Seals, lubrications, mechatronics and services are related technology segment at a nascent stage- which is growing alongwith the bearing market. With the rapid growth in the industry in the recent past, the total size of the bearing industry is expected to be well over 60 billion.

OPPORTUNITIES :

India's GDP is expected to go up 2.2 times from \$1.3 trillion a decade from today. The automotive and industrial sector is expected to play a leading role in the growth of economy.

Automotive industry is the largest consumer of bearings in India and has been growing at a significant pace on the back of strong domestic demand. We expect this industry to continue this space and be the highest contributor to the consumption.

India is one of the fastest growing passenger car markets in the world and second largest two wheeler manufacturers globally. The Indian domestic market will continue to be dominated by small cars and is growing significantly in the segment of medium and big cars in the recent past. Your Company aims to leverage this opportunity on its financial strength and its market leadership.

THREATS :

Steel and alloy steel form the basic raw-material for the manufacturing of bearings and constitute the single largest components of bearing cost. Steel prices therefore, have significant impact on margins.

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.

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 up gradations 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's 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 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 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 majority of its revenues. We had 100% subsidiaries in USA, 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 diameter.

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 programmes 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 27 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 Indian economy has strongly recovered and most estimates now indicate a return of 8% plus growth rate from 2010 onwards. Acceleration of reforms and capital inflows will spur investments; however, the risk from high inflation, higher cost of capital and financing constraints arising from, among others, the fiscal deficit could have a dampening effect on growth. Indian's growth prospectus remains "fair and bright" as it was not at the centre of the global crisis with its growth well balanced with mainly reliant on domestic consumption.



Indian economy is gradually strengthening and more stable on the front of economic development. There is an unprecedented boom in the automotive sector, led by strong sales in the car and two wheeler segment while the industrial sector comprising of metals, mining, cement, power etc. are showing encouraging signs. The Index for industrial production has in recent months, indicated a return to high growth days in manufacturing sector. This Augurs well for our business and we remain cautiously optimistic that 2010-11 will be a good year.

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 the 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.

COMPLIANCE CERTIFICATE

Company Identification No: L27259GJ1978PLC003179

Nominal Capital: Rs.40000000

To,
The Members,
AUSTIN ENGINEERING CO. LTD.

We have examined the registers, records, books and papers of AUSTIN ENGINEERING COMPANY LIMITED as required to be maintained under the Companies Act, 1956 (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the Financial Year ended on 31st March, 2010. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, we certify that in respect of the aforesaid financial year:

- 1 The Company has kept and maintained all registers as stated in Annexure "A" to this certificate, as per the provisions of the Act and the rules made there under and all entries therein have been duly recorded.
- 2 The Company has duly filed the forms and returns as stated in Annexure "B" to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made there under.
- 3 The Company being a public limited company, comments are not required.
- 4 The Board of Directors duly met Eight times on 10th April, 2009, 15th May, 2009, 23rd June, 2009, 29th July 2009, 22nd September, 2009, 28th October, 2009, 4th January, 2010 and 25th January, 2010 in respect of which meetings, proper notices were given and the proceedings were properly recorded and signed including the circular resolutions passed in the Minutes Book maintained for the purpose
- 5 The Company has closed its Register of Members and/or Debenture holders from 15th September, 2009 to 22nd September, 2009 and necessary compliance of Section 154 of the act has been made.
- 6 The annual general meeting for the financial year ended on 31st March, 2009 was held on 22nd September, 2009 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
- 7 No extra ordinary general meeting was held during the financial year
- 8 The Company has not advanced any loan to its directors or persons or firms or companies referred to under section 295 of the Act..
- 9 The Company has duly complied with the provisions of section 297 of the act in respect of contracts specified in that section.
- 10 The Company has made necessary entries in the Register maintained under section 301 of the Act.
- 11 As there were no instances falling within the purview of section 314 of the Act, the Company has not obtained any approvals from the board of Directors, members or Central Government.
- 12 The Board of Directors or duly constituted Committee of Directors has approved the issue of duplicate share certificates.
- 13 The Company has:
 - i) delivered all the certificates on lodgment thereof for transfer in accordance with the provisions of the act.
 - ii) deposited the amount of dividend declared in a separate Bank Account on 25th September, 2009 which is within five days from the date of declaration of such dividend.





- iii) paid/posted warrants for dividends to all the members within a period of 30 (Thirty days) from the date of declaration and that all unclaimed dividend has been transferred to Unpaid Dividend Account of the company with Yes Bank, Worli, Mumbai on 28th October, 2009.
 - iv) transferred the amounts in unpaid dividend account, application money due for refund, matured deposits and interest accrued thereon which have remained unclaimed or unpaid for a period of seven years to Investor Education and Protection Fund.
 - v) duly complied with the requirements of section 217 of the Act.
- 14 The Board of Directors of the Company is duly constituted and the appointment of directors, additional directors, alternate directors and directors to fill casual vacancies has been duly made.
 - 15 The Company has not appointed any Managing Director/ Whole time director/ Manager during the financial year.
 - 16 The Company has not appointed any sole selling agents during the financial year.
 - 17 The Company has obtained all necessary approvals of the Central Government, Company Law board, Regional Director, Registrar or such authorities as prescribed under the various provisions of the Act as detailed below:
 - (i) approval from Regional Director under the proviso to sub-section (1) of section 297 of the Companies Act, 1956
 - 18 The directors have disclosed their interest in other firms / companies to the Board of Directors pursuant to the provisions of the Act and rules made there under.
 - 19 The Company has not issued any shares, debentures or other securities during the financial year.
 - 20 The Company has bought back 33450 equity shares during the financial year ending on 31st March, 2010 after complying with the provision of the Act.
 - 21 There was no redemption of preference shares or debentures during the financial year.
 - 22 The Company wherever necessary has kept in abeyance rights to dividend, rights shares and bonus shares pending registration of transfer of shares in compliance with the provisions of the Act.
 - 23 The Company has complied with the provisions of sections 58A and 58AA read with Companies (Acceptance of Deposit) Rules, 1975/the applicable directions issued by the Reserve Bank of India/any other authority in respect of deposits accepted including unsecured loans taken, amounting to Nil raised by the company during the year and the company has filed the copy of Statement in lieu of Advertisement/ necessary particulars as required with the Registrar of Companies Gujarat on 3rd August, 2009. The Company has also filed return of deposit with the Registrar of Companies, Reserve Bank of India and other authorities.
 - 24 The amount borrowed by the Company from directors, members, public financial institutions, banks and others during the financial year ending 31st March, 2010 are within the borrowing limits of the Company and that necessary resolutions as per section 293(1)(d) of the Act have been passed in dully conveyed annual general meeting.
 - 25 The Company has not made any loans or advances or given guarantees or provided securities to other bodies corporate and consequently no entries have been made in the register kept for the purpose.
 - 26 The Company has not altered the provisions of the Memorandum with respect to situation of the company's registered office from one State to another during the year under scrutiny.
 - 27 The Company has not altered the provisions of the Memorandum with respect to the objects of the company during the year under scrutiny.
 - 28 The Company has not altered the provisions of the Memorandum with respect to name of the company during the year under scrutiny.
 - 29 The Company has not altered the provisions of the Memorandum with respect to share capital of the company during the year under scrutiny.
 - 30 The Company has not altered its Articles of Association during the year.
 - 31 As informed to us, there was no prosecution initiated against or show cause notices received by the company and no fines or penalties or any other punishment was imposed on the company during the financial year, for offences under the Act.
 - 32 The Company has not received any money as security from its employees during the financial year.
 - 33 The Company has generally regularly deposited both employee's and employer's contribution to Provident Fund with prescribed authorities pursuant to section 418 of the Act.

Place: AHMEDABAD
Date: 29TH MAY, 2010

Name of the Company Secretary
KAUSHIK J SHAH
CP NO 1414 FCS NO 2420

K. J. Shah & Company
301, 'Sambanna', B/h., Navrangpura Bus Stand,
Ahemdabad- 380 009. Ph. (O) : 26423700

ANNEXURE "A"

STATUTORY REGISTERS :

- | | | |
|---|---|------------|
| 1) Register of Members | : | U/s 150 |
| 2) Register of Directors | : | U/s 303 |
| 3) Register of Directors Shareholdings | : | U/s 307 |
| 4) Register of Contracts, Companies & Firms in which director etc. are interested | : | U/s 301(3) |
| 5) Register of Board Minutes | : | U/s 193 |
| 6) Register of AGM / EOGM Minutes | : | U/s 193 |



**OTHER REGISTERERS :**

- 1) Register of Transfer
- 2) Register of Attendance of Board Minutes
- 3) Register of Attendance of AGM / EOGM

ANNEXURE "B"

Forms and Returns as filed by the Company with Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ended on 31st March, 2010

S.N.	Form No./ Return	Filed U/s	Date of Filing	Whether filed within prescribed time Yes / No		If delay in filing whether requisite additional fees paid Yes / No	
				Yes	No	Yes	No
	Form 32	303(2)	01/06/2009	Yes		No	
	Form 62	58A	03/08/2009	No		Yes	
	Form 62	58A	03/08/2009	Yes		No	
	Form 8	125	21/08/2009	Yes		No	
	Form 8	125	21/08/2009	Yes		No	
	Form 8	125	21/08/2009	Yes		No	
	Form 8	125	28/08/2009	Yes		No	
	Form 8	125	28/08/2009	Yes		No	
	Form 8	125	28/08/2009	Yes		No	
	Form 8	125	28/08/2009	Yes		No	
	Form 24A	297	14/09/2009	Yes		No	
	Form 24A	297	14/09/2009	Yes		No	
	Form 24A	297	14/09/2009	Yes		No	
	Form 24A	297	14/09/2009	Yes		No	
	Form 32	303(2)	10/10/2009	Yes		No	
	Form 66	383A	13/10/2009	Yes		No	
	Form 23AC	210	14/10/2009	Yes		No	
	Form 20B	159	04/11/2009	Yes		No	
	Form 4C	77A	19/01/2010	Yes		No	
	Form 62	77A	19/01/2010	Yes		No	

Place : AHMEDABAD
Date : 29TH MAY, 2010

Name of the Company Secretary
KAUSHIK J SHAH
CP NO 1414 FCS NO 2420

REPORT ON CORPORATE GOVERNANCE

Corporate Governance helps to serve corporate purposes by providing a framework within which stakeholders can pursue the objectives of the organizations most effectively. Corporate governance signifies acceptance by management of the inalienable rights of shareholders as the true owners of the organizations and of their own role as trustees on behalf of the shareholders

The Company is in compliance with the requirement of the guidelines on Corporate Governance stipulated under Clause 49 the Listing Agreement with the Stock Exchange. In Compliance with the said requirements, the Company's Policies on Corporate Governance and compliance thereof in respect of specific areas, as applicable, for the year ended 31st March, 2010 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, 2009	No. of Other Directorship(s)		No. of Outside Committee(s)	
				Public	Private	Public	Private
				Mr.N C Vadgama	Chairman & E.D.	7	YES
Mr.S M Thanki	Managing Director	8	YES	1	1	-	-
Mr.R R Bambhania	Jt.Managing Director	8	YES	1	1	-	-
Mr.J R Bhogayta	Executive 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	6	YES	-	-	-	-
*Mr.S V Vaishnav	Director	1	NO	-	1	-	-

* 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 22nd September, 2009. (additional director upto 21st September, 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 2009-10.

Date of Meeting	No. of Directors Present	Date of Meeting	No. of Directors Present
10th April, 2009	8	22nd September, 2009	8
15th May, 2009	6	28th October, 2009	8
23rd June, 2009	8	4th January, 2010	8
29th July, 2009	8	25th January, 2010	8

(c) Details of sitting fees, remuneration etc. paid to Directors for the year ended 31st March, 2010.

Name of the Directors	Remuneration paid to Directors	Sitting fees paid for attending Board / Audit Committee
Mr. N C Vadgama	80000 per month	NIL
Mr. S M Thanki	80000 per month	NIL
Mr. R R Bambhania	80000 per month	NIL
Mr. J R Bhogayta	80000 per month	NIL
Mr. B D Joshi	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. B D Joshi(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 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 committees usually 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 2009-10, Mr. N. C. Vadgama, Mr. S. M. Thanki, Mr. R.R. Bambhania and Mr. J. R. Bhogayta have been paid monthly remuneration of Rs.80,000/- each for the whole year. All other Directors have been paid Rs.10000/- during the year as Sitting Fees.

3. AUDIT COMMITTEE :

The Audit Committee of Directors comprises three Non-Executive independent directors viz. (1) Mr. B D Joshi (2) Mr. K J Mehta and (3) Mr. D B Nakum, who all have adequate financial accounting knowledge.

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 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 is 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 23rd June, 2009, 29th July, 2009, 22nd September, 2009, 28th October, 2009 and 25th January, 2010. The attendance of Audit Committee member is given hereunder:

Name of the Director	Category	Nos. of Meetings Attended
Mr. B D Joshi	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, 29th June, 2010 reviewed the Annual Accounts for the year 2009-2010 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
Mr. R R Bambhania	Joint Managing Director
Mr. B R Sureja	Independent Non- Executive Director

One meeting of Share holder/ Investor Grievances Committee was held on 15th March, 2010.

The Company has received 1 nos. of complaint from shareholders and they have been resolved satisfactorily. No complaint was pending as at date.

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 :

Last three Annual General Meetings of the Company were held are given below:

Financial Year	Date	Location of the Meeting	Time
2007 - 2008	29/09/2007	Village: PATLA, Tal: BHESAN Dist : JUNAGADH 362 030	11.00a.m.
2008 - 2009	22/09/2008	Village: PATLA, Tal: BHESAN Dist : JUNAGADH 362 030	11.00a.m.
2009 - 2010	22/09/2009	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
29-09-2007	No	N.A.
22-09-2008	No	N.A.
22-09-2009	No	N.A.

7. DISCLOSURES :

- i) During the year under review, besides the transactions mentioned elsewhere in the annual report, there were no significant related party transactions or pecuniary transactions by the Company with its promoter, directors, management and subsidiaries for the year ended on 31st March, 2010 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 31st March, 2010.

8. MEANS OF COMMUNICATION :

- (i) The Company does not send its half-yearly reports to each shareholder as the same is not required to be sent legally.
- (ii) The quarterly, half-yearly and full year results are regularly submitted to the stock exchange in accordance with the listing agreement and are published in newspapers like Indian Express and Financial Express.
- (iii) The website of the Company www.aecbearings.com

9. GENERAL SHAREHOLDER INFORMATION :

(i) Annual General Meeting :

Date & Time : Wednesday, 22nd September, 2010 at 11.00 a.m.

Venue : Village : PATLA, Taluka: BHESAN, Dist.:JUNAGADH-362 030

(ii) Financial year : 2009-2010 (1st April to 31st March)

(iii) Date of Book Closure :

15th September, 2010 to 22nd September, 2010 (Both days inclusive)

(iv) Dividend Payment Date : 20th October, 2010.

(v) Listing on Stock Exchange : Bombay Stock Exchange Limited

The annual listing fees for the year 2010-11 have been paid to the aforesaid stock Exchange.

(vi) Stock Code : 522005 (BSE) ISIN No.INE759F01012

(vii) Market Price Data :

The monthly high and low shares traded on the Bombay Stock Exchange Limited during financial year 2009-10.

Month	Year	High (Rs.)	(Low (Rs.))	Month	Year	High (Rs.)	(Low (Rs.))
April	2009	54.00	42.05	October	2009	102.70	64.35
May	2009	65.00	45.55	November	2009	116.20	63.05
June	2009	78.00	52.00	December	2009	99.50	80.00
July	2009	57.90	43.05	January	2010	95.45	73.55
August	2009	64.90	50.40	February	2010	90.80	73.00
September	2009	75.00	60.25	March	2010	83.40	75.00



(viii) Registrar & Share Transfer Agents :**SHAREPRO SERVICES (India) Pvt. Ltd:**

13-AB, Samhita Warehousing Complex, 2nd Floor,
Near Sakinaka Telephone Exchange, Andheri-Kurla Road,
Sakinaka, Andheri (East) MUMBAI 400 072
Phone No. : +91-022-67720329/67720300 Fax No.: +91-022-28508927

(ix) Share Transfer Systems :

Presently, the share transfer received in physical form are processed and the share certificate are returned within a period 15 days from the date of receipt, subject to the documents being valid and complete in all respects.

(x) Distribution Pattern of shareholding as on 31st March, 2010.

No.of Equity Shares Held	Number of Shareholders	% of Shareholders	No.of Shares held	% of Shareholding
1 - 500	5677	90.226	885491	25.461
501 - 1000	303	4.816	248997	7.160
1001 - 2000	155	2.463	229966	6.612
2001 - 3000	38	0.604	95438	2.744
3001 - 4000	31	0.493	112699	3.241
4001 - 5000	18	0.286	82893	2.383
5001 - 10000	27	0.429	181314	5.213
10001 and above	43	0.683	1641002	47.186
Grand Total	6292	100.00	3477800	100.00
Physical Mode	1844	29.31	601802	17.30
Electronic Mode	4448	70.69	2875998	82.70

Shareholding Pattern as on 31st March, 2010 :

Category	Number of Shares	% of Holding
Indian Promoters/Relatives	1200125	34.51
Resident Individuals & Corporates	2238004	64.35
Fin.Institutions/Banks/Mutual Fund	7000	0.20
NRIs	32671	0.94
Total :	3477800	100.00

(xi) Dematerialisation of equity shares and liquidity :

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

Nearly 82.70% of total equity shares of the Company are held in dematerialised form with following depository.

in N S D L : 2189327 shares. (62.96 %)

in C D S L : 686671 shares. (19.74 %)

(xii) Outstanding GDRs/ADRs/Warrants or any Conversable Instruments conversion date and likely impact on equity :

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

(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 Correspondence :

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

SHAREPRO SERVICES (INDIA) PVT. LTD. :

13-AB, Samhita Warehousing Complex, 2nd Floor,
Near Sakinaka Telephone Exchange, Andheri-Kurla Road,
Sakinaka, Andheri (East) MUMBAI 400 072
Phone No. : 022-67720329/67720300 Fax No.:022-28508927
Email: sharepro@shareproservices.com

For general correspondence write to :**AUSTIN ENGINEERING COMPANY 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

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 31st March, 2010.

FOR AUSTIN ENGINEERING CO.LTD.

Place : Patla, Dist. Junagadh

Date : 29th May, 2010

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 31st March, 2010 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: 29th May, 2010

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, 2010 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 31.03.2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31.03.2010 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, 2010 ;
 - (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 : 29th May, 2010

DHIRUBHAI H. DAND
PROPRIETOR
M. NO. 017117

ANNEXURE TO THE AUDITORS' REOPRT

(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-2010, 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-2010. 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

DHIRUBHAI H. DAND
PROPRIETOR

PLACE : JUNAGADH
DATE : 29th May, 2010



Balance Sheet as at 31st March, 2010.

Particulars	Sch No.	2009-2010		2008-2009	
		Rs.	Rs.	Rs.	Rs.
SOURCES OF FUNDS					
SHAREHOLDERS' FUNDS					
Capital	1	34,778,000		35,112,500	
Reserves & Surplus	2	367,104,781	401,882,781	304,198,833	339,311,333
LOAN FUNDS					
Secured Loans	3		93,064,494		135,446,717
Deferred Tax Liabilities (Net)			7,265,344		8,202,359
	TOTAL :		502,212,619		482,960,409
APPLICATION OF FUNDS					
Fixed Assets	4				
Gross Block		351,811,992		344,313,546	
Less: Depreciation		201,852,707	149,959,285	183,847,746	160,465,800
Investments	5		3,847,606		3,847,606
CURRENT ASSETS, LOANS & ADVANCES					
Inventories	6	254,321,914		285,516,305	
Sundry debtors	7	151,569,700		164,825,535	
Cash & Bank Balances	8	64,391,467		19,178,538	
Loans & Advances	9	54,261,808		64,582,047	
		524,544,889		534,102,425	
Less: CURRENT LIABILITIES & PROVISIONS 10					
Liabilities		132,349,343		169,730,997	
Provisions		43,789,818		45,724,425	
		176,139,161		215,455,422	
NET CURRENT ASSETS			348,405,728		318,647,003
	TOTAL :		502,212,619		482,960,409
NOTES ON ACCOUNTS	17				

As per our Report of even date

For **DHIRUBHAI DAND & Co.,**
Chartered Accountants.DHIRUBHAI H. DAND
Proprietor.Place : Junagadh
Date : 29th May, 2010

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, 2010.**

Particulars	Sch No.	2009-2010		2008-2009	
		Rs.	Rs.	Rs.	Rs.
INCOME					
Sales (Gross)	11	688,623,368		843,295,105	
Less : Excise Duty recovered on sales		19,374,295	669,249,073	26,609,630	816,685,475
Other Income	12		16,194,030		25,214,524
			685,443,103		841,899,999
Increase(Decrease) in Finished Goods.					
Semi Finished Goods & Trade Goods.	13		(26,841,400)		2,593,916
			658,601,703		844,493,915
EXPENDITURE					
Manufacturing and other exp.	14		478,244,394		608,630,203
Purchase of Trade Goods			87,094,314		82,912,047
Interest	15		10,277,336		19,277,295
Depreciation			18,004,961		16,016,583
			593,621,005		726,836,128
Profit before Exceptional Item			64,980,698		117,657,787
MTM Losses/(Gains) on Derivative Contracts for ineffective hedge			(27,590,000)		22,955,000
Profit after Exceptional Item			92,570,698		94,702,787
Provision for taxation					
- Current Tax			22,000,000		40,000,000
- Fringe Benefit Tax			-		1,050,000
- Deferred Tax			(937,015)		1,005,690
Profit after tax			71,507,713		52,647,097
Prior period Expenses (Income Tax)			940,651		1,242,484
Profit for the Year			70,567,062		51,404,613
Balance brought forward from last year			189,360,479		150,117,846
AMOUNT AVAILABLE FOR APPROPRIATION			259,927,541		201,522,459
Appropriations:					
- Proposed Dividend			5,216,700		5,266,875
- Proposed Dividend no more required due to Buy Back of shares including Tax on Proposed Dividend			(56,245)		-
- Provision for Tax on Proposed Dividend			866,429		895,105
- Transfer to General Reserve			8,000,000		6,000,000
Balance Carried to Balance Sheet			245,900,657		189,360,479
NOTES ON ACCOUNTS	17				

As per our Report of even date

For **DHIRUBHAI DAND & Co.,**
Chartered Accountants.DHIRUBHAI H. DAND
Proprietor.Place : Junagadh
Date : 29th May, 2010

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

SCHEDULE 1 : SHARE CAPITAL

Particulars	2009-2010		2008-2009	
	Rs.	Rs.	Rs.	Rs.
AUTHORISED :				
40,00,000 Equity Shares of Rs.10 each		40,000,000		40,000,000
ISSUED, SUBSCRIBED AND PAID UP :				
35,11,250 Equity Shares of Rs.10 each fully paid up. (Previous Year 35,31,000 Equity Shares of Rs. 10 each fully paid up)	35,112,500		35,310,000	
Less : Equity Share Buy Back	334,500	34,778,000	197,500	35,112,500
Total :		34,778,000		35,112,500

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				
Openind Balance	197,500		--	
Amt. Trasferred from General Reserve	334,500	532,000	197,500	197,500
General Reserve :				
As per last Balance Sheet	24,117,969		26,319,833	
Add: Transfer from Profit & Loss A/c	8,000,000		6,000,000	
Less : Tranfer to Captial Redemption Reserve	334,500		197,500	
Less : Premium Paid for Buy-back of Share	1,634,230		759,364	
Less : Transitional loss recognised pursuant to early adoption of Accounting standard-30 'Financial instuments Recognition and Measurement	--		7,245,000	
		30,149,239		24,117,969
		121,204,124		114,838,354
SURPLUS :				
Profit & Loss A/c		245,900,657		189,360,479
Total :		367,104,781		304,198,833

SCHEDULE 3 : SECURED LOANS

(A) Deferred Payment Loan				
from ICICI Bank		--		69,192
from HDFC Bank		709,612		1,542,378
from CHOLAMANDLAM DBS Fin. Ltd.		95,059		655,580
(B) Term Loan				
1) from Bank of Baroda		8,587,147		13,446,741
2) from Bank of Baroda		9,401,369		15,901,841
(C) Working Capital Loan				
from Bank of Baroda		74,271,307		103,830,985
Total :		93,064,494		135,446,717

* 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 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 31/03/2009 Rs.	Addition During the year Rs.	Sales/Trans. During the year Rs.	Balance as at 31/03/2010 Rs.	Provided Upto 31/03/2009 Rs.	Provided During the year Rs.	Adjustment on account of Sales Rs.	Total as at 31/03/2010 Rs.	Balance as at 31/03/2010 Rs.	Balance as at 31/03/2009 Rs.
1	'aec' TRADE MARK	40,861,000	--	--	40,861,000	11,441,080	817,220	--	12,258,300	28,602,700	29,419,920
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	38,573,740	3,137,300	--	41,711,040	16,767,531	1,348,226	--	18,115,757	23,595,283	21,806,209
5	PLANT & MACHINERY	140,372,396	2,551,442	--	142,923,838	77,834,636	8,313,494	--	86,148,130	56,775,708	62,537,760
6	PLANT & MACHINERY(100% DEPRECIATION)	2,774,089	--	--	2,774,089	2,774,089	--	--	2,774,089	--	--
7	ELECTRIC INSTALLATION	9,205,997	168,984	--	9,374,981	8,960,400	265,320	--	9,225,720	149,261	245,597
8	TOOLS DIES & MEASURING INSTRUMENTS	35,200,367	644,933	--	35,845,300	30,565,590	950,332	--	31,515,922	4,329,378	4,634,777
9	FURNITURE & FIXTURE	10,092,619	111,434	--	10,204,053	6,571,409	602,072	--	7,173,481	3,030,572	3,521,210
10	OFFICE & FACTORY EQUIPMENTS	5,962,299	340,497	--	6,302,796	2,326,239	277,752	--	2,603,991	3,698,805	3,636,060
11	VEHICLES	16,615,803	--	--	16,615,803	7,770,496	1,151,358	--	8,921,854	7,693,949	8,845,307
12	COMPUTERS & SOFWARES	9,179,247	543,856	--	9,723,103	6,666,886	628,370	--	7,295,256	2,427,847	2,512,361
13	WIND ELECTRIC POWER CONVERTER	35,307,710	--	--	35,307,710	12,169,390	3,650,817	--	15,820,207	19,487,503	23,138,320
	TOTAL	344,313,546	7,498,446	--	351,811,992	183,847,746	18,004,961	--	201,852,707	149,959,285	160,465,800
	PREVIOUS YEAR	305,584,825	42,869,831	4,141,110	344,313,546	171,005,377	16,016,583	3,174,214	183,847,746	160,465,800	134,579,448

SCHEDULE 5 : INVESTMENTS (AT COST)

PARTICULARS	2009-2010			2008-2009		
	NO.OF SHARES	FACE VALUE Rs.	Rs.	NO.OF SHARES	FACE VALUE Rs.	Rs.
LONG TERM INVESTMENTS :						
(A) UNQUOTED :						
Equity Share (Fully Paid)						
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) QUOTED :						
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	2009-2010			2008-2009		
	NO.OF SHARES	FACE VALUE Rs.	Rs.	NO.OF SHARES	FACE VALUE Rs.	Rs.
Fag Bearings Ltd. Share	100	10	53650	100	10	53650
NRB Bearings share	50	2	4593	50	2	4593
Reliance Industries Ltd. Share (Previous Year Reliance Petro. Ltd.)	124	10	173913	1000	10	173913
SKF Bearing Ltd. Share	300	10	104601	300	10	104601
Timken India Ltd.	50	10	7144	50	10	7144
(C) DEBENTURE :						
Essar Oil Ltd.	4,100	105	430,500	4,100	105	430,500
(D) GOVERNMENT SECURITIES :						
National Saving Certificate (Pledged as security to excise dept)			51,000			51,000
Total :			<u>3,847,606</u>			<u>3,847,606</u>
Aggregate Book Value of Investment						
- Unquoted			2,192,950			2,192,950
- Quoted Market Value Rs. 1517648 /- (Previous year Rs. 1047035/-)			1,603,656			1,603,656
- Government Securities			51,000			51,000
			<u>3,847,606</u>			<u>3,847,606</u>

SCHEDULE 6 : INVENTORIES

Particulars	2009-2010		2008-2009	
	Rs.	Rs.	Rs.	Rs.
[Valued as stated in the accounting policies in Note No. 1(iii)]				
Raw materials		47,015,654		51,383,518
Semi-finished goods		132,199,542		168,911,388
Finished goods		64,098,318		50,088,677
Stores and spares		5,391,562		5,158,234
Packing materials		3,951,868		4,170,323
Trade Goods		1,664,970		5,804,165
Total :		<u>254,321,914</u>		<u>285,516,305</u>

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

Under Six Months Old		144,107,940		153,305,063
Over Six Months Old		7,461,760		11,520,472
Total :		<u>151,569,700</u>		<u>164,825,535</u>

SCHEDULE 8 : CASH & BANK BALANCES

Cash on Hand		1,752,775		2,022,953
Balance with Scheduled Bank				
In Current Account	54,671,045		9,945,842	
In Unpaid dividend A/c.	1,201,227		1,103,965	
In Fixed Deposit A/c.	6,766,420	62,638,692	6,105,778	17,155,585
Total :		<u>64,391,467</u>		<u>19,178,538</u>





SCHEDULE 9 : LOANS & ADVANCES

Particulars	2009-2010		2008-2009	
	Rs.	Rs.	Rs.	Rs.
UNSECURED - CONSIDERED GOOD :				
Advances recoverable in cash or in kind or for value to be received.		13,223,246		15,994,154
Staff loan & advance		3,620,760		3,572,452
Other Loans		2,698,424		4,468,424
Sundry deposits		3,391,755		3,349,178
Advances for capital expenditure		7,481,598		4,364,435
Advances for expenses		19,937,061		28,997,992
Advances for raw materials		2,780,314		2,706,762
share application money		1,128,650		1,128,650
Total :		<u>54,261,808</u>		<u>64,582,047</u>

SCHEDULE 10 : CURRENT LIABILITIES & PROVISIONS :

CURRENT LIABILITIES :

Sundry creditors	101,401,996		109,221,663	
Other liabilities	28,236,347		30,208,334	
Trade deposits	101,000		101,000	
Mark to Market loss on forward contract	2,610,000	132,349,343	30,200,000	169,730,997

PROVISIONS :

Provision for Proposed Dividend	5,216,700		5,266,875	
Tax on Proposed Dividend	866,429		895,105	
Bonus Provision	10,151,104		9,256,529	
Gratuity Provision	25,147,410		25,373,891	
Income Tax provision (NET)	2,408,175	43,789,818	4,932,025	45,724,425
Total :		<u>176,139,161</u>		<u>215,455,422</u>

* Sundry creditors include liability in respect of Capital Goods Rs. 9,25,124/- (Previous year Rs.18,64,846/-) Amount due to Directors of Rs. 3,23,600/- 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 H.U.F. of Directors Rs. 99,67,347/- (Previous Year Rs. 98,15,840/-).

SCHEDULE 11 : SALES

Sales of Manufactured Goods		569,466,111		738,095,156
Sales of Trade Goods (Inclusive of Excise duty & Sales Tax)		119,157,257		105,199,949
Total :		<u>688,623,368</u>		<u>843,295,105</u>

SCHEDULE 12 : OTHER INCOME

Job-work Income		667,385		876,441
Sales of scrap		2,884,657		4,068,921
Miscellaneous income		1,842,648		759,232
Interest Income		743,807		401,557
DEPB Licence Incentive		10,050,981		7,021,378
Dividend Income		4,552		2,433
Foreign Exchange Rate Diff. Income		--		11,639,990
Profit on sale of Assets		--		208,050
Sales tax Refund		--		236,522
Total :		<u>16,194,030</u>		<u>25,214,524</u>



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

Particulars	2009-2010		2008-2009	
	Rs.	Rs.	Rs.	Rs.
FINISHED GOODS:				
Opening Stock	50,088,677		44,783,703	
Closing Stock	64,098,318	14,009,641	50,088,677	5,304,974
SEMI-FINISHED GOODS:				
Opening Stock	168,911,388		172,052,829	
Closing Stock	132,199,542	(36,711,846)	168,911,388	(3,141,441)
TRADE GOODS				
Opening Stock	5,804,165		5,373,782	
Closing Stock	1,664,970	(4,139,195)	5,804,165	430,383
Total :		(26,841,400)		2,593,916

SCHEDULE 14 : MANUFACTURING AND OTHER EXPENSES

Raw Material consumed				
as per schedule-16		167,206,137		254,740,308
Stores & Spares consumed		57,109,731		57,989,908
Packing materials consumed		11,321,610		13,188,377
Power & Fuel		3,168,929		4,269,140
Job work charges		62,443,592		91,084,712
Employee's remuneration & benefits:				
Salary, wages & bonus [(including Directors Remuneration Rs. 3,883,200/- (Previous Year Rs. 3,643,200/-)]	78,597,568		73,231,688	
Contribution to P.F. & E.S.I.	6,782,821		6,135,869	
Welfare expenses	1,849,276		1,836,872	
		87,229,665		81,204,429
Foreign Exchange Rate Diff.		470,502		--
Forward Contracts - losses		13,598,654		9,452,914
Travelling Exp.		5,308,271		7,041,815
Repairs :				
Machinery	1,401,206		1,772,178	
Others	442,539		491,311	
Building	1,056,279	2,900,024	673,093	2,936,582
Rent, rates & taxes		375,373		354,264
Insurance		694,150		812,941
Selling Expenses :				
Advertisement	355,917		238,968	
Sales commission	14,161,837		21,250,108	
Sales promotion	4,636,993		4,783,668	
Sales-tax	9,318,043		9,102,302	
Discount	3,939,774	32,412,564	3,935,073	39,310,119
Bad - Debt Written Off		--		1,083,752
Service Tax		147,988		--
Expenses Relating to Buy Back of Shares		258,840		435,019
Misc.Expenses		33,598,364		44,725,923
Total :		478,244,394		608,630,203





SCHEDULE 15 : INTEREST

Particulars	2009-2010		2008-2009	
	Rs.	Rs.	Rs.	Rs.
Bank Interest				
Term Loan	2,439,934		3,563,763	
Others	5,227,088	7,667,022	13,223,354	16,787,117
Others		2,610,314		2,490,178
Total :		10,277,336		19,277,295

SCHEDULE 16 : RAW MATERIALS CONSUMED

Opening Stock		51,383,518	52,780,916
Add: Purchases		166,001,474	256,420,436
		217,384,992	309,201,352
Less: Sales		3,163,201	3,077,526
		214,221,791	306,123,826
Less: Closing Stock		47,015,654	51,383,518
Total :		167,206,137	254,740,308

SCHEDULE 17 :

Significant Accounting Policies & Notes forming part of the Accounts for the year ended 31st March, 2010.

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 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 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, 2010 for which the Company has given counter guarantees amounting to Rs. 1,67,94,704/- (Previous year Rs. 1,49,96,865/-).
- [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, 2010, the Company has bought back 33450 (Previous Year 19,750) equity shares of Rs. 10 each at an average price of Rs. 58.86 (Previous Year Rs. 48.45) per share, utilizing a sum of Rs. 19,75,152/- (inclusive of brokerage and applicable taxes total amount Rs. 6,422/-) (Previous Year Rs. 9,60,311/- (inclusive of brokerage and applicable taxes total amount Rs. 3,448/-). Out of this, 33450 (Previous year 17,075) equity shares of Rs. 10 each have been extinguished till the year end The amount of Rs. 16,34,230 /- (Previous year 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. 3,34,500/- (Previous year Rs 1,97,500/-) from free reserves to Capital Redemption Reserve Account, which represents the nominal value of shares bought back during the year



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)

	2009-2010	2008-2009
(i) Audit fees	275,000	200,000
(ii) Taxation audit fees	50,000	50,000
(iii) Income tax Matter	165,000	165,000
(iv) Miscellaneous certificates out of pocket expense	60,000	60,000
	<u>550,000</u>	<u>475,000</u>

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

Class of goods	Units	Licenced Capacity		Installed Capacity		Actual Production	
		2009-2010	2008-2009	2009-2010	2008-2009	2009-2010	2008-2009
Bearings	Nos.	-	-	1,700,000	1,700,000	927,458	903,013
Components	Nos.	-	-	-	-	819,629	1,476,124
Wind Power (Electricity)	MW/KWH	-	-	0.800 MW	0.800 MW	1,403,282 KWH	1,231,022 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 1,347,150 KWH (Previous Year 1,181,783).
- 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	2009-2010		2008-2009	
	Qty	Value in Rs.	Qty	Value in Rs.
Opening Stock				
Bearings	208144	42,778,657	186864	38,654,073
Components	123451	7,310,020	69986	6,129,630
Closing Stock				
Bearings	175186	52,966,371	208144	42,778,657
Components	170826	11,131,947	123451	7,310,020
Sales				
Bearings	956344	416,623,939	881308	489,537,871
Components	768352	152,842,172	1422649	248,557,285

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

(i) Raw materials and bought out components consumed.

Class of Materials	Unit	2009-2010		2008-2009	
		Qty	Value in Rs.	Qty	Value in Rs.
Steel Bars & Tubes	Kgs.	1070545	48,375,822	1117533	60,756,193
Steel Wire	Kgs.	123559	7,313,531	116523	7,621,376
Steel Balls	Pcs.	6277017	11,768,369	7255614	14,972,252
CRCA sheets	Kgs.	90494	3,942,494	112056	5,387,993
Races	Pcs.	618086	23,013,654	711321	28,256,678
Cages	Pcs.	748951	22,240,249	785980	26,062,204
Rollers	Pcs.	4176132	4,284,261	4005983	7,723,336
S.M.Race & Forged Ring	Pcs.	837039	44,642,021	801564	103,293,946
Miscellaneous		-	1,625,736	-	666,330
Total :			<u>167,206,137</u>		<u>254,740,308</u>



(ii) Value of raw materials and components consumed

	2009-2010		2008-2009	
	% of total Consumption	Value in Rs.	% of total Consumption	Value in Rs.
Imported at landed cost	0.65	1,080,823	2.49	6,341,840
Indigenously obtained	99.35	166,125,314	97.51	248,398,468
	100.00	167,206,137	100.00	254,740,308
(iii) The stores and spares consumed :				
Imported at landed cost	-	-	-	-
Indigenously obtained	100.00	57,109,731	100.00	57,989,908
	100.00	57,109,731	100.00	57,989,908

(e) Information in respect of Trading Activities.

Particulars	2009-2010		2008-2009	
	Qty	Value in Rs.	Qty	Value in Rs.
Opening Stock :				
Bearings	52711	5,742,847	53737	5,354,482
Components	2212	61,318	1002	19,300
Purchase :				
Bearings	613145	86,985,699	590839	82,675,127
Components	3069	108,615	6335	236,920
Sales :				
Bearings	642222	118,870,423	591865	104,867,251
Components	4875	286,834	5125	332,698
Closing Stock :				
Bearings	23634	1,658,090	52711	5,742,847
Components	406	6,880	2212	61,318

(f) CIF Value of Imports

Raw materials	839,145	2,227,449
Capital goods	-	8,848,259

(g) Expenditure in foreign currency in respect of

- Travelling	495,452	667,224
- Sales Commission	2,866,542	5,425,586
- Marketing & Sales Promotion Exp.	733,340	213,156
- FCNR Loan Interest	-	1,537,951

(h) Earnings in foreign exchange

Export of goods calculated on F.O.B. basis	326,825,491	498,575,774
--	-------------	-------------

7 DETAILS OF SEGMENT REPORTING :

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

(1) PRIMARY SEGMENT:

Particulars	2009-10		2008-09		2009-10		2008-09	
	Bearing	Bearing	Power	Power	Total	Total	Total	Total
A. SEGMENT REVENUE								
Sales & Power Generate	685,443,103	841,899,999	7,394,806	5,360,389	692,837,909	847,260,388		
Other Unallocated Revenue	-	-	-	-	-	-		
Total :	685,443,103	841,899,999	7,394,806	5,360,389	692,837,909	847,260,388		
Less: Inter Segment Revenue	-	-	7,394,806	5,360,389	7,394,806	5,360,389		
Net Income from Operation	685,443,103	841,899,999	-	-	685,443,103	841,899,999		



Particulars	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
	Bearing	Bearing	Power	Power	Total	Total
B. SEGMENT RESULTS						
Profit/ (Loss) Before						
Tax & Interest	71,654,056	135,356,093	3,603,978	1,578,989	75,258,034	136,935,082
LESS : Interest	-	-	-	-	10,277,336	19,277,295
Other unallocated Expenses	-	-	-	-	(27,590,000)	22,955,000
Total Profit Before Tax	71,654,056	135,356,093	3,603,978	1,578,989	92,570,698	94,702,787

C. CAPITAL EMPLOYED

(Segment Assets - Segment Liabilities)

Segment Assets	658,111,290	674,746,141	20,240,490	23,669,690	678,351,780	698,415,831
Add: Common assets	-	-	-	-	-	-
TOTAL ASSETS	658,111,290	674,746,141	20,240,490	23,669,690	678,351,780	698,415,831
Segment Liabilities	253,719,157	328,838,318	9,401,369	15,901,841	263,120,526	344,740,159
Add: Common Liabilities	-	-	-	-	13,348,473	14,364,339
TOTAL LIABILITIES	253,719,157	328,838,318	9,401,369	15,901,841	276,468,999	359,104,498
SEGMENT CAPITAL EMPLOYED	404,392,133	345,907,823	10,839,121	7,767,849	401,882,781	339,311,333

(2) GEOGRAPHICAL SEGMENTS :

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

Revenue	2009-2010	2008-09
Within India	344,258,624	316,000,679
Overseas	324,990,449	500,684,796
Total :	669,249,073	816,685,475

(b) Assets base on geographical location :

	Carrying Amount of Segment assets		Addition to Fixed Assets and Intangible Assets	
	2009-2010	2008-2009	2009-2010	2008-2009
Within India	629,651,686	609,679,712	7,498,446	34,021,572
Overseas	48,034,221	88,736,119	--	8,848,259
Total :	677,685,907	698,415,831	7,498,446	42,869,831

8 EARNINGS PER SHARE :

	2009-2010	2008-2009
Basic Earnings per Share	Rs. 20.29	14.64
Diluted Earnings per Share	Rs. 20.29	14.64
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:

	2009-2010	2008-2009
Profit Rs.	70,567,062	51,404,613
The no. of shares outstanding during the period :	3477800	3511250

9 DEFERRED TAX LIABILITIES / (ASSETS) :

Particulars	as at 31.03.2010	as at 31.03.2009
Deferred Tax Liabilities on account of Difference between book & Tax Depreciation	13,928,284	14,931,824
Deferred Tax Assets on account of Employees Benefits	(6,662,940)	(6,729,465)
Total:	(6,662,940)	(6,729,465)
Deferred Tax Liabilities/(Assets) (Net)	7,265,344	8,202,359



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.

The company has outstanding foreign exchange forward contract aggregating Rs. 3.59 (Previous year 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.1,35,98,654/- (Previous Year Exchange Loss Rs. 94,52,914/-) on foreign exchange forward contracts has been recognized in the year ended March 31, 2010.

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. Jignesh S. Thanki | (6) Mr. Hiren N. Vadgama | (7) Mr. Rajan R. Bambhania | (8) Mr. Chandulal N. Bambhania |

- (d) Subsidiary Company :

Accurate 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	
	2009-2010	2008-2009	2009-2010	2008-2009	2009-2010	2008-2009	2009-2010	2008-2009
INCOME								
1) Sales of Goods & Mat.	13,317,277	9,110,756	-	-	-	-	34,341,800	95,685,308
2) Job Work	378,225	876,441	-	-	-	-	-	-
EXPENSES								
1) Purchase of Goods	75,746,410	75,735,451	-	-	-	-	170,348	73,245
2) Remuneration	-	-	4,358,564	4,091,378	1,224,533	1,313,187	-	-
3) Jobwork	19,139,173	38,116,322	-	-	-	-	-	-
4) Interest	-	-	-	51,163	1,924,623	1,884,178	-	-
SALE OF ASSETS	-	345,000	-	-	-	-	-	-
PURCHASE OF ASSETS	-	310,000	-	-	-	-	-	-
OUTSTANDING								
Payable	15,541,359	11,414,720	323,600	303,600	14,598,985	13,896,558	274,027	103,378
Receivable	6,992,128	5,922,107	-	14,754	-	-	15,523,684	19,467,373

14 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 :-

Currency / U S D	Number of Contracts		Amount in foreign currency		Equivalent amount in Rs.	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
	NIL	NIL	NIL	NIL	NIL	NIL

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.	
	2009-10	2008-09	2009-10	2008-09
Payable	NIL	NIL	NIL	NIL
Receivable				
EURO	526,000	990,109	29,241,606	60,987,837
USD	411,197	602,397	18,792,615	27,748,282
Total :			48,034,221	88,736,119
BANK				
USD EEFC BANK ACCOUNT	946	NIL	42954	NIL

15 REMITTANCE IN FOREIGN CUURENCY ON ACCOUNT OF DIVIDEND :

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

	2009-10	2008-09
Number of share holder	1	1
Number of shares held	80000	80000
Amounts remitted	120000	176000
Year to which dividend relates	2008-09	2007-08



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

	2009-10	2008-09
Employer's Contribution to Provident Fund E.S.I.	6,782,821	6,135,869

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	
	2009-10	2008-09	2009-10	2008-09
Present Value of obligation (Total Funded & Unfunded)	31,849,360	26,902,875	1,541,745	793,739
Fair value of plan assets	6,701,950	1,528,984	-	-
Unrecognised past service cost	-	-	-	-
Net liability in the Balance Sheet - (Un - funded)	25,147,410	25,373,891	1,541,745	793,739

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

Current Service cost	1,768,832	1,611,731	1,212,785	763,659
Interest on obligation	2,152,230	1,708,122	63,499	51,315
Expected return on plan assets	-	-	-	-
Net actuarial losses (gains) recognised in year	1,951,308	2,557,656	(716,089)	(662,675)
past service cost	-	-	-	-
Losses (gains) on curtailment and settlements	-	-	-	-
Total included in 'employee benefit expenses'	5,514,696	5,721,336	-	-
Actual return on plan assets	357,674	130,808	-	-

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	26,902,875	21,354,525	793,739	641,440
Prior period adjustment	-	-	-	-
Service cost	1,768,832	1,611,731	1,212,785	763,659
Interest Cost	2,152,230	1,708,122	63,499	51,315
Actuarial losses (gains)	1,951,308	2,557,656	716,089	517,223
Benefits Paid	925,885	329,159	1,244,367	1,179,898
closing defined benefit obligation	31,849,360	26,902,875	1,541,745	793,739

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	1,528,984	1,701,975	-	-
Expected Return	357,674	130,808	-	-
Actuarial gains and (losses)	-	-	-	-
Contribution by Employer	5,738,177	25,360	-	-
benefits paid	925,885	329,159	-	-
Closing fair value of plan assets	6,701,950	1,528,984	-	-

Principal actuarial assumptions at the balance sheet date

Discount rate per annum as at 31st March, 2010	8.00%	8.00%	8.00%	8.00%
Expected return per annum on plan assets as at 31.03.10	9.00%	9.00%	0.00%	0.00%
Salary Escalation per Annum	5.00%	5.00%	5.00%	5.00%
Retirement Age	60 years	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.





- 17 Previous year figures have been regrouped/ rearranged in view of the easy comparison with current year figures.
- 18 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 : 29th May, 2010

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, 2010 AS PER CLAUSE 32 OF THE LISTING AGREEMENT

(Rs.in Lacs)

PARTICULARS	2009-2010	2008-2009
A CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit (Loss)before tax & Extraordinary Items :	925.71	947.02
Adjustments for:		
Depreciation	180.05	160.17
Interest Paid	102.77	192.77
MTM Losses on derivative contracts for ineffective hedge	(275.90)	229.55
Profit on sale of Assets/shares	-	(2.08)
Interest/Dividend Income	(7.48)	(4.04)
Income Tax Expenses	(9.41)	(12.42)
	(9.97)	563.94
Operating Profit before working capital changes	915.74	1,510.96
Adjustments for :		
Trade and other receivables	235.76	128.98
Inventories	311.94	(8.51)
Trade payables	(91.24)	(141.34)
Cash generated from operations	1,372.21	1,490.08
Direct taxes paid	(245.24)	(477.46)
Net Cash From Operating Activities :	1,126.97	1,012.62
B CASH FLOW FROM INVESTING ACTIVITIES :		
Proceeds from Issue of Share Capital (Buybacks of shares)	(19.69)	(9.57)
Purchase of Fixed Assets	(74.98)	(428.70)
Purchase of Investments	-	(0.87)
Sale of Fixed Assets	-	11.75
Sale of Investments	-	-
Interest/Dividend Received	7.48	4.04
Net Cash used in investing activities	(87.18)	(423.34)
C CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds of Long Term Borrowings	(423.82)	(292.69)
Dividend Paid	(52.19)	(77.68)
Dividend Tax Paid	(8.87)	(13.20)
Interest paid	(102.77)	(192.77)
Net Cash used in financial activities	(587.66)	(576.34)
Net increase in cash and cash equivalents(A+B+C)	452.13	12.95
Cash and Cash equivalents (Opening Balance)	191.79	178.84
Less : Cash and cash equivalents(Closing Balance)	643.91	191.79
	452.13	12.95

Note:Figures in bracket denote payment.

For and on behalf of the Board

Place : Patla. (Dist.Junagadh)

N. C. Vadgama

Date : 29th May, 2010

Chairman & 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, 2010** and **31st March, 2009** found the same in agreement therewith.

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

Place : Junagadh

DHIRUBHAI H. DAND

Date : 29th May, 2010

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 1 0**
Date Month Year

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

Public Issue	- - NIL - -	Right Issue	- - NIL - -
Bonus Issue	- - NIL - -	Private Placement	- - NIL - -

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

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

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

Total Income	6 5 8 6 0 2	Total Expenditure	5 6 6 0 3 1
<input checked="" type="checkbox"/> + Profit Before Tax	9 2 5 7 1	<input checked="" type="checkbox"/> + Profit after Tax	7 0 5 6 7

(Please tick Appropriate box + Profit - for Loss)

Earnings Per Share (Rs.)	2 0 . 2 9	Dividend Rate (%)	1 5
--------------------------	------------------	-------------------	------------

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 : 29th May, 2010

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





STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

RELATING TO THE SUBSIDIARIES FOR THE YEAR ENDED 31st MARCH, 2010

1.	Name of the Company	ACCURATE ENGINEERING INC U S A
2.	Financial Year of the subsidiary of Company	31st March, 2010
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 31-03-2010	
	b) Not dealt with in the Account of the Company for the year ended 31-03-2010	(\$ 1,14,910)
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 31-03-2009	NIL
	b) Not dealt with in the Account of the Company for the year ended 31-03-2009	\$ 34,652
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 31-03-10	NIL
9.	Material Changes between the end of the Financial year of the subsidiary Company and the company's Financial year ended 31st March, 2010	N.A. as the year end of the company and being the same as at 31-03-2010
	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

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

Place : Patla, Dist. Junagadh
Date : 29th May, 2010

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, 2010 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. 2,03,86,577/- as at 31st March 2010, (Previous Year Rs. 3,38,61,672/-) the total revenue of Rs. 5,06,59,791/- for the year ended 31st March, 2010 (Previous Year Rs. 11,14,20,420/-). 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, 2010 ;
- (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 : 29th May, 2010

DHIRUBHAI H. DAND
Proprietor.
M. NO. 17117





Consolidated Balance Sheet as at 31st March, 2010.

Particulars	Sch No.	2009-2010		2008-2009	
		Rs.	Rs.	Rs.	Rs.
SOURCES OF FUNDS					
SHAREHOLDERS' FUNDS					
Capital	1	34,778,000		35,112,500	
Reserves & Surplus	2	368,810,747		312,623,994	
			403,588,747		347,736,494
LOAN FUNDS					
Secured Loans	3		93,064,494		135,446,717
Deferred Tax Liabilities (Net)			7,265,344		8,202,359
Total :			503,918,585		491,385,570
APPLICATION OF FUNDS					
Fixed Assets	4				
Gross Block		352,414,649		344,771,484	
Less: Depreciation		202,239,463		184,063,992	
			150,175,186		160,707,492
Investments	5		2,704,656		2,704,656
CURRENT ASSETS, LOANS & ADVANCES					
Inventories	6	256,595,879		295,187,334	
Sundry debtors	7	144,102,062		159,037,664	
Cash & Bank Balances	8	75,217,709		28,808,740	
Loans & Advances	9	52,859,131		63,735,491	
		528,774,781		546,769,229	
Less : CURRENT LIABILITIES & PROVISIONS	10				
Liabilities		133,946,220		172,731,444	
Provisions		43,789,818		46,064,363	
		177,736,038		218,795,807	
NET CURRENT ASSETS			351,038,743		327,973,422
Total :			503,918,585		491,385,570
NOTES ON ACCOUNTS	17				

As per our Report of even date

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

DHIRUBHAI H. DAND
Proprietor.

Place : Junagadh
Date : 29th May, 2010

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, 2010.

Particulars	Sch No.	2009-2010		2008-2009	
		Rs.	Rs.	Rs.	Rs.
INCOME					
Sales (Gross)	11	704,675,767		858,934,681	
Less : Excise Duty recovered on sales		19,374,295	685,301,472	26,609,630	832,325,051
Other Income	12		16,206,452		25,224,685
			701,507,924		857,549,736
Increase(Decrease) in Finished Goods.					
Semi Finished Goods & Trade Goods.	13		(34,238,464)		5,641,752
			667,269,460		863,191,488
EXPENDITURE					
Manufacturing and other exp.	14		490,107,070		621,190,998
Purchase of Trade Goods			89,995,662		85,859,024
Interest	15		10,277,336		19,277,295
Depreciation			18,175,471		16,171,863
			608,555,539		742,499,180
Profit before Exceptional Item			58,713,921		120,692,308
MTM Losses on Derivative Contracts for ineffective hedge			(27,590,000)		22,955,000
Profit after Exceptional Item			86,303,921		97,737,308
Provision for taxation					
- Current Tax			22,000,000		40,283,345
- Fringe Benefit Tax			--		1,050,000
- Deferred Tax			(937,015)		1,005,690
Profit after tax			65,240,936		55,398,273
Prior period Expenses (Income Tax)			1,018,289		1,242,484
Excess Provision of Income Tax W/Back			--		--
Profit for the Year			64,222,647		54,155,789
Balance brought forward from last year			195,497,317		153,503,508
AMOUNT AVAILABLE FOR APPROPRIATION			259,719,964		207,659,297
Appropriations:					
- Proposed Dividend			5,216,700		5,266,875
- Proposed Dividend no more required due to Buy Back of shares including Tax on Proposed Dividend			(56,245)		-
- Provision for Tax on Proposed Dividend			866,429		895,105
- Transfer to General Reserve			8,000,000		6,000,000
Balance Carried to Balance Sheet			245,693,080		195,497,317
NOTES ON ACCOUNTS	17				

As per our Report of even date

For **DHIRUBHAI DAND & Co.,**
Chartered Accountants.DHIRUBHAI H. DAND
Proprietor.Place : Junagadh
Date : 29th May, 2010

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



SCHEDULE 1 : SHARE CAPITAL

Particulars	2009-2010		2008-2009	
	Rs.	Rs.	Rs.	Rs.
AUTHORISED :				
40,00,000 Equity Shares of Rs.10 each		40,000,000		40,000,000
ISSUED, SUBSCRIBED AND PAID UP :				
35,11,250 Equity Shares of Rs.10 each fully paid up. (Previous Year 35,31,000 Equity Shares of Rs. 10 each fully paid up)	35,112,500		35,310,000	
Less : Equity Share Buy Back	334,500	34,778,000	197,500	35,112,500
Total :		34,778,000		35,112,500

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				
Opening Balance	197,500		--	
Amt. Trasferred from General Reserve	334,500	532,000	197,500	197,500
General Reserve :				
As per last Balance Sheet	24,117,969		26,319,833	
Add: Transfer from Profit & Loss A/c	8,000,000		6,000,000	
Less : Tranfer to Captial Redemption Reserve	334,500		197,500	
Less : Premium Paid for Buy-back of Share	1,634,230		759,364	
Less : Transitional loss recognised pursuant to early adoption of Accounting standard-30 'Financial instuments Recognition and Measurement (refer not no. 11)	--	30,149,239	7,245,000	24,117,969
		121,204,124		114,838,354
Foreign Exchange translation reserve		1,913,543		2,288,323
SURPLUS :				
Profit & Loss A/c		245,693,080		195,497,317
Total :		368,810,747		312,623,994

SCHEDULE 3 : SECURED LOANS

(A) Deferred Payment Loan				
from ICICI Bank		--		69,192
from HDFC Bank		709,612		1,542,378
from CHOLAMANDLAM DBS Fin. Ltd.		95,059		655,580
(B) Term Loan				
1) from Bank of Baroda		8,587,147		13,446,741
2) from Bank of Baroda		9,401,369		15,901,841
(C) Working Capital Loan				
from Bank of Baroda		74,271,307		103,830,985
Total :		93,064,494		135,446,717

* 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 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 31/03/2009 Rs.	Addition During the year Rs.	Sales/Trans. During the year Rs.	Balance as at 31/03/2010 Rs.	Provided Upto 31/03/2009 Rs.	Provided During the year Rs.	Adjustment on account of Sales Rs.	Total as at 31/03/2010 Rs.	Balance as at 31/03/2010 Rs.	Balance as at 31/03/2009 Rs.
1.	'aec' TRADE MARK	40,861,000	-	-	40,861,000	11,441,080	817,220	-	12,258,300	28,602,700	29,419,920
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	38,573,740	3,137,300	-	41,711,040	16,767,531	1,348,226	-	18,115,757	23,595,283	21,806,209
5.	PLANT & MACHINERY	140,372,396	2,551,442	-	142,923,838	77,834,636	8,313,494	-	86,148,130	56,775,708	62,537,760
6.	PLANT & MACHINERY(100% DEPRECIATION)	2,774,089	-	-	2,774,089	2,774,089	-	-	2,774,089	-	-
7.	ELECTRIC INSTALLATION	9,205,997	168,984	-	9,374,981	8,960,400	265,320	-	9,225,720	149,261	245,597
8.	TOOLS DIES & MEASURING-INSTRUMENTS	35,200,367	644,933	-	35,845,300	30,565,590	950,332	-	31,515,922	4,329,378	4,634,777
9.	FURNITURE & FIXTURE	10,104,694	127,820	-	10,232,514	6,583,484	769,106	-	7,352,590	2,879,924	3,521,210
10.	OFFICE & FACTORY EQUIPMENTS	5,962,299	340,497	-	6,302,796	2,326,239	277,752	-	2,603,991	3,698,805	3,636,060
11.	VEHICLES	16,615,803	-	-	16,615,803	7,770,496	1,151,358	-	8,921,854	7,693,949	8,845,307
12.	COMPUTERS & SOFTWARE	9,625,110	672,189	-	10,297,299	6,871,057	631,846	-	7,502,903	2,794,396	2,754,053
13.	WIND ELECTRIC POWER CONVERTER	35,307,710	-	-	35,307,710	12,169,390	3,650,817	-	15,820,207	19,487,503	23,138,320
	TOTAL	344,771,484	7,643,165	-	352,414,649	184,063,992	18,175,471	-	202,239,463	150,175,186	160,707,492
	PREVIOUS YEAR	305,773,803	43,138,791	4,141,110	344,771,484	171,066,343	16,171,863	3,174,214	184,063,992	160,707,492	134,707,460

SCHEDULE 5 : INVESTMENTS (AT COST)

PARTICULARS	2009-2010			2008-2009		
	NO.OF SHARES	FACE VALUE Rs.	Rs.	NO.OF SHARES	FACE VALUE Rs.	Rs.
LONG TERM INVESTMENTS :						
(A) UNQUOTED :						
Equity Share (Fully Paid)						
Kowa Spining Ltd.	60,000	10	1,050,000	60,000	10	1,050,000
(B) QUOTED :						
Equity Share (Fully Paid)						
Antifriction Brg.Corpn.	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	2009-2010			2008-2009		
	NO.OF SHARES	FACE VALUE	Rs. Rs.	NO.OF SHARES	FACE VALUE	Rs. Rs.
Fag Bearings Ltd. Share	100	10	53650	100	10	53650
NRB Bearings share	50	2	4593	50	2	4593
Reliance Industries Ltd. Share (Previous Year, Reliance Petro. Ltd.)	124	10	173913	1000	10	173913
SKF Bearing Ltd. Share	300	10	104601	300	10	104601
Timken India Ltd.	50	10	7144	50	10	7144
(C) DEBENTURE :						
Essar Oil Ltd.	4,100	105	430,500	4,100	105	430,500
(D) GOVERNMENT SECURITIES :						
National Saving Certificate (Pledged as security to excise dept)			51,000			51,000
Total :			<u>2,704,656</u>			<u>2,704,656</u>
Aggregate Book Value of Investment						
- Unquoted			1,050,000			1,050,000
- Quoted Market Value Rs. 15,17,648 /- (Previous year Rs. 10,47,035/-)			1,603,656			1,603,656
- Government Securities			51,000			51,000
			<u>2,704,656</u>			<u>2,704,656</u>

SCHEDULE 6 : INVENTORIES

Particulars	2009-2010		2008-2009	
	Rs.	Rs.	Rs.	Rs.
[Valued as stated in the accounting policies in Note No. 1(iii)]				
Raw materials		47,015,654		51,383,518
Semi-finished goods		132,199,542		168,911,388
Finished goods		66,281,170		59,759,706
Stores and spares		5,391,562		5,158,234
Packing materials		3,951,868		4,170,323
Trade Goods		1,756,083		5,804,165
Total :		<u>256,595,879</u>		<u>295,187,334</u>

SCHEDULE 7 : SUNDRY DEBTORS
UNSECURED -CONSIDERED GOOD

Under Six Months Old		135,971,328		147,511,893
Over Six Months Old		8,130,734		11,525,771
Total :		<u>144,102,062</u>		<u>159,037,664</u>

SCHEDULE 8 : CASH & BANK BALANCES

Cash on Hand		1,752,775		2,022,953
Balance with Scheduled Bank				
In Current Account	54,671,045		9,945,842	
In Unpaid dividend A/c.	1,201,227		1,103,965	
In Fixed Deposit A/c.	6,766,420	62,638,692	6,105,778	17,155,585
Balance with Non Scheduled Bank		10,826,242		9,630,202
Total :		<u>75,217,709</u>		<u>28,808,740</u>



SCHEDULE 9 : LOANS & ADVANCES

Particulars	2009-2010		2008-2009	
	Rs.	Rs.	Rs.	Rs.
UNSECURED - CONSIDERED GOOD				
Advances recoverable in cash or in kind or for value to be received.		12,949,219		15,769,026
Staff loan & advance		3,620,760		4,079,674
Other Loans		2,698,424		4,468,424
Sundry deposits		3,391,755		3,349,178
Advances for capital expenditure		7,481,598		4,364,435
Advances for expenses		19,937,061		28,997,992
Advances for raw materials		2,780,314		2,706,762
Total :		<u>52,859,131</u>		<u>63,735,491</u>

SCHEDULE 10 : CURRENT LIABILITIES & PROVISIONS

CURRENT LIABILITIES:				
Sundry creditors	102,998,873		112,222,110	
Other liabilities	28,236,347		30,208,334	
Trade deposits	101,000		101,000	
Mark to Market loss on forward contract	2,610,000	133,946,220	30,200,000	172,731,444
Provision for Proposed Dividend	5,216,700		5,266,875	
Tax on Proposed Dividend	866,429		895,105	
Bonus Provision	10,151,104		9,256,529	
Gratuity Provision	25,147,410		25,373,891	
Income Tax Provision (NET)	2,408,175	43,789,818	5,271,963	46,064,363
Total :		<u>177,736,038</u>		<u>218,795,807</u>

* Sundry creditors include liability in respect of Capital Goods Rs.9,25,124/- (Previous year Rs.18,64,846/-) Amount due to Directors of Rs. 3,23,600/- 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 H.U.F. of Directors Rs. 99,67,347 /- (Previous Year Rs. 98,15,840-).

SCHEDULE 11 : SALES

Sales of Manufactured Goods		585,609,623		753,734,732
Sales of Trade Goods (Inclusive of Excise duty & Sales Tax)		119,066,144		105,199,949
Total :		<u>704,675,767</u>		<u>858,934,681</u>

SCHEDULE 12 : OTHER INCOME

Job-work Income		667,385		876,441
Sales of scrap		2,884,657		4,068,921
Miscellaneous income		1,855,070		769,393
Interest Income		743,807		401,557
DEPB Licence Incentive		10,050,981		7,021,378
Dividend Income		4,552		2,433
Foreign Exchange Rate Diff. Income		--		11,639,990
Profit on sale of Assets		--		208,050
Sales tax Refund		--		236,522
Total :		<u>16,206,452</u>		<u>25,224,685</u>

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

FINISHED GOODS:				
Opening Stock	59,759,706		51,406,896	
Closing Stock	66,281,170	6,521,464	59,759,706	8,352,810
SEMI-FINISHED GOODS:				
Opening Stock	168,911,388		172,052,829	
Closing Stock	132,199,542	(36,711,846)	168,911,388	(3,141,441)
TRADE GOODS				
Opening Stock	5,804,165		5,373,782	
Closing Stock	1,756,083	(4,048,082)	5,804,165	430,383
Total :		<u>(34,238,464)</u>		<u>5,641,752</u>





SCHEDULE 14 : MANUFACTURING AND OTHER EXPENSES

Particulars	2009-2010		2008-2009	
	Rs.	Rs.	Rs.	Rs.
Raw Material consumed				
as per schedule-16		167,035,789		254,667,063
Stores & Spares consumed		57,109,731		57,989,908
Packing materials consumed		11,321,610		13,188,377
Power & Fuel		3,168,929		4,269,140
Job work charges		62,443,592		91,084,712
Employee's remuneration & benefits:				
Salary, wages & bonus (including Directors Remuneration Rs. 65,30,453/- (Previous Year Rs. 54,45,994/-)	85,388,444		79,883,003	
Contribution to P.F. & E.S.I.	6,782,821		6,135,869	
Welfare expenses	1,849,276	94,020,541	1,836,872	87,855,744
Foreign Exchange Rate Diff. income		470,502		--
Option / forward contracts - gains / (losses)		13,598,654		9,452,914
Travelling Exp.		5,396,215		7,200,945
Repairs :				
Machinery	1,401,206		1,772,178	
Others	442,539		491,311	
Building	1,056,279	2,900,024	673,093	2,936,582
Rent, rates & taxes		1,141,719		1,068,319
Insurance		694,150		812,941
Selling Expenses :				
Advertisement	355,917		238,968	
Marketing Expenses	3,399,377		1,306,124	
Sales commission	14,161,837		24,425,548	
Sales promotion	4,636,993		4,783,668	
Sales-tax	9,318,043		9,102,302	
Discount	3,939,774	35,811,941	3,935,073	43,791,683
Bad - Debt Written Off		--		1,083,752
Service Tax		147,988		--
Expenses Relating to Buy Back of Shares		258,840		435,019
Misc. Expenses		34,586,845		45,353,899
Total :		490,107,070		621,190,998

SCHEDULE 15 : INTEREST

Bank Interest				
Term Loan	2,439,934		3,563,763	
Other	5,227,088	7,667,022	13,223,354	16,787,117
Others		2,610,314		2,490,178
Total :		10,277,336		19,277,295

SCHEDULE 16 : RAW MATERIALS CONSUMED

Opening Stock		51,383,518		52,780,916
Add : Purchases		165,831,126		256,347,191
		217,214,644		309,128,107
Less : Sales		3,163,201		3,077,526
		214,051,443		306,050,581
Less : Closing Stock		47,015,654		51,383,518
Total :		167,035,789		254,667,063



SCHEDULE 17: Notes on Accounts to Consolidated Financial Statement as at 31st march, 2010.**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, 2010, 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 statement 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, 2010.**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, 2010 for which the Company has given counter guarantees amounting to Rs. 1,67,94,704/- (Previous year Rs. 1,49,96,855/-)
- [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, 2010, the Company has bought back 33,450 (Previous Year 19,750) equity shares of Rs. 10 each at an average price of Rs. -58.86 (Previous year Rs. 48.45) per share, utilizing a sum of Rs. 19,75,152/- (Previous year 9,60,311/- (inclusive of brokerage and applicable taxes total amount Rs.6,422/- (Previous year Rs. 3,448/-). Out of this, 33,450 (Previous Year 17,075) equity shares of Rs. 10 each have been extinguished till the year end. The amount of Rs.16,34,230/- (Previous year 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 3,34,500/- (Previous year 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.

The Company has outstanding foreign exchange forward contract aggregating Rs. 3.59 Crores. (Previous year 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. 1,35,98,654/- (Previous Year exchange Loss Rs. 94,52,914/-) on foreign exchange forward contracts has been recognized in the year ended March 31, 2010.

5 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. Bambhanian (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. Bambhanian HUF (4) Mr. J. R. Bhogayata HUF
(5) Mr. Chandulal N. Bambhanian (6) Mr. Rajan R. Bambhanian (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 2009-2010	Referred in 1 (a) above 2008-2009	Referred in 1 (b) above 2009-2010	Referred in 1 (b) above 2008-2009	Referred in 1 (c) above 2009-2010	Referred in 1 (c) above 2008-2009
INCOME						
(1) Sales of Goods & Mat.	13,317,277	9,110,756	-	-	-	-
(2) Job Work	378,225	876,441	-	-	-	-
EXPENSES						
(1) Purchase of Goods & Mat.	80,505,548	75,735,451	-	-	-	-
(2) Remuneration	-	-	7,005,817	6,688,862	1,224,533	1,313,187
(3) Jobwork	19,139,173	38,116,322	-	-	-	-
(4) Interest	-	-	-	51,163	1,924,623	1,884,178
OUTSTANDING						
Payable	16,558,453	11,414,720	323,600	303,600	14,598,985	19,467,373
Receivable	6,992,128	5,922,107	-	14,754	-	-

6 DETAILS OF SEGMENT REPORTING :

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

(1) PRIMARY SEGMENT :

Particulars	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
	Bearing	Bearing	Power	Power	Total	Total
A. SEGMENT REVENUE	701,507,924	857,549,736	7,394,806	5,360,389	708,902,730	862,910,125
Other Unallocated Revenue	-	-	-	-	-	-
Total	701,507,924	857,549,736	7,394,806	5,360,389	708,902,730	862,910,125
Less: Inter Segment Revenue	-	-	7,394,806	5,360,389	7,394,806	5,360,389
Net Income from Operation	701,507,924	857,549,736	-	-	701,507,924	857,549,736
B. SEGMENT RESULTS						
Profit/ (Loss) Before Tax & Interest	65,387,279	138,390,614	3,603,978	1,578,989	68,991,257	139,969,603
LESS : Interest	-	-	-	-	10,277,336	19,277,295
Other unallocated Expenses	-	-	-	-	(27,590,000)	22,955,000
TOTAL PROFIT BEFORE TAX	65,387,279	138,390,614	3,603,978	1,578,989	86,303,921	97,737,308





3. CAPITAL EMPLOYED

(SEGMENT ASSETS - SEGMENT LIABILITIES)

Segment Assets	661,414,133	686,511,687	20,240,490	23,669,690	681,654,623	710,181,377
Add: Common assets	-	-	-	-	-	-
TOTAL ASSETS	661,414,133	686,511,687	20,240,490	23,669,690	681,654,623	710,181,377
Segment Liabilities	255,316,034	332,178,703	9,401,369	15,901,841	264,717,403	348,080,544
Add: Common Liabilities	-	-	-	-	13,348,473	14,364,339
TOTAL LIABILITIES	255,316,034	332,178,703	9,401,369	15,901,841	278,065,876	362,444,883
SEGMENT CAPITAL EMPLOYED	406,098,099	354,332,984	10,839,121	7,767,849	403,588,747	347,736,494

(2) GEOGRAPHICAL SEGMENTS :

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

Revenue	2009-2010	2008-2009
Within India	344,258,624	316,000,679
Overseas	360,417,143	542,934,002
Total:	704,675,767	858,934,681

(b) Assets base on geographical location:

	Carrying Amount of Segment assets		Addition to Fixed Assets and Intangible Assets	
	2009-2010	2008-2009	2009-2010	2008-2009
Within India	641,730,261	627,233,129	7,498,446	34,021,572
Overseas	39,924,362	82,948,248	144,719	9,117,219
Total:	681,654,623	710,181,377	7,643,165	43,138,791

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

8 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 : 29th May, 2010

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, 2010 AS PER CLAUSE 32 OF THE LISTING AGREEMENT

(Rs.in Lacs)

PARTICULARS	2009-2010	2008-2009
A CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit (Loss)before tax & Extraordinary Items :	863.04	977.37
Adjustments for:		
Depreciation	181.75	161.72
Interest Paid	102.77	192.77
MTM Losses on derivative contracts for ineffective hedge	(275.90)	229.55
Profit on sale of Assets/shares	-	(2.08)
Interest/Dividend Income	(7.48)	(4.04)
Income Tax Expenses	(10.18)	(12.42)
Increase in Foreign Exchange translation reserve	(3.75)	20.47
	(12.79)	585.97
Operating Profit before working capital changes	850.25	1,563.34
Adjustments for :		
Trade and other receivables	258.12	122.93
Inventories	385.91	(38.99)
Trade payables	(105.26)	(116.88)
Cash generated from operations	1,389.02	1,530.39
Direct taxes paid	(248.64)	(498.08)
Net Cash From Operating Activities :	1,140.39	1,032.31
B CASH FLOW FROM INVESTING ACTIVITIES :		
Proceeds from Issue of Share Capital (Buybacks of shares)	(19.69)	(9.57)
Purchase of Fixed Assets	(76.43)	(431.39)
Purchase of Investments	-	(0.87)
Sale of Fixed Assets	-	11.75
Sale of Investments	-	-
Interest/Dividend Received	7.48	4.04
Net Cash used in investing activities	(88.64)	(426.04)
C CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds of Long Term Borrowings	(423.82)	(292.69)
Dividend Paid	(52.19)	(77.68)
Dividend Tax Paid	(8.87)	(13.20)
Interest paid	(102.77)	(192.77)
Net Cash used in financial activities	(587.66)	(576.34)
Net increase in cash and cash equivalents(A+B+C)	464.09	29.93
Cash and Cash equivalents (Opening Balance)	288.09	258.16
Less : Cash and cash equivalents(Closing Balance)	752.18	288.09
	464.09	29.93

Note:Figures in bracket denote payment.

For and on behalf of the Board

Place : Patla. (Dist.Junagadh)

N. C. Vadgama

Date : 29th May, 2010

Chairman & 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, 2010** and **31st March, 2009** found the same in agreement therewith.

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

Place : Junagadh

DHIRUBHAI H. DAND

Date : 29th May, 2010

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
101, RNA, Azzure, W.E. Highway Service Road, Bandra (East) MUMBAI 400051

REGISTERED OFFICE :

9TH East Lookerman 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, 2010 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 1,070,126**

Capital : The authorised share capital of the Company as on 31st March, 2010 stood at US\$ 25,000.

Business Review : The overall view of the business during the period under 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 : 27th May, 2010
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, 2010 and the profit and loss account and the cash flow statement for the year April 01, 2009 to March 31, 2010 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, 2010 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 2010;
 - b) the profit and loss account, of the loss for the year 01 April 2009 to 31 March 2010; and
 - c) the cash flow statement, of the cash flows for the year 01 April 2009 to 31 March 2010.

Place : Mumbai
Date : 27th May, 2010

For KAV & Co.
Chartered Accountants

Khozema Anajwalla
Partner
Membership No: 42557



Balance sheet as at 31st March, 2010.

(in USD)

Particulars	Notes	2009- 2010	2008-2009
SOURCES OF FUNDS			
Shareholder's Funds :			
Capital	3	25,000	25,000
Share application money		25,000	25,000
Reserves			
Profit & Loss Account		27,562	142,472
Total :		77,562	192,472
APPLICATION OF FUNDS :			
Fixed Assets :			
Gross Block	4	12,194	8,988
Less : Depreciation		7,899	4,226
		4,295	4,762
Current assets, loans and advances :			
Inventories	5	50,376	189,814
Sundry debtors	6	157,122	271,062
Cash and bank	7	239,837	189,013
Loans and advances	8	-	9,955
Less : Current liabilities and provisions			
Current liabilities	9	374,068	465,462
Provisions		-	6,672
Net current assets		73,267	187,710
Total :		77,562	192,472

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

As per our report of even date attached.

For KAV & Co. (Chartered Accountants)

Khozema Anajwalla (Partner)

Membership No.: 42557 (Registration No. : 120458W)

Place : Mumbai

Date : 27th May, 2010

For and on behalf of the Board of Directors

H. N. Vadgama

Director

R. R. Bambhanja

Director

Place : Junagadh

Date : 27th May, 2010

Profit and Loss Account for the year ended 31st March, 2010.

(in USD)

Particulars	Notes	2009- 2010	2008-2009
Income :			
Sales Income	2.4,10	1,069,864	2,398,499
Other Income	11	262	219
		1,070,126	2,398,718
Expenditure :			
Cost of goods sold		925,539	2,083,249
Selling, general and administrative expenses	12	254,184	271,993
Depreciation		3,673	2,724
		1,183,396	2,357,966
Profit before tax		(113,270)	40,752
Income taxes :			
Current	2.3	1,640	6,100
Deferred		-	-
Profit after tax		(114,910)	34,652
Balance transferred to Balance Sheet		27,562	142,472

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

As per our report of even date attached.

For KAV & Co. (Chartered Accountants)

Khozema Anajwalla (Partner)

Membership No.: 42557 (Registration No. : 120458W)

Place : Mumbai

Date : 27th May, 2010

For and on behalf of the Board of Directors

H. N. Vadgama

Director

R. R. Bambhanja

Director

Place : Junagadh

Date : 27th May, 2010





Cash Flow statement

	2009-2010 USD	2008-2009 USD
Cash flows from Operating Activities :		
Profit before tax	(113,270)	40,752
Adjustments to reconcile profit before tax to cash used by operating activities		
Depreciation	3,673	2,724
Income tax	(1,640)	(6,100)
Operating cash flows before working capital changes		
Decrease / (increase) in sundry debtors	113,940	(84,968)
Decrease / (increase) in inventories	139,438	(24,110)
Decrease in loans & advance	9,955	-
Increase / (decrease) in current liabilities & provisions	(98,066)	66,516
Net cash generated from operating activities (A)	54,030	(5,186)
Cash flows from investing activities		
Purchase of fixed assets	(3,206)	(4,260)
Net cash used in investing activities (B)	(3,206)	(4,260)
Cash flows from financing activities		
Net cash (used in)/generated from financing activities (C)	-	-
Net increase / (decrease) in cash and cash equivalents (A+B+C)	50,824	(9,446)
Cash and Cash equivalents at the beginning of the year	189,013	198,459
Cash and Cash equivalents at the end of the year	239,837	189,013
Supplemental disclosure of cash flow information		
Income taxes paid	8,312	52,428

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

As per our report of even date attached.

For KAV & Co. (Chartered Accountants)

Khozema Anajwalla (Partner)

Membership No.: 42557 (Registration No. : 120458W)

Place : Mumbai

Date : 27th May, 2010

For and on behalf of the Board of Directors

H. N. Vadgama
Director

R. R. Bambhanian
Director

Place : Junagadh

Date : 27th May, 2010

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 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 2009 to 31 March 2010.

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 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.



2.3 Allowance for doubtful accounts

The company follows specific identification method for recognizing allowance for doubtful debts. Management analyses the composition of the accounts receivable aging, historical bad debts, current economic trends and customer credit worthiness of each accounts receivable when evaluating the adequacy of the allowance for doubtful accounts.

2.4 Property, equipment and software

Depreciable assets are valued at cost. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated useful lives by the straight-line method. Depreciation of an asset commences when the asset is put to use. The Company uses the mid month convention. The estimated useful lives used to determine depreciation are:

Furniture and fixtures	3 years
Computers	3 years

2.5 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.

Financial Statements	2009-2010 USD	2008- 2009 USD
3 Share Capital :		
Authorised		
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
	25,000	25,000
4 Fixed Assets :		
Computer		
Gross block	11,594	8,751
Accumulated depreciation	(7,585)	(3,989)
Net Block	4,009	4,762
Furniture :		
Gross block	600	237
Accumulated Depreciation	(314)	(237)
Net Block	286	-
5 Inventories :		
Goods In Transit	50,376	189,814
	50,376	189,814
6 Sundry debtors		
Over six months		
Unsecured – considered good	13,130	2,677
Others		
Unsecured – considered good	143,992	268,385
	157,122	271,062
7 Cash and bank balances		
Cash in hand	-	-
Balances with non-scheduled banks :		
- in current accounts	239,837	189,013
	239,837	189,013
8 Loans and advances		
(unsecured, considered good)		
Advance to staff	-	9,955
9 Current liabilities and provisions		
Outstanding liabilities	374,068	465,462
Income tax provision	-	6,672
	374,068	472,134





Financial Statements	2009-2010 USD	2008- 2009 USD
10 Selling, general and administrative expenses		
Rent, rates and taxes	16,188	15,373
Salaries	143,449	143,193
Marketing & communication expenses	71,808	99,580
Travel	1,858	3,426
Legal and professional fees	12,674	3,258
Office Expenses	3,143	2,903
Auditor's remuneration	2,444	1,655
Bank charges	1,590	2,263
Miscellaneous expenses	1,030	342
	254,184	271,993

11 Related party transactions

12.1 Party where control exists

Name of the party	Nature of transaction	
	2009-2010	2008-2009
a. Austin Engineering Company Limited – Parent Company		
	Purchase of goods	Share application money received
	Sales of goods	Purchase of goods
	Balance due on account of Accounts Receivables	Sales of goods
	Accounts Payable	Balance due on account of Accounts Receivables
		Accounts Payable
b. Bhavin Vadgama – Director	Director's Remuneration	Director's Remuneration
c. Max Precision Bearings Private Limited Enterprise where control of key management personal exists	Purchase of goods	Purchase of goods

12.2 Transactions with related party

	USD	USD
Austin Engineering Company Limited		
Purchase of goods	821,585	1,854,101
Sale of goods	3,423	1,832
Balance outstanding at the end of the year	332,697	406,969
Max Precision Bearings Private Limited		
Purchase of goods	80,200	62,278
Balance outstanding at the end of the year	22,532	42,667
Bhavin Vadgama		
Director's remuneration	55,920	55,920

13 Income tax

Income tax expense comprises current tax and deferred tax charge or credit. In absence of virtual certainty the Company has not recognized deferred taxes on account unabsorbed depreciation and operating losses.

14 Supplementary statutory information for the profit and loss account

Auditors' remuneration

Audit fees (including service tax)	2,444	1,655
-------------------------------------	-------	-------



