

33rd Annual Report 2010-11

AUSTIN ENGINEERING COMPANY LIMITED



CERTIFICATE

Standard : **ISO / TS 16949:2009**
(3rd edition, 2009-06-15)

Certificate Registr. No. : 01 111 058896

IATF Certificate No. : 0123700

TÜV Rheinland Cert GmbH certifies:

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

Scope : Manufacturer of Antifriction Bearings for Automotive Application
- with product design and development -

An audit was performed, Report No. 058896. Proof has been furnished that the requirements according to ISO/TS 16949:2009 are fulfilled.

The due date for future audits is 12-05 (dd.mm).

Validity : The certificate is valid from 2011-07-04 until 2014-07-03.

2011-07-04



TÜV Rheinland Cert GmbH
Am Grauen Stein · 51105 Köln
Deutschland



2-IAQ-QMC 01003



AUSTIN ENGINEERING COMPANY LIMITED

33rd ANNUAL REPORT 2010-2011

: 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 (INDIA) PVT. LTD.
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 (Gujarat).

: JUNAGADH OFFICE :

101, G.I.D.C. Estate, Vadal Road, JUNAGADH - 362 003 (Gujarat).

Visit at <http://www.aec-bearings.com>
E-mail : info@aecbearings.com





NOTICE

NOTICE is hereby given that the **33rd 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 Thursday, 22nd September, 2011 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, 2011 and the Directors' and Auditors' Reports thereon.
2. To declare dividend on Equity Shares for the financial year ended 31st March, 2011.
3. To appoint a Director in place of Mr. B. D. Joshi, who, retires by rotation and being eligible offers himself for re- appointment.
4. To appoint a Director in place of Mr. R. R. Bambhania, 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 Section 314 of the Companies Act, 1956, and all other applicable provisions, if any, of the Companies Act, 1956 and the rules made there under from time to time and further to the Notification No. 17/75/2011-C.L.V. dated 06/04/2011 in respect of amendment in Rules 3 and 4(7) of Director's Relatives (Office or Place of Profit), 2003, consent of the Company be and is hereby accorded for revision in remuneration including perquisites to Mr. Hiren Vadgama as Vice President-Design of the Company with effect from **1st October, 2011**.
(1) Salary (in scale of): Rs.75000/- per month in the scale of 75000-25000-150000 plus 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 in 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** the 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 authorized to do all such acts, deeds, and things, as may be expedient and desirable for the purpose of giving effect to the above resolution.”
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 Section 314 of the Companies Act, 1956, and all other applicable provisions, if any, of the Companies Act, 1956 and the rules made there under from time to time and further to the Notification No. 17/75/2011-C.L.V. dated 06/04/2011 in respect of amendment in Rules 3 and 4(7) of Director's Relatives (Office or Place of Profit), 2003, consent of the Company be and is hereby accorded for revision in remuneration including perquisites to Mr. Jignesh Thanki as Vice President-Technical of the Company with effect from **1st October, 2011**.
(1) Salary (in scale of): Rs.75000/- per month in the scale of 75000-25000-150000 plus 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 in 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** the 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. Shashikant Thanki, Managing Director of the Company.



“FURTHER RESOLVED THAT Mr. S. M. Thanki, Managing Director of the Company be and is hereby authorized to do all such acts, deeds, and things, as may be expedient and desirable for the purpose of giving effect to the above resolution.”

By order of the Board of Directors

Place : Patla, Dist. Junagadh
Date : 30th May, 2011

Sd/-
N C Vadgama
Chairman

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 Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956 in respect of special business is annexed herewith.
3. The Register of Members and Share Transfer book of the Company will remain closed from 15th September, 2011 to 22nd September, 2011 (both days inclusive).
4. 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 15th September, 2011. 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.
5. 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.
6. 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.
7. 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.
8. “**AECL**” is concerned about the environment and encourages the utilization of the natural resources in a sustainable manner. The Ministry of Corporate Affairs (MCA,) Government of India, through its Circular Nos. 17/2011 and 18/2011 dated April, 21, 2011 and April 29, 2011 respectively, has allowed Companies to send official documents to their shareholders electronically as part of its Green Initiatives in Corporate Governance.
Recognizing the spirit of the Circular issued by the MCA, “**AECL**” henceforth proposes to send documents like the Notice convening the General Meetings, Financial Statements, Directors' Report, Auditor's Report, etc. on the email address provided by the members to their Depositories/ Depository Participants (DP). The same shall also make available at Company's website **www.aec-bearings.com**
Members are requested to update their email address with the Depository Participants to ensure that the Annual Report and other documents reach them on their preferred email address.
Members holding shares in physical mode may also send the request to the Company or its Registrar by letter or by email at austin@shareproservices.com to receive the soft copy of the Annual Report by email instead of hard copy.
9. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are therefore requested to submit the PAN to their Depository Participants with whom they are maintaining their Demat accounts. Members holding share in physical form can submit their PAN details to the Company or their Registrar and Transfer Agents.
10. Relevant documents referred to in the accompanying notice are open for inspection at the registered office of the Company on all working days, except Fridays and Sundays, between 11.00 a.m. to 1.00 p.m. up to the date of the meeting.
11. 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.
12. Members/Proxies are requested to bring their copy of the Annual Report to the Meeting along with duly filled in Attendance Slips for attending the meeting.
13. Members holding shares in single name and in physical mode are advised to make nomination in respect of their shareholdings in the Company. The said nomination form can be downloaded from the Company's website **www.aec-bearings.com**

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 have been working with the Company as Vice President since 15 years and both are presently drawing remuneration of Rs. 75000/- 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). They fought out bravely and efficiently during the critical hours and reached the Company to the new heights under the able guidance of whole-time directors. Both of them have leadership qualities.



The Company had earlier obtained approval from the Ministry of Corporate Affairs vide letter reference no. SRN No. A96972112/1/2010-CL.VII and reference no. SRN No. A969734091/2010-CL.VII both dated 8th March, 2011 in terms of the resolution passed by the members of the Company at the Annual General Meeting held on Wednesday, 22nd September, 2010. In view of Notification No. 17/75/2011-C.L.V. dated 06/04/2011, the said remuneration is to be revised in the scale of Rs.75000-25000-150000 instead of 75000-10000-105000 as approved earlier. The Remuneration Committee at its Meeting held on 30th May, 2011 has also recommended the said revised scale to the Board of Directors. 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 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, your consent is being sought. Accordingly, Special Resolution set out in Item No.6 & 7 of the Notice is submitted to the meeting.

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	Mr. B. D. Joshi	Mr. R. R. Bambhania
Date of Birth	23-11-1946	29-08-1976
Appointed on	15-05-2009	01-02-2008
Qualifications	M.Com C.A.I.I.B.	D. M. E.
Expertise in Specific Functional Areas	Banking	Engineering
Directorships held in other Public Companies (excluding foreign companies)	NO	YES
Membership/Chairmanship of Committees across public Companies	NO	NO
Shareholding	NO	60300

By order of the Board of Directors

Place : Patla, Dist. Junagadh
Date : 30th May, 2011

Sd/-
N C Vadgama
Chairman

DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting the 33rd Annual Report together with the Audited accounts for the year ended 31st March, 2011.

FINANCIAL RESULTS

(Rs. In Lacs)

	Year ended 31 st March, 2011	Year ended 31 st March, 2010
Gross profit before Interest Depreciation and Tax	1038.93	932.63
Less: Interest and Depreciation	272.05	282.82
Profit before Tax	766.88	649.81
Add : MTM Gain on Derivatives Contracts	26.10	275.90
For the ineffective hedge		
Less: Provision for Taxation	260.71	229.41
Deferred Tax Assets	(20.07)	(9.37)
Profit after Tax	552.34	705.67
Add: Balance brought forward from last year	2459.01	1893.60
Profit available for appropriations	3011.35	2599.27
Appropriations:		
- Proposed Dividend	86.95	52.17
- Provision for Tax on Proposed Dividend	14.10	8.09
- Transfer to General Reserve	80.00	80.00
Balance carried forwarded to next year	2830.30	2459.01



OPERATING RESULTS:

The performance of the company during the year remains fair. The sales of the Company have increased both in domestic and export segment. The sales during the year were Rs. 8359.09 Lacs as against Rs. 6886.23 Lacs in the previous year. The sales thus registered an increase of 21.39% as compared to the last year.

The net profit of the Company has however decreased from Rs. 705.67 lacs to Rs. 552.34 lacs registering diminution of 21.73% as compared to the last year. The Company has earned revenue of Rs. 65.82 Lacs making net profit of Rs. 28.03 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 your approval a dividend of **Rs. 2.50** (Tax Free) per Equity share of the Company in respect of the financial year ended on 31st March, 2011. (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, 2011.

DIRECTORS:

Mr. B. D. Joshi, and Mr. R. R. Bambhania, Directors, retire by rotation at the ensuing Annual General Meeting and being eligible offers themselves for re- appointment.

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, 2011 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, 2011 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. Necessary application is also being submitted to the Department of Corporate Affairs for his appointment as Cost Auditor for financial year ended 31st March, 2012.

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.

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:

In accordance with the General Circular issued by the Ministry of Corporate Affairs, Government of India, the Balance Sheet, Profit and Loss account and other documents of **M/s Accurate Engineering Inc.**, the subsidiary company, are not being attached with the Balance Sheet of the Company. The Company will make available the Annual Accounts of the said subsidiary company and its related detailed information to any member of the Company who may be interested in obtaining the same and also on Company' website.

The Annual Accounts of the subsidiary company will also be kept open for inspection at the registered office of the Company and the subsidiary company.

A statement as required under Section 212 of the Companies Act, 1956 is annexed to this report.

CONSOLIDATED FINANCIAL STATEMENTS

In accordance with the Accounting Standard (AS)-21, the audited consolidated financial statements are annexed to this Annual Report.





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:

The Company has accepted the highest standards of Corporate Governance and adheres strictly to the said requirements as set out by SEBI. The Report 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 are annexed to this report.

MANAGEMENT DISCUSSION AND ANALYSIS STATEMENT:

Management’s Discussion and Analysis Report for the year under review, as stipulated under Clause 49 of the Listing Agreement is presented in separate section forming part of the Annual 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 : 30th May, 2011

Sd/-
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, 2011.

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 in (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 & is well accepted by OEM as import substitute.

Technology imported during last five years: Nil.

(C) FOREIGN EXCHANGE EARNING AND OUTGO:

		(Rs. in Lacs)	
S.No.	FOREIGN EXCHANGE EARNINGS:	2010- 2011	2009- 2010
1	Exports of goods on FOB basis	3782.77	3268.25
	Total Foreign Exchange Earned	3782.77	3268.25
	FOREIGN EXCHANGE OUTGO:		
1	Import of CIF value of Raw Materials, Capital goods & Spares.	99.38	08.39
2	Traveling	11.13	04.95
3	Sales Commission	1.30	28.67
4	Foreign Marketing & Sales Promotion Expenses	1.27	07.33
5	Dividend	1.20	1.20
	Total Foreign Exchange Used	114.28	50.54

On behalf of the Board of Directors

Place : Patla, Dist. Junagadh

Date : 30th May, 2011

Sd/-
N C Vadgama
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

OVERVIEW OF BEARING INDUSTRY:

The Indian bearing market comprises of ball and roller bearings which is estimated to be of Rs. 66 billion in size. The said bearing market can be primarily divided into two sectors viz. 'Automotive' and 'Industrial'. Each of these segments may further be sub divided into 'OEM' and 'end user'. The organized bearing sector contributes to about 65% of the total market size. Of the total domestic demand, about 85% are met through import route.

The bearing industry can further be classified based on the rolling element used in the bearings, into basic bearing family categories, like deep groove ball bearings, tapered roller bearings, cylindrical roller bearings, spherical roller bearings, needle roller bearings, etc. and other special kind of bearings for specific applications. The major user of bearings in India is OEM followed by automobile segment consumers. Bearings are used in many user industry segments such as Automotive, Agricultural machinery, Defense, General engineering, Infrastructure, Cement, Off-Road vehicles, Power, Railways, Steel, Machine tools, Material Handling, to name a few.

During the period April – December 2010, India's GDP growth averaged at 8.6 % with quarterly development as follows:

Period	April – June 2010	July – September 2010	October-December2010
% GDP growth over last year	8.9%	8.9%	8.2%

Industrial Production during April - December 2010 also rose by 8.6%. Developments in Mining, Manufacturing and Electricity sectors were placed at 7.7%, 9.1%and 4.7% respectively.

The Automotive industry saw one of the strongest periods of demand in 2010.

Production of Automotive Industry April-December 2010

Category	Number of Vehicles In thousands		% Growth
	Year 2010	Year 2009	
Two-Three Wheelers	10,448	8,040	30%
Passenger Cars & MUVs	2,134	1,671	28%
Light Commercial Vehicles	288	214	34%
Medium and Heavy Vehicles	243	162	50%

Source: SIAM

STRENGTH:

The Directors are well experienced and technically qualified with well succession plan. The Company is in this line of business for more than 32 years and enjoys its brand name in the market. The Company has wide market network with established customer base. The Company is able to obtain skilled workmen at comparatively lower cost. The Company is profit making one and self performance is improving year after year.



OPPORTUNITIES:

Indian GDP growth slowed down to 8.2% in the third quarter of 2010. However, the same is expected to exceed 8.5% during 2010-11, while it is likely to be around 8.5% during 2011-12. The growth trends in automotive industry remain positive at about 12 to 15 per cent in 2011 and the prospect for growth in the said industry will range from moderate to good in 2011-12.

A steady growth in educated young population in India, expansion of middle class and trickle down effects of overall prosperity in rural areas, are good indicators of inclusive economic growth. The need for effective and efficient transportation both personal and public will rise more rapidly than before. At the same time, the 'value consciousness' of Indian middle class will mean that market growth will be mainly focused in areas of motorcycles and small cars segments at least during the medium term.

A large number of public and private investment programs in power sector manifest Indian government's priority to this sector. Renewable energy too shows a lot of potential in the medium and long term.

Overall prospects for industrial development thus remain very positive in India and it seems that the strong demand for bearing products will continue in the coming times. The inflationary force on the economy is a great concern requiring urgent corrective steps to tame the inflation.

THREATS:

Overall global scenario presents a mixed picture. Impact of political situation in Egypt and Libya on global economies is severe. Tragic consequences of destruction in Japan due to earthquake and tsunami are still unclear, but it is clear that it will certainly influence the Indian Economy.

Oil prices always remain an issue of concern.

Inflationary trends in Indian economy remain unwarranted. Rising input cost is a major concern that leads to uncertainty in the growth.

Consistent increase in the Steel prices poses a pressure on the cost and margin to bearing manufacturers.

Cheap imports from China and South East Asian countries have shown an increasing trend, causing depression in the domestic consumption and pressure on your company's margin.

The counterfeiting of the bearings is the biggest bane to the industry. These spurious products affect the business and the brand image. These spurious bearings mainly caters to the replacement market which is price sensitive. Your Company is taking steps to curtail the spurious trade by improved packaging, creating awareness among the consumers, protecting "AECL" brand and such necessary actions.

SEGMENT WISE PERFORMANCE:

The Company has primarily two segments of activities, namely, 'Bearings' and 'Power'. Their present performance and future prospects have been given separately in Directors' Report.

INTERNAL CONTROL SYSTEMS:

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

The Internal Audit Department has extensive audit programs 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.

BUSINESS STRATEGY AND OUTLOOK:

AECL is the leading manufacturer of all types of anti-friction bearings and it offers wide range of bearings to the different categories of buyers, like Automobiles, Defense, State Road Transport Corporation, steel plants, thermal plants, cement plants, sugar and paper industries, fan and pump, gear box, agro-machinery industries and material handling equipments.

Recent data of Indian Economy manifest fast getting back to growth trajectory. It seems private and public investment in new project will certainly increase the demand as the basic confidence improves.

At the Company level, the majority of the product range is import substitutes and there is likelihood to increase our sale on export front. A number of initiative for strict cost control and improving efficiency and production at all levels have been taken, which is expected to further enhance the performance of the Company in the years to come.

At the core of AECL, technical up gradation and advancement is a perpetual effort soliciting involvement of the top management which itself endeavors to encourage new development, continuous quality improvement and strong desire to prove that our technology is proficient to compete with any top technologically advanced organization and thus, resulting in unshakeable customer confidence in India and abroad for AEC bearings.

The Company is trying to focus on sharpening its competitiveness and offering a product mix which is totally market driven.

The Company restricts its export domain only to the most quality-conscious market like the United States and European Union which accounts majority of its revenue. We have 100% subsidiary in the USA which also acts as a marketing front end. What may come as a surprise to the most is that, despite our very modest size, we have the widest range of bearings in the domestic market, weighing from 50 gms to over 500 Kgs.

We manufacture bearings for demanding applications. It is among a handful of customized bearing manufacturers worldwide producing bearings of 1800mm 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
7. Agro-machinery
8. Gear Box
9. Motor/Pumps

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 therefore is committed to provide necessary human resource 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 the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be 'forward-looking statements' within the meaning of applicable securities laws and regulations. Actual results could differ from those expressed or implied therein. Important factors that could make a difference include raw material availability and prices thereof, cyclical demand and pricing in the Company's principal markets, changes in government regulations and tax regime, economic developments within India and the countries in which the Company conducts business and other incidental factors. The Company will not be in any way responsible for any actions 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 COMPANY LIMITED

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 2011**. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, we certify that in respect of the aforesaid financial year:

- 1) The Company has kept and maintained all registers as stated in **Annexure "A"** to this certificate, as per the provisions 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 **Seven** times on **10th April, 2010, 29th May, 2010, 29th July, 2010, 22nd September, 2010, 21st October, 2010, 24th January, 2011 and 15th March, 2011** 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, 2010 to 22nd September, 2010** and necessary compliance of Section 154 of the Act has been made.
- 6) The Annual General Meeting for the financial year ended on ended on **31st March, 2010** was held on **22nd September, 2010** after giving due notice to the members of the Company and other concerned 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 loans to its directors or persons or firms or companies referred in the 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) The Company has obtained necessary approvals from the Board of Directors, members and previous approval of the Central Government pursuant to Section 314 of the Act wherever applicable.



- 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 of shares** in accordance with the provisions of the act.
 - ii) Deposited amount of dividend declared in a separate Bank Account on **24th September, 2010** 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, Junagadh on **22nd October, 2010**.
 - iv) Transferred the amounts in unpaid dividend account, application money due for refund, matured deposits and interest accrued thereon which have remained unclaimed 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. There was no appointment of additional directors, alternate directors and directors to fill casual vacancy during the financial year.
- 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 prescribed under the various provisions of the Act as detailed below:
 - (i) Approval from the Central Government under the proviso to sub-section (1B) of Section 314 of the Companies Ac, 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 not bought back any shares during the financial year.
- 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 not invited/accepted any deposits including any unsecured loans falling within the purview of Section 58A during the financial year.
- 24) The Company has not made any borrowings during the financial year ending 31st March, 2011.
- 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 financial 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 deposited both employee's and employer's contribution to Provident Fund with prescribed authorities pursuant to section 418 of the Act.

Place : Ahmedabad
 Date : 30th May, 2011

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

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 REGISTERS:

- 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, 2011:

S. No.	Form No./ Return	Filed Under Section	Date of Filing	Whether filed within prescribed time Yes / No	If delay in filing whether requisite additional fees paid Yes / No
1.	Form 23C	233B (2)	29/05/2010	Yes	No
2.	Form 62	Rule 10 (Acceptance of Deposits) Rules,1975	25/06/2010	Yes	No
3.	Form 62	Rule4(2) of (Acceptance of Deposits) Rules,1975	25/06/2010	Yes	No
4.	Form 23	192	02/10/2010	Yes	No
5.	Form 66	383A	02/10/2010	Yes	No
6.	Form 23AC	210	08/10/2010	Yes	No
7.	Form 20B	159	27/10/2010	Yes	No
8.	Form 24B	314 (1B)	28/10/2010	Yes	No
9.	Form 24B	314 (1B)	28/10/2010	Yes	No
10.	Form 24A*	297	27/11/2010	Yes	No
11.	Form 24A*	297	27/11/2010	Yes	No
12.	Form 24A*	297	27/11/2010	Yes	No
13.	Form 24A*	297	01/02/2011	Yes	No
14.	Form 24A*	297	03/02/2011	Yes	No
15.	Form 24A*	297	11/02/2011	Yes	No
16.	Form 24A*	297	11/02/2011	Yes	No
17.	Form 24A*	297	11/02/2011	Yes	No
18.	Form 24A*	297	11/02/2011	Yes	No

* However the approval for the same has been received on 19th April, 2011.

Place : Ahmedabad
Date : 30th May, 2011

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

REPORT ON CORPORATE GOVERNANCE

Corporate Governance is a catalyst for pursuing the objectives of the organization in an ethical and disciplined manner. Corporate Governance mandates certain disclosures to be made by the Company and so it shelters the interest of the shareholders by making all the necessary disclosures as required by the Company and thereby, protecting the inalienable rights and interest of the valuable shareholders as the real owners of the Company. Good Corporate Governance ensures efficient and ethical management.

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 its compliance thereof in respect of specific areas, as applicable, for the year ended 31st March, 2011 is set out below for information of shareholders and investors of the Company.

1. PHILOSOPHY :

The Company's philosophy is to believe in the power of innovation and sheer force of focus. The Company's philosophy on Corporate Governance ensures to optimize and increase the value to all the stakeholders, creditors, employees, lenders and society at large by providing an ambience of transparency, clarity and efficacy. The Company complies with the statutory requirements of Corporate Governance and follows voluntarily the best practice of Corporate Governance in the highest ethical values and morals and outshine wherever possible, the prevalent mandatory 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 Meeting Attained During the year	Whether Attained AGM held on Sep 22, 2010	No. of other Director		No. of outside Committee(s)	
			Public	Private	Public	Private
Mr. N.C Vadgama Chairman & E.D.	5	NO	1	1	-	-
Mr. S.M.Thanki Managing Director	7	YES	1	1	-	-
Mr. R Bambhania Jt.Manging Director	7	YES	1	1	-	-
Mr. J R Bhogayta Executive Director	7	YES	-	1	-	-
Dr. B R Sureja Director	5	YES	-	-	-	-
Mr. K J Mehta Director	5	YES	-	-	-	-
Mr. D B Nakum Director	5	YES	-	-	-	-
Mr. B D Joshi Director	5	YES	-	-	-	-

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 2010-11.

Date of Meeting	No. of directors Present	Date of Meeting	No. of directors Present
10 th April, 2010	4	21 st October, 2010	8
29 th May, 2010	8	24 th January, 2011	8
29 th July, 2010	8	15 th March, 2011	4
22 nd September, 2010	3		

(c) Details of sitting fees, remuneration etc. paid to Directors for the year ended 31st March, 2011.

Name of the Directors	Remuneration paid to Directors	Sitting fees paid for attending Board/Audit Committee
Mr. N C Vadgama	85000 per month	NIL
Mr. S M Thanki	85000 per month	NIL
Mr. R R Bambhania	85000 per month	NIL
Mr. J R Bhogayta	85000 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 independent Directors namely (1) Mr. B D Joshi (2) Mr. K J Mehta and (3) Mr. D B Nakum.

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.85,000/- 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.



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 29th May, 2010, 29th July, 2010, 22nd September, 2010, 21st October, 2010 and 24th January, 2011. The attendance of Audit Committee member is given hereunder:

Name of the Director	Category	Nos. of Meeting 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, 30th May, 2011 reviewed the Annual Accounts for the year 2010-2011 and recommended the same for approval of the board of Directors.

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

4. SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE:

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

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

The Composition of Committee is as follows:

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

One meeting of Share holder/Investor Grievances Committee was held on 15th March, 2011.

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
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.
2010 - 2011	22/09/2010	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.

AGM Held on	Whether Special Resolution Passed	Summary
1. 22-09-08	None	N. A.
2. 22-09-09	None	N. A.
3. 22-09-10	Yes	1. Appointment of Relative of Director pursuant to Section 314(1B)-Mr. Hiren Vadgama 2. Appointment of Relative of Director pursuant to Section 314(1B)-Mr. Jignesh Thanki

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, 2011 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, 2011.

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.aec-bearings.com

9. GENERAL SHAREHOLDER INFORMATION :

(i) Annual General Meeting :

Date & Time: Thursday, 22nd September, 2011 at 11.00 a.m.
Venue: Village: PATLA, Taluka: BHESAN, Dist.: JUNAGADH-362 030

(ii) Financial year : 2010-2011 (1st April to 31st March)

(iii) Date of Book Closure : 15th September, 2011 to 22nd September, 2011 (Both days inclusive)

(iv) Dividend Payment Date : 20th October, 2011.

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

The annual listing fees for the year 2011-12 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 2010-11.

Month	Year	High (Rs.)	Low (Rs.)	Month	Year	High (Rs.)	Low (Rs.)
April	2010	88.50	77.05	October	2010	100.40	83.70
May	2010	87.50	76.00	November	2010	99.40	76.60
June	2010	115.95	75.20	December	2010	90.00	70.00
July	2010	107.40	88.00	January	2011	85.00	68.00
August	2010	94.00	86.20	February	2011	72.00	61.30
September	2010	105.00	85.10	March	2011	74.75	63.05



(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.: +91-022-67720300 / 67720400
Fax No.: +91-022-28591568

(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, 2011.

No. of Equity Shares Held	Number of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
1 - 500	6122	90.696	920590	26.470
501 - 1000	326	4.830	262544	7.549
1001 - 2000	136	2.015	199293	5.730
2001 - 3000	47	0.696	117282	3.372
3001 - 4000	31	0.459	112409	3.232
4001 - 5000	15	0.222	70295	2.021
5001 - 10000	25	0.370	167855	4.826
10001 and above	48	0.711	1627532	46.798
Grand Total	6750	100.00	3477800	100.00
Physical Mode	1728	25.60	475502	13.67
Electronic Mode	5022	74.40	3002298	86.33

Shareholding Pattern as on 31st March, 2011:

Category	Number of Shares	% of Holding
Indian Promoters/Relatives	1167557	33.57
Resident Individuals & Corporates	2235795	64.29
Fin. Institutions/Banks/Mutual Fund	7000	0.20
NRIs	67448	1.94
TOTAL:	3477800	100.00

(xi) Dematerialisation of equity shares and liquidity :

The Company's equity shares are compulsorily dematerialized with effect from 17.10.2002. The Company's ISIN No. **INE759F01012**. Any shareholder, desirous of dematerialisation of their shares, is required 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 **86.33%** of total equity shares of the Company are held in dematerialized form with following depository.

In N S D L: 2244280 shares (64.53%) In C D S L: 758018 shares (21.80%)

(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. : 022-67720300/67720400 Fax No.:022-28591568
Email: sharepro@shareproservices.com

For general correspondence write to :

Austin Engineering Co. Ltd.

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

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, 2011.

FOR AUSTIN ENGINEERING CO.LTD.

Sd/-

S.M.THANKI

MANAGING DIRECTOR

Place : Patla, Dist. Junagadh

Date : 30th May, 2011

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, 2011 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

Sd/-

DHIRUBHAI H. DAND
PROPRITOR

Place : Cairns, Australia.
Dated : 30th May, 2011



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, 2011** 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 31.03.2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31.03.2011 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, 2011** ;
 - (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

DHIRUBHAI H. DAND
PROPRIETOR

Firm Registration No. 118190W
M. NO. 017117

PLACE : CAIRNS, AUSTRALIA

DATE : 30th May, 2011

ANNEXURE TO THE AUDITORS' REPORT

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

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



- b) As per information furnished, the Company has not taken any Loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956, Accordingly, the provisions of clauses 4 (iii) (f) to (g) of the Order are not applicable.
- iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of Inventory and Fixed Assets and for the Sale of Goods and services. We have not observed any continuing failure to correct major weaknesses in the internal control system.
- v) In respect of transactions entered in the register maintained in pursuance of section 301 of the Companies Act, 1956 :
 - a) To the best of our knowledge and belief and according to the information and explanations given to us, particulars of contracts or arrangements that needed to be entered into the register have been so entered.
 - b) According to the information and explanations given to us and excluding certain transactions of purchase of goods, material and services of special nature for which alternate quotations are not available, the transactions in pursuance of such contracts or arrangements have been made at prices which are prima facie reasonable having regard to the prevailing market prices at the relevant time.
- vi) In our opinion and according to the information and explanations given to us, the Company has complied with the Provisions of Sections 58A and 58AA and other relevant provisions of the Companies Act, 1956, and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from public.
- vii) In our opinion, the Internal Audit functions carried out during the year by a firm of chartered accountants appointed by the management have commensurate with the size of the Company and nature of its business.
- viii) We have broadly reviewed the books of account and records maintained by the company relating to the manufacturing of bearings, pursuant to the order made by the Central Govt. for the maintenance of Cost Records U/s 209 (1) (d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have, however not made a detailed examination of the records with a view to determining whether they are accurate or complete.
- ix) According to information and explanations given to us and the records examined by us, the Company has generally been regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-Tax, Sales-Tax, Wealth-Tax, Service-Tax, Custom Duty, Excise Duty, Cess and other Statutory dues wherever applicable. According to information and explanations given to us, no undisputed arrears of Statutory dues were outstanding as at **31st March-2011**, 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-2011**. 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) During the year, the company has not taken any term loans and hence requirements of reporting regarding application term loans does not arise.
- xvii) According to the Cash Flow Statement and other records examined by us and the information and explanations given to us, on and over all basis, funds raised on short term basis have prima facie not been used during the year for long term investment.
- xviii) The company has not made any preferential allotment of shares during the year to parties of companies covered in the register maintained under section 301 of the Companies Act, 1956.
- xix) Clause (xix) of the Order is not applicable to the Company as the Company has not issued any Debentures.
- xx) The Company has not raised any money by Public Issues during the year covered by our report.
- xxi) As per the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

FOR DHIRUBHAI DAND & CO.,
Chartered Accountants

PLACE : CAIRNS, AUSTRALIA
DATE : 30th May, 2011

DHIRUBHAI H. DAND
PROPRIETOR
Firm Registration No. 118190W
M. NO. 017117



Balance Sheet as at 31st March, 2011

Particulars	Sch No.	2010-11		2009-10	
		Rs.	Rs.	Rs.	Rs.
SOURCES OF FUNDS:					
SHAREHOLDERS' FUNDS					
Capital	1	34,778,000		34,778,000	
Reserves & Surplus	2	412,233,752	447,011,752	367,104,781	401,882,781
LOAN FUNDS					
Secured Loans	3		86,398,134		93,064,494
Deferred Tax Liabilities (Net)			5,258,278		7,265,344
TOTAL :			538,668,164		502,212,619
APPLICATION OF FUNDS					
Fixed Assets	4				
Gross Block		363,517,150		351,811,992	
Less: Depreciation		219,458,011		201,852,707	
		144,059,139		149,959,285	
Add. : Capital Work In Progress		1,052,717	145,111,856	—	149,959,285
Investments	5		3,847,606		3,847,606
CURRENT ASSETS, LOANS & ADVANCES					
Inventories	6	352,623,810		254,321,914	
Sundry debtors	7	184,622,049		151,569,700	
Cash & Bank Balances	8	43,893,645		64,391,467	
Loans & Advances	9	57,849,714		54,261,808	
		638,989,218		524,544,889	
Less: CURRENT LIABILITIES & PROVISIONS	10				
Liabilities		197,711,699		132,349,343	
Provisions		51,568,817		43,789,818	
		249,280,516		176,139,161	
NET CURRENT ASSETS			389,708,702		348,405,728
TOTAL :			538,668,164		502,212,619
NOTES ON ACCOUNTS	17				

As per our Report of even date

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

DHIRUBHAI H. DAND
Proprietor

Place : Cairns, Australia
Date : 30th May, 2011

N. C. Vadgama Chairman & Executive Director

S. M. Thanki Managing Director

J. R. Bhogayta Executive Director

Place : Patla, TA. Bheshan, DIST. Junagadh
Date : 30th May, 2011

**Profit & Loss Account for the Year ended 31st March, 2011.**

Particulars	Sch No.	2010-11		2009-10	
		Rs.	RS.	Rs.	RS.
INCOME					
Sales (Gross)	11	835,909,167		688,623,368	
Less:Excise Duty recovered on Sales		28,278,994	807,630,173	19,374,295	669,249,073
Other Income	12		43,491,995		16,194,030
			851,122,168		685,443,103
Increase(Decrease) in Finished Goods Semi Finished Goods and Trade Goods	13		65,094,926		(26,841,400)
			916,217,094		658,601,703
EXPENDITURE					
Manufacturing and other Expenses	14		699,510,400		478,244,394
Purchase of Trade Goods			112,814,353		87,094,314
Interest	15		8,607,662		10,277,336
Depreciation	5		18,597,051		18,004,961
			839,529,466		593,621,005
Profit before Exceptional Item :			76,687,628		64,980,698
MTM Gains on derivative Contracts for ineffective hedge			2,610,000		27,590,000
Profit after Exceptional item			79,297,628		92,570,698
Provision for taxation					
- Current Tax			25,300,000		22,000,000
- Deferred Tax			(2,007,066)		(937,015)
Profit after tax			56,004,694		71,507,713
Prior period Expenses			770,758		940,651
Profit for the Year			55,233,936		70,567,062
Balance brought forward from last year			245,900,657		189,360,479
AMOUNT AVAILABLE FOR APPROPRIATION			301,134,593		259,927,541
Appropriations:					
- Proposed Dividend			8,694,500		5,216,700
- Proposed Dividend no more required due to Buy Back of Shares including Tax on Proposed Dividend			-		(56,245)
- Provision for Tax on Proposed Dividend			1,410,465		866,429
- Transfer to General Reserve			8,000,000		8,000,000
Balance Carried to Balance Sheet			283,029,628		245,900,657
NOTES ON ACCOUNTS	17				

As per our Report of even date

For **DHIRUBHAI DAND & Co.,**
Chartered Accountants.**DHIRUBHAI H. DAND**
ProprietorPlace : Cairns, Australia
Date : 30th May, 2011**N. C. Vadgama** Chairman & Executive Director**S. M. Thanki** Managing Director**J. R. Bhogayta** Executive DirectorPlace : Patla, TA. Bheshan, DIST. Junagadh
Date : 30th May, 2011

Schedules Forming Part of the Balance Sheet

PARTICULARS	2010-11		2009-10	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE 1 : SHARE CAPITAL				
AUTHORISED :				
40,00,000 Equity Shares of Rs.10 each		40,000,000		40,000,000
ISSUED, SUBSCRIBED AND PAID UP :				
34,77,800 Equity Shares of Rs.10 each fully paid up. (Previous Year 34,77,800 Equity Shares of Rs. 10 each fully paid up.)	34,778,000		35,112,500	
LESS : Equity Share Buy Back	–	34,778,000	334,500	34,778,000
TOTAL :		34,778,000		34,778,000
SCHEDULE 2: RESERVES & SURPLUS				
RESERVES:				
Capital Reserve		792,427		792,427
Cash subsidy reserve		2,935,458		2,935,458
Share Premium		86,795,000		86,795,000
Capital Redemption Reserve				
Opening Balance	532,000		197,500	
Amt. Transferred from General Reserve	–	532,000	334,500	532,000
General Reserve				
As per last Balance Sheet	30,149,239		24,117,969	
Add : Transfer from Profit & Loss A/c	8,000,000		8,000,000	
Less : Transfer to Capital Redemption Reserve	–		334,500	
Less : Premium paid for Buy Back of Share	–		1,634,230	
		38,149,239		30,149,239
		129,204,124		121,204,124
SURPLUS :				
Profit & Loss A/c		283,029,628		245,900,657
TOTAL :		412,233,752		367,104,781
SCHEDULE 3: SECURED LOANS				
(A) Deferred Payment Loan				
from HDFC Bank		71,332		709,612
from CHOLAMANDLAM DBS Fin. Ltd.		–		95,059
(B) Term Loan				
1) from Bank of Baroda		3,199,534		8,587,147
2) from Bank of Baroda		2,197,561		9,401,369
(C) Working Capital Loan				
from Bank of Baroda		80,929,707		74,271,307
TOTAL :		86,398,134		93,064,494

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

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

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

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



SCHEDULE 4 : FIXED ASSETS

SR. NO.	ASSETS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		Balance as at 31/03/2010 Rs.	Addition During the year Rs.	Sales/Trans. During the year Rs.	Balance as at 31/03/2011 Rs.	Provided Upto 31/03/2010 Rs.	Provided During the year Rs.	Adjustment on account of Sales Rs.	Total as at 31/03/2011 Rs.	Balance as at 31/03/2011 Rs.	Balance as at 31/03/2010 Rs.
1	'aec' TRADE MARK	40,861,000	-	-	40,861,000	12,258,300	817,220	-	13,075,520	27,785,480	28,602,700
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	41,711,040	2,041,312	-	43,752,352	18,115,757	1,433,878	-	19,549,635	24,202,717	23,595,283
5	PLANT & MACHINERY	142,923,838	5,031,353	-	147,955,191	86,148,130	8,390,725	-	94,538,855	53,416,336	56,775,708
6	PLANT & MACHINERY (100% DEPRECIATION)	2,774,089	-	-	2,774,089	2,774,089	-	-	2,774,089	-	-
7	ELECTRIC INSTALLATION	9,374,981	169,803	-	9,544,784	9,225,720	275,552	-	9,501,272	43,512	149,261
8	TOOLS DIES & MEASURING INSTRUMENTS	35,845,300	1,277,524	-	37,122,824	31,515,922	1,048,170	-	32,564,092	4,558,732	4,329,378
9	FURNITURE & FIXTURE	10,204,053	265,873	-	10,469,926	7,173,481	611,947	-	7,785,428	2,684,498	3,030,572
10	OFFICE & FACTORY EQUIPMENTS.	6,302,796	188,671	-	6,491,467	2,603,991	285,725	-	2,889,716	3,601,751	3,698,805
11	VEHICLES	16,615,803	3,303,992	1,382,495	18,537,300	8,921,854	1,362,981	991,747	9,293,088	9,244,212	7,693,949
12	COMPUTERS & SOFWARES	9,723,103	809,125	-	10,532,228	7,295,256	720,036	-	8,015,292	2,516,936	2,427,847
13	WIND ELECTRIC POWER CONVERTER	35,307,710	-	-	35,307,710	15,820,207	3,650,817	-	19,471,024	15,836,686	19,487,503
14	WORK IN PROGRESS (BUILDING)	-	1,052,717	-	1,052,717	-	-	-	-	1,052,717	-
	TOTAL	351,811,992	14,140,370	1,382,495	364,569,867	201,852,707	18,597,051	991,747	219,458,011	145,111,856	149,959,285
	PREVIOUS YEAR	344,313,546	7,498,446	-	351,811,992	183,847,746	18,004,961	-	201,852,707	149,959,285	160,465,800

SCHEDULE :5 INVESTMENTS (AT COST)

PARTICULARS	2010-2011			2009-2010		
	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. 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
Cogent Ventures (India) 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
NHC Foods 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



PARTICULARS	2010-2011			2009-2010		
	NO.OF SHARES	FACE VALUE RS.	RS.	NO.OF SHARES	FACE VALUE RS.	RS.
LONG TERM INVESTMENTS:						
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
Fag Bearings Ltd. Share	100	10	53,650	100	10	53,650
NRB Bearings share	100	2	4,593	50	2	4,593
Reliance Industries Ltd. Share	124	10	173,913	124	10	173,913
SKF Bearing Ltd. Share	300	10	104,601	300	10	104,601
Timken India Ltd.	50	10	7,144	50	10	7,144
(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 :			3,847,606			3,847,606
Aggregate Book Value of Investment						
- Unquoted			2,192,950			2,192,950
- Quoted Market Value Rs. 1357022 /- (Previous year Rs. 1517648/-)			1,603,656			1,603,656
- Government Securities			51,000			51,000
			3,847,606			3,847,606

SCHEDULE 6 : INVENTORIES

PARTICULARS	2010-11		2009-10	
	Rs.	Rs.	Rs.	Rs.
[Valued as stated in the accounting policies in Note No. 1(iii)]				
Raw materials		79,112,067		47,015,654
Semi-finished goods		195,028,106		132,199,542
Finished goods		65,121,465		64,098,318
Stores and spares		5,930,596		5,391,562
Packing materials		4,523,391		3,951,868
Trade Goods		2,908,185		1,664,970
TOTAL :		352,623,810		254,321,914
SCHEDULE : 7 SUNDRY DEBTORS				
UNSECURED-CONSIDERED GOOD				
Under Six Months Old		178,603,653		144,107,940
Over Six Months Old		6,018,396		7,461,760
TOTAL :		184,622,049		151,569,700
SCHEDULE: 8 CASH & BANK BALANCES				
Cash on Hand		851,886		1,752,775
Balance with Scheduled Bank				
In Current Account	34,137,205		54,671,045	
In Unpaid dividend A/c.	1,738,409		1,201,227	
In Fixed Deposit A/c.	7,166,145	43,041,759	6,766,420	62,638,692
TOTAL :		43,893,645		64,391,467



PARTICULARS	2010-11		2009-10	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE 9 : LOANS & ADVANCES				
UNSECURED - CONSIDERED GOOD				
Advances recoverable in cash or in kind or for value to be received.		23,223,792		13,223,246
Staff loan & advance		3,629,395		3,620,760
Other Loans		4,438,424		2,698,424
Sundry deposits		2,933,794		3,391,755
Advances for capital expenditure		4,892,432		7,481,598
Advances for expenses		14,849,822		19,937,061
Advances for raw materials		2,753,405		2,780,314
Share Application Money		1,128,650		1,128,650
TOTAL :		57,849,714		54,261,808
SCHEDULE 10: CURRENT LIABILITIES & PROVISIONS				
CURRENT LIABILITIES:				
Sundry creditors	166,745,118		101,401,996	
Other liabilities	30,865,581		28,236,347	
Trade deposits	101,000		101,000	
Mark to Market loss on forward contract	–	197,711,699	2,610,000	132,349,343
Provision for Proposed Dividend	8,694,500		5,216,700	
Tax on Proposed Dividend	1,410,465		866,429	
Bonus Provision	11,585,838		10,151,104	
Gratuity Provision	27,235,999		25,147,410	
Income Tax provision (NET)	2,642,015	51,568,817	2,408,175	43,789,818
TOTAL :		249,280,516		176,139,161
* Sundry creditors include liability in respect of Capital Goods Rs. 936,446/- (Previous year Rs.925,124/-) Amount due to Directors of Rs. 343,600/-.(Previous year Rs. 323,600/-).				
* The Company has not received information from vendors regarding their status under the Micro, Small and 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. 11,312,940/- (Previous Year Rs. 9,967,347/-).				
SCHEDULE 11 : SALES				
Sales of Manufactured Goods		692,866,015		569,466,111
Sales of Trade Goods (Inclusive of Excise duty & Sales Tax)		143,043,152		119,157,257
TOTAL:		835,909,167		688,623,368
SCHEDULE 12: OTHER INCOME				
Job-work Income		1,060,372		667,385
Sales of scrap		6,878,362		2,884,657
Miscellaneous income		1,829,297		1,842,648
Interest Income		606,832		743,807
DEPB Licence Incentive		26,743,420		10,050,981
Dividend Income		3,415		4,552
Rent Income		380,000		–
Tooling Charges		3,345,975		–
Foreign Exchange Rate Diff. Income		2,404,323		–
Profit on sale of Assets		239,999		–
TOTAL :		43,491,995		16,194,030



PARTICULARS	2010-11		2009-10	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE 13 : INCREASE(DECREASE) IN FINISHED GOODS, SEMI-FINISHED GOODS AND TRADE GOODS.				
FINISHED GOODS:				
Opening Stock	64,098,318		50,088,677	
Closing Stock	65,121,465	1,023,147	64,098,318	14,009,641
SEMI-FINISHED GOODS:				
Opening Stock	132,199,542		168,911,388	
Closing Stock	195,028,106	62,828,564	132,199,542	(36,711,846)
TRADE GOODS:				
Opening Stock	1,664,970		5,804,165	
Closing Stock	2,908,185	1,243,215	1,664,970	(4,139,195)
TOTAL :		65,094,926		(26,841,400)
SCHEDULE 14 : MANUFACTURING AND OTHER EXPENSES				
Raw materials consumed as per schedule-16		311,023,501		167,206,137
Stores & Spares consumed		57,597,150		57,109,731
Packing materials consumed		16,260,919		11,321,610
Power & Fuel		4,788,086		3,168,929
Job work charges		101,129,433		62,443,592
Employee's remuneration & benefits :				
Salary,wages & bonus	92,075,685		78,597,568	
[(including Directors Remuneration Rs. 4,123,200/- (Previous Year Rs. 3,883,200/-)]				
Contribution to P.F., E.S.I.	7,522,703		6,782,821	
Welfare expenses	2,787,147		1,849,276	
		102,385,535		87,229,665
Foreign Exchange Rate Diff.		–		470,502
Forward contracts - losses		3,287,323		13,598,654
Travelling Exp.		6,720,805		5,308,271
Repairs:				
Machinery	1,509,875		1,401,206	
Others	418,441		442,539	
Building	2,200,140	4,128,456	1,056,279	2,900,024
Rent,rates & taxes		395,479		375,373
Insurance		708,994		694,150
Selling Expenses:				
Advertisement	436,306		355,917	
Sales commission	15,649,232		14,161,837	
Sales promotion	3,650,209		4,636,993	
Sales-tax	11,759,105		9,318,043	
Discount	5,283,818	36,778,670	3,939,774	32,412,564
Bad - Debt Written Off		7,049,241		–
Service Tax		189,717		147,988
Expenses Relating to Buy Back of Shares		–		258,840
Misc.Expenses		47,067,091		33,598,364
TOTAL :		699,510,400		478,244,394



PARTICULARS	2010-11		2009-10	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE 15 : INTEREST				
Bank Interest				
Term Loan	1,208,579		2,439,934	
Others	4,728,790	5,937,369	5,227,088	7,667,022
Others		2,670,293		2,610,314
TOTAL :		8,607,662		10,277,336
SCHEDULE 16 : RAW MATERIALS CONSUMED				
Opening Stock		47,015,654		51,383,518
Add: Purchases		347,768,526		166,001,474
		394,784,180		217,384,992
Less: Sales		4,648,612		3,163,201
		390,135,568		214,221,791
Less: Closing Stock		79,112,067		47,015,654
TOTAL :		311,023,501		167,206,137

SCHEDULE 17:**Significant Accounting Policies & Notes forming part of the Accounts for the year ended 31st March,2011.****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 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.

[ii] Bank guarantees outstanding as at 31st March,2011 for which the Company has given counter guarantees amounting to Rs. 1,06,21,219/- (Previous year Rs. 1,67,94,704/-).

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

Up to March 31, 2010, the Company had bought back and extinguished total 53,200 equity shares of Rs. 10 each at an average price of Rs. 54.99 per share, utilizing a sum of Rs. 29,35,463/- (inclusive of brokerage and applicable taxes total amount Rs.9,869/- The amount of Rs.23,93,594/- paid towards buy back of shares, in excess of the face value, had been charged to General Reserve Account. The Company had also transferred Rs 5,32,000/-from free reserves to Capital Redemption Reserve Account, which represents the nominal value of shares bought back during the previous 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)

	2010-2011	2009-2010
(i) Audit fees	300,000	275,000
(ii) Taxation audit fees	65,000	50,000
(iii) Income tax Matter	200,000	165,000
(iv) Miscellaneous certificates out of pocket expence	60,000	60,000
	625,000	550,000

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

Class of goods	UNITS	Licenced Capacity		Installed Capacity		Actual Production	
		2010-2011	2009-2010	2010-2011	2009-2010	2010-2011	2009-2010
Bearings	NOS.	-	-	1,700,000	1,700,000	1,365,010	927,458
Components	NOS.	-	-	-	-	367,883	819,629
Wind Power (Electri.)	MW/KWH	-	-	0.800 MW	0.800 MW	1,318,372 KWH	1,403,282 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 1,265,638 KWH (Previous Year 1,347,150).
- 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	2010-2011		2009-2010	
	Qty	Value in Rs.	Qty	Value in Rs.
Opening Stock				
Bearings	175186	52,966,371	208144	42,778,657
Components	170826	11,131,947	123451	7,310,020
Closing Stock				
Bearings	196144	52,996,506	175186	52,966,371
Components	124042	12,124,959	170826	11,131,947
Sales				
Bearings	1340788	614,503,141	956344	416,623,939
Components	414434	78,362,874	768352	152,842,172

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

(i) Raw materials and bought out components consumed.

Class of materials	Unit	2010-2011		2009-2010	
		Qty.	Value in Rs.	Qty.	Value in Rs.
Steel Bars & Tubes	Kgs.	1771039	96,176,886	1070545	48,375,822
Steel Wire	Kgs.	209152	15,089,083	123559	7,313,531
Steel Balls	Pcs.	6738671	13,764,407	6277017	11,768,369
CRCA sheets	Kgs.	209844	9,829,481	90494	3,942,494
Races	Pcs.	1389948	62,184,091	618086	23,013,654
Cages	Pcs.	1436906	34,347,380	748951	22,240,249
Rollers	Pcs.	5870972	14,202,348	4176132	4,284,261
S.M.Race & Forged Ring	Pcs.	846083	64,427,941	837039	44,642,021
Miscellaneous			1,001,884		1,625,736
TOTAL :			311,023,501		167,206,137



(ii) Value of raw materials and components consumed

	2010-2011		2009-2010	
	% of total Consumption	Value in Rs.	% of total Consumption	Value in Rs.
Imported at landed cost	3.84	11,952,433	0.65	1,080,823
Indigeneously obtained	96.16	299,071,068	99.35	166,125,314
	100.00	311,023,501	100.00	167,206,137
(iii) The stores and spares consumed :				
Imported at landed cost	—	—	—	—
Indigeneously obtained	100.00	57,597,150	100.00	57,109,731
	100.00	57,597,150	100.00	57,109,731

(e) Information in respect of Trading Activities.

Particulars	2010-2011		2009-2010	
	Qty	Value in Rs.	Qty	Value in Rs.
Opening Stock				
Bearings	23634	1,658,090	52711	5,742,847
Components	406	6,880	2212	61,318
Purchase				
Bearings	756466	112,507,150	613145	86,985,699
Components	5953	307,203	3069	108,615
Sales				
Bearings	746476	139,529,953	642222	118,870,423
Components	5522	468,903	4875	286,834
Closing Stock				
Bearings	33624	2,877,049	23634	1,658,090
Components	837	31,136	406	6,880

(f) CIF Value of Imports

Raw materials	9,937,860	839,145
Capital goods	—	—

(g) Expenditure in foreign currency in respect of

- Travelling	1,113,383	495,452
- Sales Commission	129,857	2,866,542
- Marketing & Sales Pramotion Exp.	126,511	733,340

(h) Earnings in foreign exchange

Export of goods calculated on F.O.B. basis	378,276,632	326,825,491
--	-------------	-------------

7 DETAILS OF SEGMENT REPORTING:

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

(1) PRIMARY SEGMENT:

Particulars	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
	Bearing	Bearing	Power	Power	Total	Total
A. SEGMENT REVENUE	851,122,168	685,443,103	6,582,014	7,394,806	857,704,182	692,837,909
Other Unallocated Revenue	—	—	—	—	—	—
TOTAL:	851,122,168	685,443,103	6,582,014	7,394,806	857,704,182	692,837,909
Less: Inter Segment Revenue	—	—	6,582,014	7,394,806	6,582,014	7,394,806
Net Income from Operation	851,122,168	685,443,103	—	—	851,122,168	685,443,103

Particulars	2010-11 Bearing	2009-10 Bearing	2010-11 Power	2009-10 Power	2010-11 Total	2009-10 Total
B. SEGMENT RESULTS						
PROFIT/ (LOSS) BEFORE TAX & INTEREST	82,491,821	71,654,056	2,803,469	3,603,978	85,295,290	75,258,034
LESS : Interest	—	—	—	—	8,607,662	10,277,336
Other unallocated Expenses	—	—	—	—	(2,610,000)	(27,590,000)
TOTAL PROFIT BEFORE TAX	82,491,821	71,654,056	2,803,469	3,603,978	79,297,628	92,570,698
C. CAPITAL EMPLOYED						
(SEGMENT ASSETS - SEGMENT LIABILITIES)						
Segment Assets	771,462,233	658,111,290	16,486,447	20,240,490	787,948,680	678,351,780
Add: Common assets	—	—	—	—	—	—
TOTAL ASSETS	771,462,233	658,111,290	16,486,447	20,240,490	787,948,680	678,351,780
Segment Liabilities	323,368,268	253,719,157	2,205,417	9,401,369	325,573,685	263,120,526
Add: Common Liabilities	15,363,243	13,348,473	—	—	—	—
TOTAL LIABILITIES	323,368,268	253,719,157	2,205,417	9,401,369	340,936,928	276,468,999
SEGMENT CAPITAL EMPLOYED	448,093,965	404,392,133	14,281,030	10,839,121	447,011,752	401,882,781

(2) GEOGRAPHICAL SEGMENTS:

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

Revenue	2010-11	2009-10
Within India	431,220,729	344,258,624
Overseas	376,409,444	324,990,449
TOTAL:	807,630,173	669,249,073

(B) Assets base on geographical location:

	Carrying Amount of Segmant assets		Addition to Fixed Assets and Intangible Assets	
	2010-11	2009-10	2010-11	2009-10
Within India	713,992,368	630,317,559	14,140,370	7,498,446
Overseas	73,956,312	48,034,221	—	—
TOTAL:	787,948,680	678,351,780	14,140,370	7,498,446

8 EARNINGS PER SHARE

	2010-11	2009-10
Basic Earnings per Share	Rs. 15.88	20.29
Diluted Earnings per Share	Rs. 15.88	20.29
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:

	2010-11	2009-10
Profit	Rs. 55,233,936	70,567,062
The number of shares outstanding during the period:	Nos. 3477800	3477800

9 DEFERRED TAX LIABILITEIS / (ASSETS):

Particulars	as at 31.03.2011	as at 31.03.2010
Deferred Tax Liabilities on account of Difference between book & Tax Depreciation	12,254,296	13,928,284
Deferred Tax Assets on account of Employees Benefits	(6,996,018)	(6,662,940)
TOTAL:	(6,996,018)	(6,662,940)
Deferred Tax Liabilities/(Assets) (Net)	5,258,278	7,265,344



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. NIL (Previous year Rs. 3.59) 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. 32,87,323/- (Previous Year Exchange Loss Rs. 1,35,98,654/-) on foreign exchange forward contracts has been recognized in the year ended March 31, 2011.

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.

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.

(i) Max Precision Bearings P. Ltd.	(ii) SNR Enterprises	(iii) Accord Precision Products
(iv) Austin Traders	(v) Optimum Services Inc.	(vi) Keyur Enterprises

- (b) Key Management Personnel

(i) Shri S M Thanki	(ii) Shri R R Bambhania	(iii) Shri N C Vadgama
(iv) Shri J R Bhogayta		

- (c) Relative of Key Management Personnel

(i) Shri S. M. Thanki HUF	(ii) Shri R. N. Bambhania HUF	(iii) Shri N. C. Vadgama HUF
(iv) Shri J. R. Bhogayata HUF	(v) Shri Jignesh S. Thanki	(vi) Shri Hiren N. Vadgama
(vii) Shri Chandulal N. Bambhania		

- (d) Subsidiary Company

(i) Acurate Engineering Inc. - U.S.A.

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

**(2) Transaction with Related Parties**

Particulars	Related Parties							
	Referred in 1 (a) above		Referred in 1 (b) above		Referred in 1 (c) above		Referred in 1 (d) above	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
INCOME								
(1) Sales of Goods & Mat.	16,755,119	13,317,277	-	-	-	-	167,329,346	34,341,800
(2) Job Work	540,372	378,225	-	-	-	-	-	-
(3) Tooling Charges	-	-	-	-	-	-	3,345,975	-
EXPENSES								
(1) Purchase of Goods	130,382,959	75,746,410	-	-	-	-	-	170,348
(2) Remuneration	-	-	4,628,681	4,358,564	1,482,975	1,224,533	-	-
(3) Jobwork	28,290,167	19,139,173	-	-	-	-	-	-
(4) Interest	-	-	-	-	2,178,900	1,924,623	-	-
SALE OF ASSETS	-	-	-	-	-	-	-	-
PURCHASE OF ASSETS	-	-	-	-	-	-	-	-
OUTSTANDING								
Payable	20,402,834	15,541,359	343,600	323,600	16,612,375	14,598,985	-	274,027
Receivable	5,580,203	6,992,128	-	-	-	-	19,829,889	15,523,684

14. Derivatives and Foreign Currency exposures :

The Company uses forward contract to mitigate its risks associated with foreign currency fluctuations having underlying transaction in relation to Sale of goods. The company does not enter into any forward contract which is intended for trading or speculative purposes.

The details of forward contracts outstanding at the year end is as follows :-

	Number of Contracts		Amount in foreign currency		Equivalent amount in Rs.	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Currency	NIL	NIL	NIL	NIL	NIL	NIL
U S D	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.	
	2010-11	2009-10	2010-11	2009-10
Payable				
USD	16,748	NIL	803,343	NIL
Receivable				
EURO	792,055	526,000	48,394,599	29,241,606
USD	571,211	411,197	25,561,713	18,792,615
TOTAL:			73,956,312	48,034,221
BANK				
USD EEFC BANK ACCOUNT	-	946	-	42,954

15. REMITTANCE IN FOREIGN CUURENCY ON ACCOUNT OF DIVIDEND

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

	2010-11	2009-10
Number of share holder	1	1
Number of shares held	80,000	80,000
Amounts remitted	120,000	120,000
Year to which dividend relates	2009-10	2008-09



16. Disclosures in respect of Defined Contribution Plan, recognised as expenses for the year is as under :

	2010-11	2009-10
Employer's Contribution to Provident Fund, E.S.I.	7,522,703	6,782,821

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

	Gratuity		Leave Encashment	
	2010-11	2009-10	2010-11	2009-10
The amount recognised in the Balance Sheet are as follows :				
Present Value of obligation (Total Funded & Unfunded)	39,290,801	31,849,360	1,406,826	1,541,745
Fair value of plan assets	12,054,802	6,701,950	-	-
Unrecognised past service cost	-	-	-	-
Net liability in the Balance Sheet - (Un - funded)	27,235,999	25,147,410	1,406,826	1,541,745

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

Current Service cost	2,084,629	1,768,832	1,166,377	1,212,785
Interest on obligation	2,547,949	2,152,230	123,340	63,499
Expected return on plan assets	-	-	-	-
Net actuarial losses (gains) recognised in year	3,776,720	1,951,308	(128,630)	(716,089)
past service cost	-	-	-	-
Losses (gains) on curtailment and settlements	-	-	-	-
Total included in 'employee benefit expenses'	7,583,444	5,514,696	1,161,087	560,195
Actual return on plan assets	825,854	357,674	-	-

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	31,849,360	26,902,875	1,541,745	793,739
Prior period adjustment	-	-	-	-
Service cost	2,084,629	1,768,832	1,166,377	1,212,785
Interest Cost	2,547,949	2,152,230	123,340	63,499
Actuarial losses (gains)	3,776,720	1,951,308	128,630	716,089
Benefits Paid	967,857	925,885	1,553,266	1,244,367
closing defined benefit obligation	39,290,801	31,849,360	1,406,826	1,541,745

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	6,701,950	1,528,984	-	-
Expected Return	825,854	357,674	-	-
Actuarial gains and (losses)	-	-	-	-
Contribution by Employer	5,494,855	5,738,177	-	-
benefits paid	967,857	925,885	-	-
Closing fair value of plan assets	12,054,802	6,701,950	-	-

Principal actuarial assumptions at the balance sheet date

Discount rate per annum as at 31 st march, 2010	8.00%	8.00%	8.00%	8.00%
Expected return per annum on plan assets as at 31 .03. 2010	9.15%	9.00%	-.00%	-.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 : Cairns, Australia
Date : 30th May, 2011

N. C. Vadgama Chairman & Executive Director

S. M. Thanki Managing Director

J. R. Bhogayta Executive Director

Place : Patla, TA. Bhesan, DIST. Junagadh
Date : 30th May, 2011



CASH FLOW STATEMENT

AS ON 31st MARCH, 2011 AS PER CLAUSE 32 OF THE LISTING AGREEMENT

(Rs.in Lacs)

PARTICULARS	2010-2011	2009-2010
A CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit before tax and Extraordinary Items :	792.98	925.71
Adjustments for:		
Depreciation	185.97	180.05
Interest Paid	86.08	102.77
MTM Gains on derivative Contracts for ineffective hedge	(26.10)	(275.90)
Profit / Loss on sale of Assets/shares	(0.45)	-
Interest/Dividend Income	(6.10)	(7.48)
Income Tax Expenses	(7.71)	(9.41)
	231.69	(9.97)
Operating Profit before working capital changes	1,024.66	915.74
Adjustments for :		
Trade and other receivables	(366.40)	235.76
Inventories	(983.02)	311.94
Trade payables	714.95	(91.24)
Cash generated from operations	390.20	1,372.21
Direct taxes paid	(250.67)	(245.24)
NET CASH FROM OPERATING ACTIVITIES :	139.53	1,126.97
B CASH FLOW FROM INVESTING ACTIVITIES :		
Proceeds from Issue of Share Capital (Buy back of shares)	-	(19.69)
Purchase of Fixed Assets	(141.40)	(74.98)
Sale of Fixed Assets	4.36	-
Interest/Dividend Received	6.10	7.48
Net Cash used in investing activities	(130.93)	(87.18)
C CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds of Long Term Borrowings	(66.66)	(423.82)
Dividend Paid	(52.17)	(52.19)
Dividend Tax Paid	(8.66)	(8.87)
Interest paid	(86.08)	(102.77)
Net Cash used in financial activities	(213.57)	(587.66)
Net increase in cash and cash equivalents(A+B+C)	(204.98)	452.13
Cash and Cash equivalents (Opening Balance)	643.91	191.79
Less : Cash and cash equivalents (Closing Balance)	438.94	643.91
	(204.98)	452.13

Note: Figures in bracket denote payment.

For and on behalf of the Board

Place : Patla. (Dist. Junagadh)

Date : 30th May, 2011

N. C. Vadgama

Chairman & Executive Director

AUDITORS' REPORT :

We have verified the attached Cash Flow Statement of Austin Engineering Co. Ltd. derived from audited financial statements and the books and records maintained by the Company for the year ended **31st March, 2011 and 31st March, 2010** and found the same in agreement therewith.

For DHIRUBHAI DAND & CO.

Chartered Accountants

Place : Cairns, Australia

Date : 30th May, 2011

DHIRUBHAI DAND

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 1**

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

Public Issue
- - - N I L - - -

Bonus Issue
- - - N I L - - -

Right Issue
- - - N I L - - -

Private Placement
- - - N I L - - -

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

Total Liabilities
7 8 7 9 4 9

Total Assets
7 8 7 9 4 9

Source of Funds

Paid-up Capital
3 4 7 7 8

Secured Loans
8 6 3 9 8

Reserves & Surplus
4 1 2 2 3 4

Deferred Tax Liabilities
5 2 5 8

Unsecured Loans
- - - - -

Application of Funds

Net Fixed Assets
1 4 5 1 1 2

Net Current Assets
3 8 9 7 0 9

Miscellaneous Expenditure
- - - N I L - - -

Investments
3 8 4 8

Accumulated Losses
- - - N I L - - -

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

Total Income
9 1 6 2 1 7

Profit Before Tax
7 4 0 7 8

Earnings Per Share (Rs.)
1 5 . 8 8

Total Expenditure
8 4 2 1 3 9

Profit after Tax
5 5 2 3 4

Dividend Rate (%)
2 5 %

V. Generic Names of Three Principal Products/Services of the Company

(As per Monetary Terms)

Item Code No. **8 4 . 8 2**

Product Description **ALL KINDS OF ROLLING BEARING**

As per our Report of even date

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

DHIRUBHAI H. DAND
Proprietor

Place : Cairns, Australia
Date : 30th May, 2011

N. C. Vadgama Chairman & Executive Director

S. M. Thanki Managing Director

J. R. Bhogayta Executive Director

Place : Patla, TA. Bhesan, DIST. Junagadh
Date : 30th May, 2011



STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO THE SUBSIDIARIES

For the year ended 31st March, 2011

1	Name of the Company	ACCURATE ENGINEERING INC. U.S.A.
2	Financial Year of the Susidiary Company	31st March, 2011
3	No. of Shares held in Susidiary of Company as on the above date	25,000 Equity Shares of \$ 1 Each
4	% holding (Equity)	100%
5	% holding (Preference)	NIL
6	The net aggregate of Profit (Losses) of the Susidiary Company so far as they concern the members of the Company	
	a) Dealt with in the Accounts of the Company for the year ended 31st March, 2011	NIL
	b) Not dealt with in the Accounts of the Company for the year ended 31st March, 2011	\$ 2,28,672
7	The net aggregate of Profit (Losses) of the Susidiary Company for the previous financial year since it became a 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 31st March, 2010	NIL
	b) Not dealt with in the Accounts of the Company for the year ended 31st March, 2010	\$ (1,14,910)
8	Changes in the interest of the Company between the end of the financial year of the subsidiary company and of the Company's Financial year ended 31st March, 2011	NIL
9	Material changes between the end of the Financial year of the subsidiary company and the company's Financial year ended 31st March, 2011	N.A. as the year end of the Company and being the same as at 31st March, 2011
	(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

Place : Patla, Dist. Junagadh

Date : 30th May, 2011

N. C. Vadgama

S. M. Thanki

J. R. Bhogayta

Chairman & Executive Director

Managing Director

Executive Director

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, 2011** and also the Consolidated Profit & Loss Account for the year ended on that date annexed thereto and the Consolidated Cash flow statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

We did not audit the financial statements of Accurate Engineering Inc. USA, Subsidiary Company, whose financial statements reflect total assets of Rs. 3,86,19,014/- as at 31st march 2011, (Previous Year Rs. 2,03,86,577/-) the total revenue of Rs. 19,38,90,820/- for the year ended 31st march, 2011 (Previous Year Rs. 5,06,59,791/-). 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, 2011;
- (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.

PLACE : CAIRNS, AUSTRALIA

DATE : 30th May, 2011

FOR **DHIRUBHAI DAND & CO.,**

Firm Registration No. 118190W

Chartered Accountants

DHIRUBHAI H. DAND

PROPRIETOR

M. NO. 017117

**Consolidated Balance Sheet as at 31st March, 2011**

Particulars	Sch No.	2010-11		2009-10	
		Rs.	Rs.	Rs.	Rs.
SOURCES OF FUNDS					
SHAREHOLDERS' FUNDS					
Capital	1	34,778,000		34,778,000	
Reserves & Surplus	2	419,725,067		368,810,747	
			454,503,067		403,588,747
LOAN FUNDS					
Secured Loans	3		86,398,134		93,064,494
Deferred Tax Liabilities (Net)			4,026,892		7,265,344
TOTAL :			544,928,093		503,918,585
APPLICATION OF FUNDS					
Fixed Assets	4				
Gross Block		365,997,607		352,414,649	
Less : Depreciation		220,048,964		202,239,463	
		145,948,643		150,175,186	
Add. Capital Work In Progress		1,052,717	147,001,360	–	150,175,186
Investments	5		2,704,656		2,704,656
CURRENT ASSETS, LOANS & ADVANCES					
Inventories	6	365,041,707		256,595,879	
Sundry debtors	7	179,681,170		144,102,062	
Cash & Bank Balances	8	52,083,504		75,217,709	
Loans & Advances	9	56,553,768		52,859,131	
		653,360,149		528,774,781	
Less : CURRENT LIABILITIES & PROVISIONS	10				
Liabilities		205,385,739		133,946,220	
Provisions		52,752,333		43,789,818	
		258,138,072		177,736,038	
NET CURRENT ASSETS			395,222,077		351,038,743
TOTAL :			544,928,093		503,918,585

As per our Report of even date

For **DHIRUBHAI DAND & Co.**,
Chartered Accountants.**DHIRUBHAI H. DAND**
ProprietorPlace : Cairns, Australia
Date : 30th May, 2011**N. C. Vadgama** Chairman & Executive Director**S. M. Thanki** Managing Director**J. R. Bhogayta** Executive DirectorPlace : Patla, TA. Bheshan, DIST. Junagadh
Date : 30th May, 2011

Consolidated Profit & Loss Account for the Year ended 31st March, 2011

Particulars	Sch No.	2010-11		2009-10	
		Rs.	Rs.	Rs.	Rs.
INCOME					
Sales (Gross)	11	862,449,360		704,675,767	
Less : Excise Duty recovered on Sales		28,278,994	834,170,366	19,374,295	685,301,472
Other Income	12		40,157,961		16,206,452
			874,328,327		701,507,924
Increase (Decrease) in Finished Goods.Semi Finished Goods and Trade Goods.	13		75,238,858		(34,238,464)
			949,567,185		667,269,460
EXPENDITURE					
Manufacturing and other exp.	14		721,498,615		490,107,070
Purchase of Trade Goods			116,252,158		89,995,662
Interest	15		8,607,662		10,277,336
Depreciation			18,801,248		18,175,471
			865,159,683		608,555,539
Profit before Exceptional Item			84,407,502		58,713,921
MTM Losses on derivative Contracts for ineffective hedge			(2,610,000)		(27,590,000)
Profit after Exceptional Item			87,017,502		86,303,921
Provision for taxation					
- Current Tax			26,483,516		22,000,000
- Deferred Tax			(3,238,452)		(937,015)
Profit after tax			63,772,438		65,240,936
Prior period Expenses			775,773		1,018,289
			62,996,665		64,222,647
Balance brought forward from last year			245,693,080		195,497,317
AMOUNT AVAILIABLE FOR APPROPRIATION			308,689,745		259,719,964
Appropriations:					
- Proposed Dividend			8,694,500		5,216,700
- Proposed Dividend no more required due to Buy Back of Shares including Tax on Proposed Dividend			-		(56,245)
- Provision for Tax on Proposed Dividend			1,410,465		866,429
- Transfer to General Reserve			8,000,000		8,000,000
Balance Carried to Balance Sheet			290,584,780		245,693,080
NOTES ON ACCOUNTS	17				

As per our Report of even date

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

DHIRUBHAI H. DAND
Proprietor

Place : Cairns, Australia
Date : 30th May, 2011

N. C. Vadgama Chairman & Executive Director

S. M. Thanki Managing Director

J. R. Bhogayta Executive Director

Place : Patla, TA. Bhesan, DIST. Junagadh
Date : 30th May, 2011



Schedules Forming Part of the Consolidated Balance Sheet

Particulars	2010-11		2009-10	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE 1 : SHARE CAPITAL				
AUTHORISED :				
40,00,000 Equity Shares of Rs.10 each		40,000,000		40,000,000
ISSUED, SUBSCRIBED AND PAID UP :				
34,77,800 Equity Shares of Rs.10 each fully paid up. (Previous Year 34,77,800 Equity Shares of Rs. 10 each fully paid up.)	34,778,000		35,112,500	
LESS : Equity Share Buy Back	–	34,778,000	334,500	34,778,000
TOTAL :		34,778,000		34,778,000
SCHEDULE 2 : RESERVES & SURPLUS				
RESERVES :				
Capital Reserve				
Cash subsidy reserve		792,427		792,427
Share Premium		2,935,458		2,935,458
Capital Redemption Reserve		86,795,000		86,795,000
Opening Balance	532,000		197,500	
Amt. Transferred from General Reserve	–	532,000	334,500	532,000
General Reserve	30,149,239		24,117,969	
Add. Transfer from P & L A/c	8,000,000		8,000,000	
Less : Transfer to Capital redemption reserve	–		334,500	
Less : Premium Paid for Buy Back of Shares	–		1,634,230	
		38,149,239		30,149,239
		129,204,124		121,204,124
Foreign Exchange translation reserve		(63,837)		1,913,543
SURPLUS :				
Profit & Loss A/c		290,584,780		245,693,080
TOTAL :		419,725,067		368,810,747
SCHEDULE 3 : SECURED LOANS				
(A) Deferred Payment Loan from HDFC Bank		71,332		709,612
from CHOLAMANDLAM DBS Fin. Ltd.		–		95,059
(B) Term Loan				
(1) from Bank of Baroda		3,199,534		8,587,147
(2) from Bank of Baroda		2,197,561		9,401,369
(C) Working Capital Loan from Bank of Baroda		80,929,707		74,271,307
TOTAL :		86,398,134		93,064,494

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

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

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

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



SCHEDULE 4 : FIXED ASSETS

SR. NO.	ASSETS	Gross Block				Depreciation				Net Block	
		Balance as at 31/03/2010 Rs.	Addition During the year Rs.	Sales/Trans. During the year Rs.	Balance as at 31/03/2011 Rs.	Provided Upto 31/03/2010 Rs.	Provided During the year Rs.	Adjustment on account of Rs.	Total as at 31/03/2011 Rs.	Balance as at 31/03/2011 Rs.	Balance as at 31/03/2010 Rs.
1.	'aec' TRADE MARK	40,861,000	-	-	40,861,000	12,258,300	817,220	-	13,075,520	27,785,480	28,602,700
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	41,711,040	2,041,312	-	43,752,352	18,115,757	1,433,878	-	19,549,635	24,202,717	23,595,283
5	PLANT & MACHINERY	142,923,838	5,031,353	-	147,955,191	86,148,130	8,390,725	-	94,538,855	53,416,336	56,775,708
6	PLANT & MACHINERY(100% DEPRECIATION)	2,774,089	-	-	2,774,089	2,774,089	-	-	2,774,089	-	-
7	ELECTRIC INSTALLATION	9,374,981	169,803	-	9,544,784	9,225,720	275,552	-	9,501,272	43,512	149,261
8	TOOLS DIES & MEASURING-INSTRUMENTS	35,845,300	1,277,524	-	37,122,824	31,515,922	1,048,170	-	32,564,092	4,558,732	4,329,378
9	FURNITURE & FIXTURE	10,232,514	265,873	-	10,498,387	7,352,590	617,463	-	7,970,053	2,528,334	2,879,924
10	OFFICE & FACTORY EQUIPMENTS	6,302,796	188,671	-	6,491,467	2,603,991	285,725	-	2,889,716	3,601,751	3,698,805
11	VEHICLES	16,615,803	5,041,993	1,382,495	20,275,301	8,921,854	1,412,264	991,747	9,342,371	10,932,930	7,693,949
12	COMPUTERS & SOFTWARE	10,297,299	948,924	-	11,246,223	7,502,903	869,434	-	8,372,337	2,873,886	2,794,396
13	WIND ELECTRIC POWER CONVERTER	35,307,710	-	-	35,307,710	15,820,207	3,650,817	-	19,471,024	15,836,686	19,487,503
14	Capital Work In Progress - Building	-	1,052,717	-	1,052,717	-	-	-	-	1,052,717	-
	TOTAL	352,414,649	16,018,170	1,382,495	367,050,324	202,239,463	18,801,248	991,747	220,048,964	147,001,360	150,175,186
	PREVIOUS YEAR	344,811,752	7,643,165	-	352,414,649	184,063,992	18,175,471	-	202,239,463	150,175,186	160,707,492

SCHEDULE 5 : INVESTMENTS (AT COST)

PARTICULARS	2010-2011			2009-2010		
	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.Corn.	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
Cogent Ventures (India) 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
NHC Foods 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
Fag Bearings Ltd. Share	100	10	53,650	100	10	53,650
NRB Bearings share	100	2	4,593	50	2	4,593
Reliance Industries . Ltd. Share	124	10	173,913	124	10	173,913
SKF Bearing Ltd. Share	300	10	104,601	300	10	104,601
Timken India Ltd.	50	10	7,144	50	10	7,144



(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. 1357022/- (Previous year Rs. 1517648/-)			1,603,656			1,603,656
- Government Securities			51,000			51,000
			<u>2,704,656</u>			<u>2,704,656</u>

Particulars	2010-11		2009-10	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE 6 : INVENTORIES				
[Valued as stated in the accounting policies in Note No. 1(iii)]				
Raw materials		79,112,067		47,015,654
Semi-finished goods		195,028,106		132,199,542
Finished goods		77,539,362		66,281,170
Stores and spares		5,930,596		5,391,562
Packing materials		4,523,391		3,951,868
Trade Goods		2,908,185		1,756,083
TOTAL :		<u>365,041,707</u>		<u>256,595,879</u>
SCHEDULE : 7 SUNDRY DEBTORS				
UNSECURED - CONSIDERED GOOD				
Under Six Months Old		173,625,581		135,971,328
Over Six Months Old		6,055,589		8,130,734
TOTAL :		<u>179,681,170</u>		<u>144,102,062</u>
SCHEDULE : 8 CASH & BANK BALANCES				
Cash on Hand		851,886		1,752,775
Balance with Scheduled Bank				
In Current Account	34,137,205		54,671,045	
In Unpaid dividend A/c.	1,738,409		1,201,227	
In Fixed Deposit A/c.	7,166,145	43,041,759	6,766,420	62,638,692
Balance with Non Scheduled Bank		8,189,859		10,826,242
TOTAL :		<u>52,083,504</u>		<u>75,217,709</u>
SCHEDULE 9 : LOANS & ADVANCES				
UNSECURED - CONSIDERED GOOD				
Advances recoverable in cash or in kind or for value to be received.		23,056,496		12,949,219
Staff loan & advance		3,629,395		3,620,760
Other Loans		4,438,424		2,698,424
Sundry deposits		2,933,794		3,391,755
Advances for capital expenditure		4,892,432		7,481,598
Advances for expenses		14,849,822		19,937,061
Advances for raw materials		2,753,405		2,780,314
TOTAL :		<u>56,553,768</u>		<u>52,859,131</u>



Particulars	2010-11		2009-10	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE 10: CURRENT LIABILITIES & PROVISIONS				
CURRENT LIABILITIES:				
Sundry creditors	173,332,600		102,998,873	
Other liabilities	31,952,139		28,236,347	
Trade deposits	101,000		101,000	
Mark to Market loss on forward contract	–	205,385,739	2,610,000	133,946,220
Provision for Proposed Dividend	8,694,500		5,216,700	
Tax on Proposed Dividend	1,410,465		866,429	
Bonus Provision	11,585,838		10,151,104	
Gratuity Provision	27,235,999		25,147,410	
Income Tax Provision (NET)	3,825,531	52,752,333	2,408,175	43,789,818
TOTAL :		258,138,072		177,736,038
* Sundry creditors include liability in respect of Capital Goods Rs. 936,446/- (Previous year Rs.925,124/-) Amount due to Directors of Rs. 343,600/-.(Previous year Rs. 323,600/-).				
* Other Liabilities include amount due to H.U.F. of Directors. Rs. 11,312,940/- (Previous Year Rs. 9,967,347/-). amount due for capital lease obligation of vehicle Rs. 1,086,558/- (Previous Year Rs. NIL).				
SCHEDULE 11 : SALES				
Sales of Manufactured Goods		719,406,208		585,609,623
Sales of Trade Goods (Inclusive of Excise duty & Sales Tax)		143,043,152		119,066,144
TOTAL :		862,449,360		704,675,767
SCHEDULE 12 : OTHER INCOME				
Job-work Income		1,060,372		667,385
Sales of scrap		6,878,362		2,884,657
Miscellaneous income		1,841,238		1,855,070
Interest Income		606,832		743,807
DEPB Licence Incentive		26,743,420		10,050,981
Dividend Income		3,415		4,552
Foreign Exchange Rate Diff. Income		2,404,323		–
Profit on sale of Assets		239,999		–
Rent Income		380,000		–
TOTAL :		40,157,961		16,206,452
SCHEDULE 13 : INCREASE(DECREASE) IN FINISHED GOODS, SEMI-FINISHED GOODS AND TRADE GOODS				
FINISHED GOODS :				
Opening Stock	66,281,170		59,759,706	
Closing Stock	77,539,362	11,258,192	66,281,170	6,521,464
SEMI-FINISHED GOODS:				
Opening Stock	132,199,542		168,911,388	
Closing Stock	195,028,106	62,828,564	132,199,542	(36,711,846)
TRADE GOODS:				
Opening Stock	1,756,083		5,804,165	
Closing Stock	2,908,185	1,152,102	1,756,083	(4,048,082)
TOTAL :		75,238,858		(34,238,464)



Particulars	2010-11		2009-10	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE 14 : MANUFACTURING AND OTHER EXPENSES				
Raw materials consumed				
as per schedule-17		311,023,501		167,035,789
Stores & Spares consumed		57,597,150		57,109,731
Packing materials consumed		16,260,919		11,321,610
Power & Fuel		4,788,086		3,168,929
Job work charges		101,129,433		62,443,592
Employee's remuneration & benefits:				
Salary,wages & bonus (including Directors Remuneration Rs. 68,73,647/- P. Y. Rs.65,30,453/-)	98,797,982		85,388,444	
Contribution to P.F., E.S.I.	7,522,703		6,782,821	
Welfare expenses	2,787,147	109,107,832	1,849,276	94,020,541
Foreign Exchange Rate Diff. Income		-		470,502
Option / forward contracts - (gains) /losses		3,287,323		13,598,654
Travelling Exp.		6,901,280		5,396,215
Repairs :				
Machinery	1,509,875		1,401,206	
Others	418,441		442,539	
Building	2,200,140	4,128,456	1,056,279	2,900,024
Rent,rates & taxes		1,155,941		1,141,719
Insurance		708,994		694,150
Selling Expenses :				
Advertisement	436,306		355,917	
Marketing Expenses	13,570,233		3,399,377	
Sales commission	15,649,232		14,161,837	
Sales promotion	3,650,209		4,636,993	
Sales-tax	11,759,105		9,318,043	
Discount	5,283,818	50,348,903	3,939,774	35,811,941
Bad Debt Writen Off		7,049,241		-
Service Tax		189,717		147,988
Expenses Relating to Buy Back of Shares		-		258,840
Misc.Expenses		47,821,839		34,586,845
TOTAL :		721,498,615		490,107,070
SCHEDULE 15 : INTEREST				
Bank Interest				
Term Loan	1,208,579		2,439,934	
Other	4,728,790	5,937,369	5,227,088	7,667,022
Others		2,670,293		2,610,314
TOTAL :		8,607,662		10,277,336



Particulars	2010-11		2009-10	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE 16 : RAW MATERIALS CONSUMED				
Opening Stock		47,015,654		51,383,518
Add: Purchases		347,768,526		165,831,126
		394,784,180		217,214,644
Less: Sales		4,648,612		3,163,201
		390,135,568		214,051,443
Less: Closing Stock		79,112,067		47,015,654
TOTAL :		311,023,501		167,035,789

SCHEDULE 17:**Notes on Accounts to Consolidated Financial Statement as at 31st March, 2011.****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, 2011, 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,2011.**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 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 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,2011 for which the Company has given counter guarantees amounting to Rs. 1,06,21,219/- (Previous year Rs. 1,67,94,704/-)

3. BUY BACK OF SHARES

Up to March 31, 2010, the Company had bought back and extinguished total 53,200 equity shares of Rs. 10 each at an average price of Rs. 54.99 per share, utilizing a sum of Rs. 29,35,463/- (inclusive of brokerage and applicable taxes total amount Rs.9,869/- The amount of Rs.23,93,594/- paid towards buy back of shares, in excess of the face value, had been charged to General Reserve Account. The Company had also transferred Rs 5,32,000/-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. NIL. (Previous year Rs. 3.59 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. 32,87,323/- (Previous Year exchange Loss Rs. 1,35,98,654/-) on foreign exchange forward contracts has been recognized in the year ended March 31, 2011.

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.

- | | | |
|--------------------------------------|-------------------------------|-------------------------|
| (i) Max Precision Bearings Pvt. Ltd. | (ii) SNR Enterprises | (iii) Keyur Enterprises |
| (iv) Optimum Services Inc. | (v) Accord Precision Products | (vi) Austin Traders |

(b) Key Management Personnel

- | | | |
|-------------------------|-----------------------|-------------------------|
| (i) Shri S M Thanki | (ii) Shri N C Vadgama | (iii) Shri J R Bhogayta |
| (iv) Shri R R Bambhania | (v) Shri B N Vadgama | |

(c) Relative of Key Management Personnel

- | | | |
|-------------------------------|-------------------------------|-----------------------------------|
| (i) Shri S. M. Thanki HUF | (ii) Shri R. N. Bambhania HUF | (iii) Shri N. C. Vadgama HUF |
| (v) Shri Jignesh S. Thanki | (vi) Shri Hiren N. Vadgama | (vii) Shri Chandulal N. Bambhania |
| (iv) Shri J. R. Bhogayata HUF | | |

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

(2) Transaction with Related Parties

Particulars	Related Parties					
	Referred in 1 (a) above 2010-11	Referred in 1 (a) above 2009-10	Referred in 1 (b) above 2010-11	Referred in 1 (b) above 2009-10	Referred in 1 (c) above 2010-11	Referred in 1 (c) above 2009-10
INCOME						
(1) Sales of Goods & Mat.	16,755,119	13,317,277	-	-	-	-
(2) Job Work	540,372	378,225	-	-	-	-
EXPENSES						
(1) Purchase of Goods	130,382,959	80,505,548	-	-	-	-
(2) Remuneration	-	-	7,379,128	7,005,817	1,482,975	1,224,533
(3) Jobwork	28,290,167	19,139,173	-	-	-	-
(4) Interest	-	-	-	-	2,178,900	1,924,623
OUTSTANDING						
Payable	20,402,834	16,558,453	343,600	323,600	16,612,375	14,598,985
Receivable	5,580,203	6,992,128	-	-	-	-

6. DETAILS OF SEGMENT REPORTING :

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

(1) PRIMARY SEGMENT :

Particulars	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
	Bearing	Bearing	Power	Power	Total	Total
1. SEGMENT REVENUE	874,328,327	701,507,924	6,582,014	7,394,806	880,910,341	708,902,730
Other Unallocated Revenue	-	-	-	-	-	-
TOTAL:	874,328,327	701,507,924	6,582,014	7,394,806	880,910,341	708,902,730
Less: Inter Segment Revenue	-	-	6,582,014	7,394,806	6,582,014	7,394,806
Net Income from Operation	874,328,327	701,507,924	-	-	874,328,327	701,507,924
2. SEGMENT RESULTS						
Profit/(Loss) before Tax & Interest	90,211,695	65,387,279	2,803,469	3,603,978	93,015,164	68,991,257
LESS : Interest	-	-	-	-	8,607,662	10,277,336
Other unallocated Expenses	-	-	-	-	(2,610,000)	(27,590,000)
Total Profit Before Tax	90,211,695	65,387,279	2,803,469	3,603,978	87,017,502	86,303,921



3. CAPITAL EMPLOYED

(Segment Assets - Segment Liabilities)

Segment Assets	786,579,718	661,414,133	16,486,447	20,240,490	803,066,165	681,654,623
Add : Common assets	-	-	-	-	-	-
Total Assets	786,579,718	661,414,133	16,486,447	20,240,490	803,066,165	681,654,623
Segment Liabilities	332,225,824	255,316,034	2,205,417	9,401,369	334,431,241	264,717,403
Add : Common Liabilities	-	-	-	-	14,131,857	13,348,473
Total Liabilities	332,225,824	255,316,034	2,205,417	9,401,369	348,563,098	278,065,876
Segment Capital Employed	454,353,894	406,098,099	14,281,030	10,839,121	454,503,067	403,588,747

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

Revenue	2010-11	2009-10
Within India	459,490,383	344,258,624
Overseas	402,958,977	360,417,143
TOTAL :	862,449,360	704,675,767

(B) Assets base on geographical location :

	Carrying Amount of Segment assets		Addition to Fixed Assets and Intangible Assets	
	2010-11	2009-10	2010-11	2009-10
Within India	734,050,732	641,730,261	14,140,370	7,498,446
Overseas	69,015,433	39,924,362	1,877,800	144,719
TOTAL :	803,066,165	681,654,623	16,018,170	7,643,165

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**N. C. Vadgama**

Chairman & Executive Director

S. M. Thanki

Managing Director

DHIRUBHAI H. DAND
Proprietor.**J. R. Bhogayta**

Executive Director

Place : Cairns, Australia
Date : 30th May, 2011Place : Patla, TA. Bhesan, DIST. Junagagh
Date : 30th May, 2011**FINANCIAL INFORMATION OF SUBSIDIARY COMPANY****(BASED ON AUDITED RESULT)**

S. N.	NAME OF SUBSIDIARY COMPANY	REPORTING CURRENCY	CAPITAL	RESERVES	TOTAL ASSETS	TOTAL LIABILITIES	INVESTMENT	TURNOVER/ TOTAL INCOME	PROFIT BEFORE TAXATION	PROVISION FOR TAXATION	PROFIT AFTER TAXATION	PROPOSED DIVIDEND	COUNTRY
1	ACCURATE ENGINEERING INC. - U.S.A.	INR	1116250	7611887	38619035	38619035	NIL	189881358	6334362	(46883)	6381245	NIL	U.S.A.
		US \$	25000	170479	864928	864928	NIL	4252662	141867	(1050)	142917	NIL	U.S.A.

AS ON 31.03.2011

1 US \$ = Rs. 44.65

**CONSOLIDATED CASH FLOW STATEMENT****AS ON 31st MARCH, 2011 AS PER CLAUSE 32 OF THE LISTING AGREEMENT****(Rs.in Lacs)**

PARTICULARS	2010-2011	2009-2010
A CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit before tax and Extraordinary Items :	870.18	863.04
Adjustments for:		
Depreciation	188.01	181.75
Interest Paid	86.08	102.77
MTM Losses on derivative contracts for ineffective hedge	(26.10)	(275.90)
Profit on sale of Assets/shares	(0.45)	-
Interest/Dividend Income	(6.10)	(7.48)
Income Tax Expenses	(7.76)	(10.18)
Increase(decrease) in Foreign Exchange transaction reserve	(19.77)	(3.75)
	213.91	(12.79)
Operating Profit before working capital changes	1,084.08	850.25
Adjustments for :		
Trade and other receivables	(392.74)	258.12
Inventories	(1,084.46)	385.91
Trade payables	775.73	(105.26)
Cash generated from operations	382.61	1,389.02
Direct taxes paid	(250.66)	(248.64)
NET CASH FROM OPERATING ACTIVITIES :	131.95	1,140.38
B CASH FLOW FROM INVESTING ACTIVITIES :		
Proceeds from Issue of Share Capital (Buy back of shares)	-	(19.69)
Purchase of Fixed Assets	(160.18)	(76.43)
Purchase of Investments	-	-
Sale of Fixed Assets	4.36	-
Sale of Investments	-	-
Interest/Dividend Received	6.10	7.48
Net Cash used in investing activities	(149.72)	(88.64)
C CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds of Long Term Borrowings	(66.66)	(423.82)
Dividend Paid	(52.17)	(52.19)
Dividend Tax paid	(8.66)	(8.87)
Interest paid	(86.08)	(102.77)
Net Cash used in financial activities	(213.57)	(587.65)
Net increase in cash and cash equivalents (A+B+C)	(231.34)	464.09
Cash and Cash equivalents (Opening Balance)	752.18	288.09
Less : Cash and cash equivalents (Closing Balance)	520.84	752.18
	(231.34)	464.09

Note: Figures in bracket denote payment.

For and on behalf of the Board

Place : Patla. (Dist.Junagadh)

Date : 30th May, 2011

N. C. Vadgama

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 the year ended **31st March, 2011 and 31st March, 2010** found the same in agreement therewith.

For **DHIRUBHAI DAND & CO.**

Chartered Accountants

Place : Cairns, Australia

Date : 30th May, 2011

DHIRUBHAI H DAND

Proprietor





AUSTIN ENGINEERING COMPANY LIMITED

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

FORM OF PROXY

DP ID**	:	
CLIENT ID**	:	

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

I/we _____ resident of _____
 _____ being member(s) of
 AUSTIN ENGINEERING COMPANY LTD. hereby appoint Mr./Ms. _____
 of _____ or failing him Mr./Ms. _____
 of _____ as my/our proxy to vote for me/us my/our behalf at the 33rd Annual
 General Meeting of the Company to be held on Thursday, 22nd September, 2011 at 11-00 A.M.

Signed this _____ day of _____ 2011



Signature of Member(s)

Notes:

1. A Member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself.
2. A proxy need not be a member.
3. The proxy from duly completed should be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for holding the meeting. "Applicable to the members whose shares are head on dematerialized form.



AUSTIN ENGINEERING COMPANY LIMITED

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

ATTENDANCE SLIP

DP ID**	:	
CLIENT ID**	:	

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

Full Name of the member attending _____

Full Name of the joint-holder _____

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

Name of Proxy _____

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

I/we hereby record my presence at the 33rd Annual General Meeting of the Company held at the Registered Office of the Company on Thursday, 22nd September, 2011 at 11-00 A.M.

Signed this _____ day of _____ 2011

Signature of member/proxy

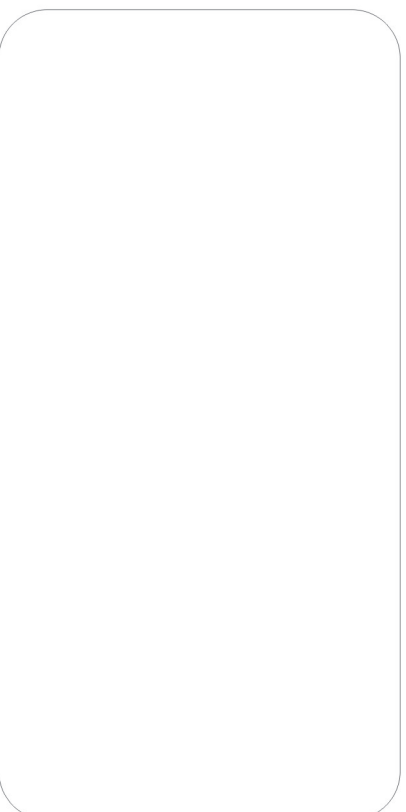
Notes :

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

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

TITLE 3 BLANK

Book - Post



If undelivered, please return to :

AUSTIN ENGINEERING COMPANY LIMITED

Village : Patla, Taluka : Bhesan,

Dist. Junagadh - 362 030