



Austin Engineering Company Limited



36th Annual Report
2013-2014

Certificate

Standard

ISO 14001:2004 + Cor. 1:2009

Certificate Registr. No. 01 104 126992

TÜV Rheinland Cert GmbH certifies:

Certificate Holder:

Austin Engineering Co., Ltd.
Village Patla, Ta. Bhesan, Via Ranpur (Sorath) Post,
Hadmatiya Dist., Junagadh - 362030, Gujarat, India

Scope:

Design and Manufacture of Antifriction Rolling Bearings
and Components

An audit was performed, Report No. 126992. Proof has been
furnished that the requirements according to ISO 14001:2004
+ Cor. 1:2009 are fulfilled.

The due date for all future audits is 17-10 (dd.mm).


Validity:

The certificate is valid from 2013-02-04 until 2016-01-17.

2013-02-04



DGA-ZM-58-95-60


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Certificate

Standard

BS OHSAS 18001:2007

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Validity:

The certificate is valid from 2013-02-04 until 2016-01-17.

2013-02-04



DGA-ZM-58-95-64


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AUSTIN ENGINEERING COMPANY LIMITED
36th ANNUAL REPORT
2013-2014

: 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 Independent Director
Dr. B. R. SUREJA	:	Non Executive Independent Director
Mr. K. J. MEHTA	:	Non Executive Independent Director
Mr. D. B. NAKUM	:	Non Executive Independent Director

: AUDITORS :

DHIRUBHAI DAND & CO.
Chartered Accountants
4, Jayshree Nagar, JUNAGADH - 362 001.

: COST AUDITORS :

Kiran J. Mehta & Co.
Cost Accountants,
AHMEDABAD - 380 009.

: BANKERS :

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

: REGISTRAR & 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.com>

E-mail : info@aec.com





NOTICE

NOTICE is hereby given that the **Thirty Sixth Annual General Meeting** of the Company will be held on **Tuesday, 9th September, 2014 at 11.00 a.m.** at the Registered Office of the Company at Village: Patla, Taluka: Bhesan, Dist: Junagadh 362 030 to transact the following business:

ORDINARY BUSINESS :

1. To consider and adopt the Balance Sheet as at March 31, 2014, the Profit & Loss Account for the year ended on that date and the Reports of the Board of Directors & Auditors thereon.
2. To declare dividend on Equity Shares for the financial year ended 31st March, 2014.
3. To appoint a Director in place of Mr. R.R Bambhania, who, retires by rotation and being eligible offers himself for re- appointment.
4. To appoint a Director in place of Mr. B.D Joshi, who, retires by rotation and being eligible offers himself for re- appointment
5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013; M/s Dhirubhai Dand & Co., Chartered Accountants, (Firm Regn. No. 118190W) be and are hereby appointed as Auditors of the Company to hold office for a period of three (3) years from the conclusion of this Annual General Meeting till the conclusion of 39th Annual General Meeting at such remuneration plus service tax at the applicable rate, from time to time, plus traveling and out-of-pocket expenses incurred by them for the purpose of audit of the Company's accounts, exclusive of any remuneration, fees or charges payable to them for rendering any other services that may be rendered by them to the Company from time to time other than in the capacity of Auditors, as may be fixed by the Board of Directors."

SPECIAL BUSINESS :

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 ("Act") and the Rules framed there under, read with Schedule IV to the Act, as amended from time to time, and as also pursuant to Clause 49 of the Listing Agreement, **Mr. B. R Sureja (DIN: 00169883)**, a Non-Executive Director of the Company whose period of the office is liable to determination by retirement of Directors by rotation and who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act, being eligible for appointment and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company for a period of 5 (five) consecutive years w.e.f. 1st April, 2014.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts, deeds and things as may be necessary, expedient and desirable for the purpose of giving effect to this resolution."

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 ("Act") and the Rules framed there under, read with Schedule IV to the Act, as amended from time to time, and as also pursuant to Clause 49 of the Listing Agreement, **Mr. K J Mehta (DIN: 00169805)**, a Non-Executive Director of the Company whose period of the office is liable to determination by retirement of Directors by rotation and who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act, being eligible for appointment and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company for a period of 5 (five) consecutive years w.e.f. 1st April, 2014.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts, deeds and things as may be necessary, expedient and desirable for the purpose of giving effect to this resolution."

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 ("Act") and the Rules framed there under, read with Schedule IV to the Act, as amended from time to time, and as also pursuant to Clause 49 of the Listing Agreement, **Mr. D B Nakum (DIN: 00169830)**, a Non-Executive Director of the Company whose period of the office is liable to determination by retirement of Directors by rotation and who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act, being eligible for appointment and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company for a period of 5 (five) consecutive years w.e.f. 1st April, 2014.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts, deeds and things as may be necessary, expedient and desirable for the purpose of giving effect to this resolution."

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

"RESOLVED THAT, in super session of resolution passed under Section 372 (A) of the erstwhile Companies Act, 1956 and subject to the provisions of Section 186 of the Companies Act, 2013 and any rules made there under, and subject to such approvals, consents, sanctions and permissions, as may be necessary, approval of the Company be and is hereby accorded to (a) give loan to any person or body corporate (b) give any guarantee or provide security in connection with a loan made by any body corporate or person; and (c) acquire by way of subscription, purchase or otherwise, securities of any body corporate(s) exceeding (i) 60% of the aggregate of paid-up share capital, free reserves and securities premium account; or (ii) 100% of free reserves and securities premium account, whichever is more provided that the aggregate amount of such loan, guarantee, security or acquisition outstanding at any time shall not exceed Rs. 5 Crore (Rupees Five Crores only).

RESOLVED FURTHER THAT the Board of Directors of the Company (hereinafter referred to as "the Board") or a Committee appointed by it or any person authorised by the Board or such Committee shall be entitled to decide and finalize the terms and conditions (including the amount or limit in respect of each transaction) in connection with such loan, guarantee, security or acquisition within the limit approved as aforesaid.

AND RESOLVED FURTHER THAT the Board, Committee or the person authorized as aforesaid shall be entitled to exercise all such powers and authorities and to execute all deeds, documents and other writings and to do all such acts, deeds, matters and things, as may be necessary, relevant, usual, customary and/ or expedient for implementing and giving effect to the aforesaid resolution.





RESOLVED FURTHER THAT so long as the aggregate outstanding amounts of the loan, guarantee, security or acquisition are at any time within the limit aforesaid, nothing herein contained shall be deemed to restrict the power of the Board to give fresh loans, guarantees or securities or to make fresh acquisitions without the need for any further prior approval for any fresh or additional loan, guarantee, security or acquisition or any variation, extension or renewal thereof or any alteration of any term or condition thereof."

10. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Special Resolution** :
- "RESOLVED THAT** in super session of the resolution passed under Section 293(1)(d) of the erstwhile Companies Act, 1956 and pursuant to Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force), consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "Board" which term shall include any committee thereof for the time being exercising the powers conferred on the Board by this resolution) to borrow by way of loan / debentures (whether secured or unsecured) / bonds / deposits / fund based / non fund based limits / guarantee for the purpose of the business of the Company any sum or sums of money either in Indian or Foreign Currency from time to time from any Bank(s) or any Financial Institution(s) or any other Institution(s), firm(s), body corporate(s), or other person(s) or from any other source in India or outside India whatsoever in addition to the temporary loans obtained from the Company's Banker(s) in the ordinary course of business provided that the sum or sums so borrowed under this resolution and remaining outstanding at any time shall not exceed in the aggregate of rupees 10 Crores (Rupees Ten Crores only).
- RESOLVED FURTHER THAT** the Board of Directors or its committee thereof be and is hereby authorised to take all such steps as may be deemed necessary, proper or expedient to give effect to this resolution."
11. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Special Resolution** :
- "RESOLVED THAT** in super session of the resolution passed under Section 293(1)(a) of the erstwhile Companies Act, 1956 and pursuant to the provisions of Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modifications or re-enactment thereof), consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "Board" which term shall include any committee thereof for the time being exercising the powers conferred on the Board by this resolution) to create such charges, mortgages and hypothecation in such form and manner and with such ranking and at such time and on such terms as the Board may determine on all or any of the movable and/or immovable properties of the Company, both present and future, in favour of the lender(s), agent and the trustees for securing the borrowings / financial assistance obtained/to be obtained from banks, public financial institutions, body(ies) corporate or any other party and/or to give a collateral security for the borrowings / guarantees of any group / associate Company or otherwise to charge the assets of the Company, for monies availed/to be availed by way of loans, (in foreign currency and/or rupee currency) and securities (comprising fully/partly convertible debentures and/or non-convertible debentures with or without detachable or non-detachable warrants and/or Secured/Un-Secured Premium Notes and/or floating rates notes/bonds/fund based/non fund based limits/guarantee or other debt instruments), issued/to be issued by the Company, from time to time, up to value not exceeding limit approved by shareholders under Section 180(1)(c) of the Companies Act, 2013 from time to time, together with interest, at the respective agreed rates, additional interest, compound interest, in case of default, accumulated interest, liquidated damages, commitment charges, premia prepayment, remuneration of the agent(s), trustee(s), premium if any on redemption, all other cost, charges and expenses including any increase as a result of devaluation/fluctuation in the rates of exchange and all other monies payable by the Company in terms of the loan agreement, heads of agreement, debenture trust deeds or any other documents, entered into/to be entered into between the Company and the lenders, agents and trustees in respect of the said loans / borrowings / debentures / bonds and containing such specified terms and conditions and covenants in respect of enforcement of security(ies) as may be stipulated in their behalf and agreed to between the Board of Directors or Committee thereof and the lenders, agent(s), trustee(s).
- RESOLVED FURTHER THAT** Board of Directors or its Committee be and is hereby authorised to do such acts, deeds and things as may be deemed expedient to give effect to the above resolution."
12. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Special Resolution** :
- "RESOLVED THAT** pursuant to the provisions of Sections 152 and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and as also pursuant to Clause 49 of the Listing Agreement, the period of office of Mr. Narottam C. Vadgama, the Chairman and Executive Director of the Company, who is a non-retiring Director in terms of the erstwhile provisions of the Companies Act, 1956 shall hence forth be made liable to retire by rotation."
13. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Special Resolution** :
- "RESOLVED THAT** pursuant to the provisions of Sections 152 and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and as also pursuant to Clause 49 of the Listing Agreement, the period of office of Mr. Shashikant M Thanki , the Managing Director of the Company, who is a non-retiring Director in terms of the erstwhile provisions of the Companies Act, 1956 shall hence forth be made liable to retire by rotation."
14. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Special Resolution** :
- "RESOLVED THAT** pursuant to section 188(1) of the Companies Act, 2013 read with Companies Rules 2014 and other applicable provisions if any of the "act", the consent of the members of the Company be and is hereby accorded to enter into the transactions for **sale** of bearings and/or components for the value not exceeding **Rs. 25 Crores per annum** for the period of 3 years with effect from 01st October, 2014 to **ACCURATE ENGINEERING INC. USA, the wholly owned subsidiary of the Company.**
- RESOLVED FURTHER THAT** that Board of directors of the Company be and is hereby authorised to do any acts, deeds etc for the said purpose."
15. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Special Resolution** :
- "RESOLVED THAT** pursuant to section 188(1) of the Companies Act, 2013 read with Companies Rules 2014 and other applicable provisions if any of the "Act", the consent of the members of the Company be and is hereby accorded to enter into the transactions as contained in the draft agreement, a copy whereof initialed by the Chairman for the purpose of identification is placed before the meeting and as detailed below for the period of 3 years with effect from 01st October, 2014 with **MAX PRECISION BEARINGS PRIVATE LIMITED, a Company incorporated under**





the erstwhile Companies Act, 1956.

- i. For **purchase** of bearings and/or components for the value not exceeding **Rs. 300/- Lacs per annum.**
- ii. For **Sale** of bearings and/or components for the value not exceeding **Rs.100/- Lacs per annum.**
- iii. For **getting the job work done** on the material supplied by the Company (AECL) for the value not exceeding **Rs 300/- Lacs per annum.**
- iv. For **doing the job work** by the Company (AECL) for the value not exceeding **Rs 50/- Lacs per annum.**

RESOLVED FURTHER THAT that anyone of the Whole time directors of the Company be and is hereby authorized to enter into the said agreement on behalf of the Company."

16. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Special Resolution** :
"RESOLVED THAT pursuant to section 188(1) of the Companies Act, 2013 read with Companies Rules 2014 and other applicable provisions if any of the "Act", the consent of the members of the Company be and is hereby accorded to enter into the transactions as contained in the draft agreement, a copy whereof initialed by the Chairman for the purpose of identification is placed before the meeting for **sale** of bearings and/or components for the value not exceeding **Rs. 150/- Lacs per annum** for the period of 3 years with effect from 01st October, 2014 to **AUSTIN TRADERS, a partnership firm registered under the Indian Partnership Act, 1932.**
FURTHER RESOLVED THAT anyone of the whole time directors of the company be and is hereby authorized to enter into the said agreement."
17. To Consider and if thought fit to pass the following resolution with or without modification(s) as **Special Resolution** :
"RESOLVED THAT pursuant to section 188(1) of the Companies Act, 2013 read with Companies Rules 2014 and other applicable provisions if any of the "Act", the consent of the members of the Company be and is hereby accorded to enter into the transactions as contained in the draft agreement, a copy whereof initialed by the Chairman for the purpose of identification is placed before the meeting for **getting job work done** for the value not exceeding **Rs. 600/- Lacs per annum** for the period of 3 years with effect from 01st October, 2014 from **ACCORD PRECISION PRODUCTS , a partnership firm registered under the Indian Partnership Act, 1932.**
FURTHER RESOLVED THAT anyone of the whole time directors of the company be and is hereby authorized to enter into the said agreement."
18. To Consider and if thought fit to pass the following resolution with or without modification(s) as **Special Resolution** :
"RESOLVED THAT pursuant to section 188(1) of the Companies Act, 2013 read with Companies Rules 2014 and other applicable provisions if any of the "Act", the consent of the members of the Company be and is hereby accorded to enter into the transactions as contained in the draft agreement, a copy whereof initialed by the Chairman for the purpose of identification is placed before the meeting and as detailed below for the period of 3 years with effect from 01st October, 2014 with **OPTIMUM SERVICES INC., a partnership firm registered under the Indian Partnership Act, 1932.**
 - i. For **purchase** of bearings and/or components for the value not exceeding **Rs.700/- Lacs per annum.**
 - ii. For **Sale** of bearings and/or components for the value not exceeding **Rs. 50/- Lacs per annum.**
 - iii. For **getting the job work done** on the material supplied by the Company (AECL) for the value not exceeding **Rs 100/-Lacs per annum.**
 - iv. For **doing the job work** by the Company (AECL) for the value not exceeding **Rs 25/- Lacs per annum.****FURTHER RESOLVED THAT** anyone of the whole time directors of the company be and is hereby authorized to enter into the said agreement."
19. To Consider and if thought fit to pass the following resolution with or without modification(s) as **Special Resolution** :
"RESOLVED THAT pursuant to section 188(1) of the Companies Act, 2013 read with Companies Rules 2014 and other applicable provisions if any of the "Act", the consent of the members of the Company be and is hereby accorded to enter into the transactions as contained in the draft agreement, a copy whereof initialed by the Chairman for the purpose of identification is placed before the meeting for **sale** of bearings and/or components for the value not exceeding **Rs. 900/- Lacs per annum** for the period of 3 years with effect from 01st October, 2014 to **SNR ENTERPRISES, a partnership firm registered under the Indian Partnership Act, 1932.**
FURTHER RESOLVED THAT anyone of the whole time directors of the company be and is hereby authorized to enter into the said agreement."
20. To Consider and if thought fit to pass the following resolution with or without modification(s) as **Special Resolution** :
"RESOLVED THAT pursuant to section 188(1) of the Companies Act, 2013 read with Companies Rules 2014 and other applicable provisions if any of the "Act", the consent of the members of the Company be and is hereby accorded to enter into the transactions as contained in the draft agreement, a copy whereof initialed by the Chairman for the purpose of identification is placed before the meeting for **getting job work done** for the value not exceeding **Rs. 25/- Lacs per annum** for the period of 3 years with effect from 01st October, 2014 from **ACCUMAX ENGINEERING COMPANY, a partnership firm registered under the Indian Partnership Act, 1932.**
FURTHER RESOLVED THAT anyone of the whole time directors of the company be and is hereby authorized to enter into the said agreement."
21. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Special Resolution** :
"RESOLVED THAT pursuant to the provisions of Section 14 and all other applicable provisions of the Companies Act, 2013 read with Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the draft regulations contained in the Articles of Association submitted to this meeting be and are hereby approved and adopted in substitution, and to the entire exclusion, of the regulations contained in the existing Articles of Association of the Company.
RESOLVED FURTHER THAT Mr. Shashikant M Thanki, Managing Director of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

By order of the Board of Director
Sd/-

N. C. Vadgama
Chairman

Place: Patla, Dist. Junagadh
Date: 27th May, 2014



**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY/ PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF. SUCH A PROXY/ PROXIES NEED NOT BE A MEMBER OF THE COMPANY.

As per Section 105 of the Companies Act, 2013 and Rule 19, Sub-Rule (2) of the Companies (Management and Administration) Rules, 2014, a person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights.

If the appointer is a corporation, the proxy must be executed under seal or the hand of its duly authorized officer or attorney.

The instrument of Proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the meeting. A Proxy form is sent herewith. Proxies submitted on behalf of the companies, societies etc., must be supported by an appropriate resolution/authority, as may be applicable.

2. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Business to be transacted at the meeting, is annexed hereto.
3. The Register of Members and the Share Transfer books of the Company will remain closed from **Tuesday, 2nd September, 2014 to 9th September, 2014 (both days inclusive)** for annual closing and determining the entitlement of the shareholders to the final dividend for 2014.
4. Shareholders holding shares in electronic form are hereby informed that bank particulars registered against the respective depository accounts will be used by the Company for payment of the dividend. The company or its Registrar can not act on any request received directly from the shareholders, holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participants of the shareholders.
5. Shareholders holding shares in physical form are requested to advise any change of address immediately to the Company's Registrar and Share transfer agents, M/s Sharepro services, 13-AB, Samhita Warehousing Complex, 2nd Floor, Near Sakinaka Telephone Exchange, Andheri-Kurla Road, Sakinaka, Andheri (East), MUMBAI 400 072.
6. The dividend of **Rs. 1.50/-** per share has been recommended by the Board of Directors for the year ended 31st March, 2014 and subject to the approval of the shareholders at the **ensuing Annual General Meeting, is proposed to be paid on and from 7th October, 2014** to those shareholders, whose names appear on the Register of members of the Company on **2nd September, 2014**. In case of shares held in dematerialised form, the dividend there on, upon its declaration at the meeting, shall be paid to the beneficial owner as per the list provided by the depositories for the said purpose.
7. To prevent fraudulent transactions, members are advised to exercise due diligence and notify the Company of any change in address or demise of any member as soon as possible. Members are also advised not to leave their demat account(s) dormant for long Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified.
8. 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 shares in physical form can submit their PAN details to the Company.
9. Details under Clause 49 of the Listing Agreement with the Stock Exchange in respect of the Directors seeking appointment/re-appointment at the Annual General Meeting, forms integral part of the notice. The Directors have furnished the requisite declarations for their appointment/re-appointment.
10. Electronic copy of the Annual Report for 2014 is being sent to all the members whose email IDs are registered with the Company/Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report for 2014 is being sent in the permitted mode.
11. Members may also note that the Notice of the 36th Annual General Meeting and the Annual Report for 2014 will also be available on the Company's website **www.aec.com** for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office for inspection during normal business hours on working days.
12. 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. Members are requested to bring their Attendance Slip along with their copy of Annual Report to the Meeting.
13. Members are requested to provide their client ID and DP ID numbers at the meeting for easy identification.
14. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to address their questions in writing to the Company at least 10 (Ten) days before the date of the Meeting so that the information required may be made available at the Meeting.
15. Relevant documents referred to in the accompanying notice are open for inspection at the Registered Office of the Company on all working days, except Friday and Sundays, between 11.00 a.m. to 1.00 p.m. up to the date of the meeting
16. Members are requested to note that dividends not encashed or claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account, will be, as per Section 125 of the Companies Act, 2013, transferred to the Investor Education and Protection Fund established by the Central Government. pursuant to the provisions of the Investor Education and Protection Fund.
17. **GREEN INITIATIVE :**
The Ministry of Corporate Affairs ("MCA"), Government of India, through its Circular No. 17/2011 dated 21st April, 2011 and Circular No. 18/2011 dated 29th April, 2011, has allowed companies to send Annual Report comprising of Balance Sheet, Statement of the Profit & Loss, Directors' Report, Auditors' Report and Explanatory Statement etc., through electronic mode to the registered e-mail address of the members. Keeping in view the underlying theme and the circulars issued by MCA, we propose to send future communications in electronic mode to the e-mail address provided by you to the depositories and made available by them being the registered address. By opting to receive communication through electronic mode you have the benefit of receiving communications promptly and avoiding loss in postal transit.
18. **INSTRUCTIONS FOR e-VOTING:**
In compliance with the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration)





Rules, 2014, the Company is pleased to provide e –voting facility which will enable the members to exercise their rights to vote at the 36th Annual General Meeting (AGM) by electronics means. Necessary arrangements have been made by the Company with Central Depository Services (India) Limited (CDSL) to facilitate e-voting.

The instructions for members for voting electronically are as under:

In case of members receiving e-mail:

- i. Log on to the e-voting website www.evotingindia.com
- ii. Click on “Shareholders” tab.
- iii. Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- iv. Next enter the Image Verification as displayed and Click on Login.
- v. If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- vi. If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form

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

- vii. After entering these details appropriately, click on “SUBMIT” tab.
- viii. Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- ix. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- x. Click on the **EVSN 140804036** along with **AUSTIN ENGINEERING COMPANY LIMITED** on which you choose to vote.
- xi. On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- xii. Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- xiii. After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- xiv. Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- xv. You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- xvi. If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
 - Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.com> and register themselves as Corporates.
 - They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com.
 - After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

In case of members receiving the physical copy:

Please follow all steps from sl. no. (i) to sl. no. (xv) above to cast vote.

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



**SECTION B - COMMENCEMENT OF E-VOTING PERIOD AND OTHER E-VOTING INSTRUCTIONS:**

- The e-Voting period commences on **02nd September, 2014 (9.00 a.m.) and ends on 04th September, 2014 (6.00 p.m.)**. During these period shareholders of the Company, holding shares either in physical form or in the dematerialized form, as on cutoff date of 12th August, 2014 may cast their vote electronically. The e-Voting module shall be disabled for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
- The voting rights of shareholders shall be in proportion to their shares of the Paid Up Equity Share Capital of the Company.
- PCS Kaushik Shah of M/s K J Shah & Company, Practising Company Secretary FCS 2420; CP No: 1414 of 301, "Sampanna" Complex, Opp. Havmour Restaurant, Navrangpura, Ahmedabad 380009 has been appointed as the Scrutinizer to scrutinize the e-Voting process in a fair and transparent manner.
- The Scrutinizer shall, within a period not exceeding three (3) working days from the conclusion of the e-voting period, unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, and submit forthwith to the Chairman of the Company.
- The results declared along with the scrutinizer's report shall be placed on the Company's website www.aec.com and on the website of CDSL <https://www.evotingindia.com> within two working days of the passing of the resolutions at the AGM of the Company and communicated to the BSE Limited where the shares of the Company are listed.

Company's Details:**AUSTIN ENGINEERING COMPANY LIMITED**

Village: Patla, Taluka: Bhesan, Dist: Junagadh 362 030, Gujarat, India

CIN: L27259GJ1978PLC003179

E-mail ID: info@aec.com**Registrar and Transfer Agent:****M/S SHAREPRO SERVICES (INDIA) PRIVATE LIMITED**13-AB, Samhita Warehousing Complex, 2nd Floor,
Near Sakinaka Telephone Exchange, Andheri-Kurla Road,
Sakinaka, Andheri (East), MUMBAI 400 072**E-Voting Agency:** Central Depository Services (India) LimitedE-mail ID: helpdesk.evoting@cdslindia.com**Scrutinizer:** CS Kaushik Shah of K J Shah & Company

Practising Company Secretary

E-mail ID: kjshahco@gmail.com**BRIEF RESUME OF DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT AND DIRECTORS APPOINTED SINCE LAST A.G.M**

Particulars	Mr. B. D. Joshi	Mr. R. R. Bambhanja	Mr. B. R. Sureja	Mr. K. J. Mehta	Mr. D. B. Nakum
Date of Birth	23-11-1946	29-08-1976	27-10-1968	24-11-1934	15-04-1944
Appointed on	15-05-2009	01-02-2008	15-03-2003	15-03-2003	15-03-2003
Qualifications	M.Com, C.A, LLB	D.M.E	M.. D.	B.A., C.A. , LLB	B. Com.
Expertise in Specific Functional Areas	Banking	Engineering	Doctor	Banking	Banking
Directorships held in other Public Companies (excluding foreign companies)	No	Yes	No	No	No
Membership/Chairmanship of Committees across public Companies	No	No	No	No	No
Shareholding	No	60300	No	No	No

By order of the Board of Directors
Sd/-Place: Patla, Dist. Junagadh
Date: 27th May, 2014.N C Vadgama
Chairman**ANNEXURE TO NOTICE**

(Explanatory Statement pursuant to section 102 of the Companies Act, 2013)

Item Nos. 6 to 8 :

The Company had, pursuant to the provisions of clause 49 of the Listing Agreements entered with the Stock Exchanges, appointed Mr. B R Sureja, Mr. K J Mehta and Mr. D B Nakum as Independent Directors in compliance with the requirements of the clause.

Pursuant to the provisions of Section 149 of the Act, which came in to effect from 1 April, 2014, every listed public company is required to have at least one-third of the total number of directors as Independent Directors, who are not liable to retire by rotation. Pursuant to clause 49 of the Listing Agreement with Stock Exchanges (to come into force w.e.f. 1st October, 2014), an Independent Director cannot hold office for more than two consecutive





terms of five years each and any tenure of an Independent Director on the commencement of the Companies Act, 2013 shall not be counted as a term. Hence, the said Independent Directors are proposed to be appointed for a period as mentioned in the respective resolutions from the conclusion of this Annual General Meeting.

Mr. B R Sureja, Mr. K J Mehta and Mr. D B Nakum, Independent Directors of the Company, have given a declaration to the Board that they meet the criteria of independence as provided under Section 149(6) of the Act. In the opinion of the Board, each of these directors fulfill the conditions specified in the Act and the Rules framed there under for appointment as Independent Directors and they are independent of the management.

Mr. B R Sureja, Mr. K J Mehta and Mr. D B Nakum, are not disqualified from being appointed as Directors in terms of Section 164 of the Act and have given their consent to act as Directors.

The Company has received notices in writing from member under Section 160 of the Act proposing the candidatures of each of Mr. B R Sureja, Mr. K J Mehta and Mr. D B Nakum, for the office of Directors of the Company.

In compliance with the provisions of Section 149 read with Schedule IV of the Act, the appointment of these directors as Independent Directors is now being placed before the Members for their approval.

The terms and conditions of appointment of the above Directors shall be open for inspection by the Members at the Registered Office of the Company during normal business hours on any working day, excluding Friday and Sunday.

Brief resume and other details of the Independent Directors whose appointment is proposed are provided in the annexure to the Explanatory Statement attached herewith.

Mr. B R Sureja, Mr. K J Mehta and Mr. D B Nakum, are deemed to be interested in the resolutions set out respectively at Item Nos.6 to 8 of the Notice with regard to their respective appointments.

The Board of Directors recommends the said resolutions for your approval.

Save and except the above, none of the other Directors or any key managerial personnel or any relative of any of the Directors of the Company or the relatives of any key managerial personnel is, in anyway, concerned or interested in the above resolutions.

Item No. 9 :

The Company had passed the resolution under Section 372A of the erstwhile Companies Act, 1956 and had authorized the Board of Directors to advance loan/ give guarantee/security/make investment up to 60% of the paid-up share capital and free reserves of the Company or 100% of the free reserves of the Company which ever is more.

Section 372A of the Companies Act, 1956 has been now replaced by Section 186 of Companies Act, 2013 with effect from 1st April, 2014.

The proposed resolution is therefore placed for the purpose of fulfilling the conditions laid down under Section 186 of the Companies Act, 2013 authorizing the Board of directors of the Company to make loan and investments up to 5 Crore.

Your Directors recommend the resolution for your approval. None of the Directors or any key managerial personnel or any relative of any of the Directors of the Company or the relatives of any key managerial personnel is, in anyway, concerned or interested in the above resolution

Item No 10 :

The members of the Company under section 293(1) (d) of the erstwhile Companies Act, 1956 had authorised Board of Directors to exercise borrowing powers the outstanding amount of which at any time shall not exceed Rs. 10 Crores (Rupees Ten Crores only) in aggregate.

Section 180(1) (c) of the Companies Act, 2013 which has replaced Section 293(1) (d) of the Companies Act, 1956 provides that the Board of Directors shall not borrow in excess of the Company's paid up share capital and free reserves, apart from temporary loans obtained from the Company's bankers in the ordinary course of business, except with the consent of the Company accorded by way of a special resolution. Further, as per a clarification issued by the Ministry of Corporate Affairs, the ordinary resolution earlier passed under Section 293(1)(d) of the Companies Act, 1956 will remain valid for a period of one year from the date of notification of Section 180 of the Companies Act, 2013 i.e. up to 11 September, 2014.

Accordingly, it is, therefore, necessary for the members to pass a special resolution under Section 180(1)(c) of the Companies Act, 2013, to enable to the Board of Directors to borrow money the outstanding amount of which at any time shall not exceed in the aggregate of Rs 10 Crores (Rupees Ten Crores Only).

The Board of Directors recommends the above resolution for your approval.

None of the Directors or any key managerial personnel or any relative of any of the Directors of the Company or the relatives of any key managerial personnel is, in anyway, concerned or interested in the above resolution.

Item No 11 :

The members of the Company under section 293(1)(a) of the erstwhile Companies Act, 1956 had authorised the Board of Directors to create charge on all or any of the movable or immovable properties of the Company subject to the limits up to 10 Crores (Rupees Ten Crores only)

Section 180(1)(a) of the Companies Act, 2013 which has replaced Section 293(1)(a) of the Companies Act, 1956 provides that the Board of Directors shall create charge on all or any of the movable or immovable properties of the Company, except with the consent of the Company accorded by way of a **Special Resolution**. Further, as per a clarification issued by the Ministry of Corporate Affairs, the ordinary resolution earlier passed under Section 293(1)(a) of the Companies Act, 1956 will remain valid for a period of one year from the date of the notification of Section 180 of the Companies Act, 2013 i.e. up to 11 September, 2014.

Accordingly, it is, therefore, necessary for the members to pass a **Special Resolution** under Section 180(1)(a) of the Companies Act, 2013 for creation of security up to the limit specified in the resolution passed under Section 180(1)(c) of the Companies Act, 2013.

The Board of Directors recommends the above resolution for your approval

None of the Directors or any key managerial personnel or any relative of any of the Directors of the Company or the relatives of any key managerial personnel is, in anyway, concerned or interested in the above resolution.

Item No. 12 and 13 :

Mr. Narottam C Vadgama the Chairman and Executive Director and Mr. Shashikant M Thanki, the Managing Director of the Company were re-





appointed pursuant to the provisions of sections 269 and other applicable provisions, if any, of the erstwhile Companies Act, 1956, by the shareholders at the 35th Annual General Meeting held on 23rd September, 2013 for a period of 5 years with effect from 1 August, 2013.

The period of office of Mr. Narottam C Vadgama Chairman and Executive Director and Mr. Shashikant M Thanki, Managing Director of the Company were not liable to determination by retirement of directors by rotation in terms of the erstwhile provisions of the Companies Act, 1956.

The Board of Directors of your Company at present consists of eight members, of whom four of them being Independent Directors.

The provisions of Section 152 of the Companies Act, 2013 provide that not less than two-thirds of the total number of directors of a public Company shall be persons whose period of office is liable to determination by retirement of directors by rotation, where the term "total number of directors" does not include Independent Directors whether appointed under the Companies Act, 2013 or any other law for the time being in force.

In the light of above-referred provisions of the Companies Act, 2013, it is desirable that the period of office of Mr. Narottam C Vadgama Chairman and Executive Director and Mr. Shashikant M Thanki, Managing Director of the Company are made liable to retire by rotation.

The Board of Directors recommends the above resolution for your approval.

Except Mr. Narottam C Vadgama Chairman and Executive Director and Mr. Shashikant M Thanki, Managing Director of the Company, and their "Relative", none of the other Directors or any key managerial personnel or any relative of any of the Directors of the Company or the relatives of any key managerial personnel is, in anyway, concerned or interested in the above resolution.

Item No. 14 to 20 :

Pursuant to the proviso of section 188 (1) of the Companies Act, 2013 read with the revised Clause 49 to be effective from 1st October, 2014, no contract or arrangement can be entered into with a related party for any item specified in the said proviso except with the prior approval of the General Meeting by way of Special Resolution.

The Company had taken the Central Government approval for all the said parties as and when required under the erstwhile Companies Act and which are still valid. However with the change in the proviso under the new Companies Act, 2013, your approval is being sought for as mentioned in the said resolution.

The Audit Committee have also reviewed and recommended the said transactions.

The Company always enters into the transactions with all related parties as mentioned in Item No. 14 to 20 at prevailing market rate.

The details along with the relationship, nature and volume of the transactions are summarized below.

Name of the party	Nature of relation/interest	Nature of transaction	Value of transaction per annum
Accurate Engineering Inc USA	Wholly owned subsidiary	Sales	Rs. 25 Crores
Max Precision Bearings Private Limited	Relative of director	Purchase	Rs. 300 Lacs
		Sales	Rs. 100 Lacs
		Getting Job work done	Rs. 300 Lacs
		Doing Job work	Rs. 50 Lacs
Austin Traders	Relative of director	Sales	Rs. 150 Lacs
Accord Precision Products	Relative of director	Getting Job work done	Rs. 600 Lacs
Optimum Services INC.	Relative of director	Purchase	Rs. 700 Lacs
		Sales	Rs. 50 Lacs
		Getting Job work done	Rs. 100 Lacs
		Doing Job work	Rs. 25 Lacs
SNR Enterprises	Relative of director	Sales	Rs. 900 Lacs
Accumax Engineering Co.	Relative of director	Getting Job work done	Rs. 25 Lacs

Your directors recommend the resolution for your approval.

None of the directors and their "Relatives" except Mr. N C Vadgama and Mr. S M Thanki is concerned or interested in Item No. 15 of the proposed resolution.

None of the directors and their "Relatives" except Mr. S M Thanki is concerned or interested in Item No. 16 of the proposed resolution.

None of the directors and their "Relatives" except Mr. N C Vadgama, Mr. S M Thanki and Mr. R R Bambhanja is concerned or interested in Item No. 14 and 17 to 19 of the proposed resolution.

None of the directors and their "Relatives" except Mr. N C Vadgama is concerned or interested in Item No. 20 of the proposed resolution.

Item No. 21 :

The existing Articles of Association ("AOA") are based on the Companies Act, 1956 and several regulations in the existing AOA contain references to specific sections of the Companies Act, 1956 and some regulations in the existing AOA are no longer in conformity with the Act.

With the coming into force of the Companies Act, 2013, several regulations of the existing AOA of the Company require alteration or deletion. Accordingly, it is proposed to replace the entire existing AOA by a set of new Articles.

The new AOA to be substituted in place of existing AOA are based on Table 'F' of the Companies Act, 2013 which sets out the model Articles of Association for a Company limited by shares.

The proposed new draft of AOA is being uploaded on the Company's website for perusal by the shareholders.

The Board of Directors recommends the above resolution for your approval.

None of the Directors or any key managerial personnel or any relative of any of the Directors of the Company or the relatives of any key managerial personnel is, in anyway, concerned or interested in the above resolution.





DIRECTORS' REPORT

To the Members,

Your Directors are pleased to present the 36th Annual Report together with the Audited accounts for the year ended 31st March, 2014.

FINANCIAL RESULTS

The Company's financial performance for the year ended March 31, 2014 is summarised below:

	(Rs. In Lacs)	
	Year ended 31 st March, 2014	Year ended 31 st March, 2013
Gross profit before Interest Depreciation and Tax	689.10	704.14
Less: Interest and Depreciation	287.82	328.01
Profit before Tax	401.28	376.13
Less: Provision for Taxation	142.40	121.45
Deferred Tax Assets	(48.37)	(15.59)
Profit after Tax	307.25	270.27
Add: Balance brought forward from last year	3435.25	3266.01
Profit available for appropriations	3742.50	3536.28
Appropriations:		
- Proposed Dividend	52.17	52.17
Provision for Tax on Proposed Dividend	8.86	08.86
Transfer to General Reserve	40.00	40.00
Balance carried forwarded to next year	3641.47	3435.25

OPERATING RESULTS :

The performance of the Company during the year under review remains satisfactory looking to the economic situation as a whole. The sales of the Company have increased both in domestic and export segment. The sales during the year were Rs.8837 Lacs as against Rs. 8727 Lacs in the previous year. The sales thus registered a negligible increase of 1.26% as compared to the last year.

The net profit of the Company has increased to Rs. 307.26 Lacs as against Rs. 270.28 Lacs in the last year registering an increase of increment of 13.68%. This was mainly attributed due to reduction in cost as compared to the negligible increase in the turnover of the Company. The Company has also earned revenue to the tune of 82.35 Lacs as against 77.44 Lacs in the last year from the Wind Mill Project.

The Company continued to launch a number of new and higher value added products and undertook cost effective measures to strengthen the Company's competitiveness and profitability in the future.

DIVIDEND :

The Directors are pleased to recommend for your approval a dividend of Rs. 1.50 (Tax Free) per Equity share of the Company in respect of the financial year ended on 31st March, 2014. (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, 2014.

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, the Directors confirm that:

- a) In the preparation of the annual accounts, the applicable accounting standards have been followed.
- b) 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, 2014 and of the profit of the company for the year under review.
- c) 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.
- d) 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 141(3)(g) of the Companies Act, 2013 and they are not disqualified for reappointment.

COST AUDIT :

Mr. Kiran J Mehta, Ahmedabad, Cost Accountant has been appointed as cost Auditor of the Company vide Board resolution dated 27th May, 2014 for





the financial year 31st March, 2014. Necessary application was also being submitted to the Ministry of Corporate Affairs for his appointment as Cost Auditor for the said financial year.

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's 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, Member of committee
3. Mr. D. B. Nakum, Member of committee

All the members of Audit Committee are independent directors.

CORPORATE GOVERNANCE REPORT :

The Company has recognized 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 is 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 their 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.

By order of the Board of Directors
Sd/-

Place : Patla, Dist. Junagadh
Date : 27th May, 2014

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, 2014.

FORM A

(A) CONSERVATION OF ENERGY:

- a) Energy Conservation measures taken:
Regular preventive measures for the 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 and 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.N.	FOREIGN EXCHANGE EARNINGS :	2013- 2014	2012- 2013
1	Exports of goods on FOB basis	3867.32	3859.53
	Total Foreign Exchange Earned	3867.32	3859.53
	FOREIGN EXCHANGE OUTGO :		
1	Import of CIF value of Raw Materials, Capital goods & Spares.	70.12	7.41
2	Traveling	17.13	13.34
3	Sales Commission	3.08	3.24
4	Dividend	1.20	2.00
5	Professional Charges	0.00	5.61
6	Seminar and Subscription	1.66	1.64
	Total Foreign Exchange Used	93.19	33.24

On behalf of the Board of Directors
Sd/-

Place : Patla, Dist. Junagadh
Date : 27th May, 2014

N. C. Vadgama
Chairman





MANAGEMENT DISCUSSION AND ANALYSIS REPORT

OVERVIEW OF BEARING INDUSTRY :

Indian economy in 2013 continued to face several challenges resulting into the slowest growth during the same period. The continued uncertainty on policy front, persistent inflationary pressures, resultant high interest rate and absence of resolutions on key issues in several core sectors stunted any investments and/or growth prospects across the vital sectors. The scenario at the Global level also remained very subdued and all major economies in the world faces a decrease in economic activity and structural adjustment provided a platform for steep depreciation in rupee amidst a volatile environment. The whole manufacturing and industrial activity remained sluggish. For the entire year, a demand tapered off leading to low capacity utilization and slowdown all around.

The Indian Bearing Industry is no exception to this situation. The market size is estimated to be amount INR 70 billions. However, the split between domestic production and imported bearings remained more or less unchanged as compared to the last year. OEM and the end users across industrial and automotive sectors were impacted by the prevailing economy sluggishness which resulted the challenging year for the Indian Bearing Industries. The scenario however started gaining momentum in industrial activity with the changed political scenario.

Your company with its wide range of products coupled with deep customer relationship continued to focus on outpacing the external challenges efficiently by building on its competitive age and delivering sustainable results.

OPPORTUNITIES :

Current challenges on economic front notwithstanding, the mid to long term economic growth prospects remain bright for the country. India shall be the young nation in 10 years from now; however the real potentials of this great position can only be realized if the young population is skilled enough to earn a meaningful livelihood. The change in the political scenario under the dynamic leadership shall have a potential growth in the field of manufacturing and the year 2015 seems better than the year 2014.

THREATS :

Bearing industry is capital intensive. Lower economic development could lead to under utilization of expensive resources and lesser absorption of fixed cost. At the same time bearing industry remains competitive and always faces dumping of cheap bearings by Chinese manufacturers which always causes a serious threat to the industry.

Continual increase in raw material and consumables is another area of threat.

Increase in labour cost will have to be matched by corresponding increase in productivity to retain compositeness of industry.

Counterfeit bearing products accounting for about 20% to 25% were sold in the replacement market. These fake products of inferior quality represent threat not only to organized sectors but to global customer as whole. Your company is taking active measures to protect "AEC" brands. Your company continues to focus on quality and technology innovations besides further developing application engineering and R & D capabilities to strengthen the competitiveness.

STRENGTH :

The Directors of the Company are well experienced and technically qualified with well succession plan. The Company is in this line of business for more than three decades and enjoys high reputation in the name of its brand and 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.

SEGMENT WISE PERFORMANCE :

The company primarily operates in two segments of activities, namely, 'Bearings' and 'Power' which are used in wide range of applications across industries. The volatility and turbulence in the economy, higher input cost, and production cuts planned in the industry has adversely affected the production and demand curves and the trend continued throughout the year. 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 authorization 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 varieties to the different segments of people.

The company blend optimism with caution as it looks ahead to short term future. Easing of inflation and liquidity will set better chance for investment and consumption.

At the company level, the majority of product range is the import substitute and there is likelihood to increase our sale on export front. A number of steps for strict cost control and improving efficiency and production at all levels have been taken which is expected to further enhance the performance of 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 your company's 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 various product- mixes 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 on marketing front. 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 manufacturer 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, the company is committed to maintain good relations through negotiations and meetings and the company encourages its employees to be 'entrepreneurial' and focus on experimenting and being innovative.

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. 4000000

To,
The Members,
AUSTIN ENGINEERING COMPANY LIMITED
Village: Patla, Tal: Bhesan,
Dist: Junagadh-362 030

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 2014**. 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 **Six** times on **24th April, 2013, 30th May, 2013, 18th July, 2013, 23rd September, 2013, 21st October, 2013, and 20th January, 2014** 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 closed its Register of Members from **16th September, 2013 to 23rd September, 2013** and necessary compliance of Section 154 of the Act has been made.
- 6) The Annual General Meeting for the financial year ended **31st March, 2013** was held on **23rd September, 2013** 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 complied with the provisions of Section 297 of the Act in respect of contracts specified in that Act.
- 10) The Company has made necessary entries in the Register maintained under section 301 of the Act.
- 11) As there were no instances falling within the purview of section 314 of the Act, the Company has not obtained any approvals from the Board of Directors, members or Central Government.
- 12) The Board of directors or duly constituted Committee of Directors has approved the issue of duplicate share certificates.
- 13) The Company has:
 - I. Delivered all the Certificates on lodgment thereof for **transfer of shares** in accordance with the provisions of the act.
 - II. Deposited amount of dividend declared in a separate Bank Account on **27th September, 2013** 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 days from the date of declaration and that all unclaimed dividend has been transferred to unpaid Dividend Account of the company with Yes Bank Ltd, Worli, Mumbai, on **24th October, 2013**
 - 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 appointment of Managing Director/Whole-time Director has been made in compliance with the provision of section 269 read with schedule XIII to the Act.
- 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. Necessary approvals from Regional Director under Section 297 of the "Act" have been obtained.
- 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) There were no transaction necessitating the company to keep in abeyance the rights shares and bonus shares pending registration to the transfer of shares.
- 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 amount borrowed by the Company from directors, members, public, financial institutions, banks and others during the financial year ending 31st March, 2014 are within the borrowing limits of the Company and that necessary resolution as per section 293(1)(d) of the Act have been passed in duly convened annual general meeting.
- 25) The Company has not made any loans or advances or given guarantees or provided securities to other bodies corporate and consequently no entries have been made in the register kept for the purpose.





- 26) The Company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from one State to another during the year under scrutiny.
- 27) The Company has not altered the provisions of the Memorandum with respect to the objects of the company during the year under scrutiny.
- 28) The Company has not altered the provisions of the Memorandum with respect to name of the company during the year under scrutiny.
- 29) The Company has not altered the provisions of the Memorandum with respect to share capital of the company during the year under scrutiny.
- 30) The Company has not altered its Articles of Association during the 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 is generally regular in depositing both employee's and employer's contribution to Provident Fund with prescribed authorities pursuant to section 418 of the Act.

Name of the Company Secretary

Place: AHMEDABAD
Date : 27th MAY, 2014

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, 2014:**

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 5INV	Rule 3 of IEPF	03/04/2013	N.A	N.A
2.	Form 5INV	Rule 3 of IEPF	25/04/2013	N.A	N.A
3.	Form 5INV	Rule 3 of IEPF	22/05/2013	N.A	N.A
4.	Form 62	Rule 4(2) (FD Rules, 1975	21/06/2013	Yes	No
5.	Form 62	Rule 10(FD Rules, 1975	21/06/2013	Yes	No
6.	Form 5INV	Rule 3 of IEPF	05/07/2013	N.A	N.A
7.	Form 5INV	Rule 3 of IEPF	30/07/2013	N.A	N.A
8.	Form 25C	269	14/08/2013	Yes	No
9.	Form 25C	269	14/08/2013	Yes	No
10.	Form 25C	269	14/08/2013	Yes	No
11.	Form 25C	269	14/08/2013	Yes	No
12.	Form I-XBRL (Cost)	233B(4)	24/09/2013	Yes	No
13.	Form 66	383A	04/10/2013	Yes	No
14.	Form 23	192	04/10/2013	Yes	No
15.	Form 23AC XBRL	220	20/10/2013	Yes	No
16.	Form 20B	159	22/10/2013	Yes	No
17.	Form 23B	224(1A)	28/10/2013	Yes	No
18.	Form I INV	Rule 3 of IEPF	20/11/2013	Yes	No
19.	Form 24A	297	25/03/2014	Yes	No
20.	Form 24A	297	25/03/2014	Yes	No
21.	Form 24A	297	25/03/2014	Yes	No

Name of the Company Secretary

Place: AHMEDABAD
Date : 27th MAY, 2014

KAUSHIK SHAH
CP NO 1414 FCS NO 2420





REPORT ON CORPORATE GOVERNANCE

The Securities and Exchange Board of India (SEBI) ushered in a formal code of Corporate Governance through Clause 49 in the Listing Agreement executed by the Company with stock exchanges. This report sets out the details of corporate governance systems and processes of the Company, as set out in Clause 49 and some of the practices followed by the Company on corporate governance, for the financial year ended 31st March, 2014 in the changed scenario.

SEBI has issued master circular No. SEBI/CFD/DIL/CG/2004/12/10 dated October 29, 2004 on Clause 49 of the Equity Listing Agreement. The revised Clause 49 would be applicable to all listed companies with effect from October 01, 2014. However our Company started implementing the revised clause in the true spirit.

1. PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE :

The Corporate Governance is all about maintaining a valuable relationship and trust with all stakeholders. At “AECL”, we consider stakeholders as partners in our success, and we remain committed to maximizing the stakeholder value, be it shareholders, employees, suppliers, customers, investors, communities or policy makers. This approach to value creation emanates from our belief that sound governance system, based on relationship and trust, is integral to creating enduring value for all. We have a defined policy framework for ethical conduct of businesses. We believe that any business conduct can be ethical only when it rests on the nine core values of Honesty, Integrity, Respect, Fairness, Purposefulness, Trust, Responsibility, Citizenship and Courage.

In accordance with the clause 49 of Listing Agreement with Bombay Stock Exchange (BSE) and some of the best practices adopted internationally, the report containing the details of corporate governance systems and processes at AECL is as under:

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, 2012	No. of other Director		No. of outside Committee(s)	
			Public	Private	Public	Private
Mr. N.C Vadgama Chairman & E.D.	5	NO	1	-	-	-
Mr. S.M.Thanki Managing Director	6	YES	1	-	-	-
Mr. R R Bambhanian Jt. Managing Director	6	NO	1	-	-	-
Mr. J R Bhogayta Executive Director	6	NO	-	-	-	-
Dr. B R Sureja Non Executive Director	4	YES	-	-	-	-
Mr. K J Mehta Non Executive Director	4	YES	-	-	-	-
Mr. D B Nakum Non Executive Director	4	YES	-	-	-	-
Mr. B D Joshi Non Executive Director	4	YES	-	-	-	-

As per Section 149 (1) of the Companies Act, 2013, none of the directors can hold directorship in more than 10 public companies and as per Clause 49 of Listing Agreement, a director shall not be a member in more than 10 committees or act as Chairman of more than 5 committees across all companies in which he is director. The Directors of the Company are in compliance with the requirements.

(b) Details of Board Meetings held, dates on which held during the year and Directors’ attendance :

Date of Meeting	No. of directors Present	Date of Meeting	No. of directors Present
24th April, 2013	4	23rd September, 2013	4
30th May, 2013	8	21st October, 2013	7
18th July, 2013	8	20th January, 2014	8

Agenda and Notes on Agenda are circulated to all the Directors in advance in the defined agenda format. All material information is incorporated in the Agenda papers for facilitating meaningful discussion. Where it is not practicable to send, the same is tabled before the meeting. The following are generally tabled for information and review of the Board.

- Annual Operating Plans, budget and any updates.
- Capital budgets and any updates.
- Quarterly results of the Company and operating divisions or business segments
- Minutes of meeting of Audit Committee and other committees on the Board
- The information on recruitment and remuneration of senior officers just below the Board level, including appointment or removal of any KMP.
- Show cause, demand, prosecution notices and penalty notices which are materially important.
- Any fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems if any.
- Any material relevant default in financial obligations to and by the Company or substantial non payment by the customer for goods sold by the Company.



- Any issue which involves public or product liability claims of substantial nature, including any judgment order.
- Details of any joint venture or collaboration agreement.
- Transaction that involves substantial payment towards goodwill, brand equity or intellectual property.
- Significant labor problem and their proposed solutions. Any significant development on the human resources/ industrial relations front like signing of a wage agreement, implementation of VRS etc.
- Sale of material nature of investments, subsidiary assets which are not in normal course of business.
- Quarterly details of foreign exchange exposures and steps taken by management to limit the risks of adverse exchange rate movement, if material.
- Non compliance of any regulatory, statutory or listing requirements and shareholder service such as non payment of dividend, delay in share transfer etc.

(c) **Details of sitting fees, remuneration etc. paid to Directors for the year ended 31st March, 2014 :**

Name of the Directors	Remuneration paid to Directors	Sitting fees paid for attending Board/Audit Committee
Mr. N C Vadgama	95000 per month	NIL
Mr. S M Thanki	95000 per month	NIL
Mr. R R Bambhania	95000 per month	NIL
Mr. J R Bhogayta	95000 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.

3. **COMMITTEES OF THE BOARD :**

There are three Board Committees constituted/ reconstituted as at date:

- (1) Audit Committee,
- (2) Nomination and Remuneration Committee,
- (3) Stakeholders Relationship Committee

The terms of reference of the Board Committees are determined by the Board from time to time. The role and composition of these Committees, including the number of meetings held during the financial year and the related attendance, are provided below.

AUDIT COMMITTEE :

3.1.1 Composition of 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 and accounting knowledge.

3.1.2 Meeting and attendance of Audit Committee :

Five Audit Committee meetings were held on 30th May, 2013, 18th July, 2013, 23rd September, 2013, 21st October, 2013 and 20th January, 2014. 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 26th May, 2014 reviewed the Annual Accounts for the year 2013-2014 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.

3.1.3 Brief Description of Terms of Reference :

The terms of reference of the Audit Committee are as set out in Clause 49 of the Listing Agreement with the Stock Exchanges, under the Companies Act and with any other applicable laws. The Audit Committee reviews the financial statements of subsidiary of the Company and also performs the following functions:

- (a) to review the audit plan and Company's external auditors report;
- (b) to recommend appointment, remuneration and terms of appointment of auditors of the company;
- (c) to review the financial statements of the Company before their submission to the Board;





- (d) to review with management the quarterly financial statements of the Company before their submission to the Board;
- (e) to review the co-operation given by the Company's officers to the external auditors;
- (f) to discuss nature and scope of audit before audit commences with statutory auditors;
- (g) to review the scope and results of internal audit procedures;
- (h) to nominate external auditors for re-appointment;
- (i) to review interested person transactions; and
- (j) to generally undertake such other functions and duties as may be required by statute or by the Listing Manual, and by such amendments made thereto from time to time.
- (k) It shall have the authority to investigate into any matter relating to accounts as referred to it by the Board and for this purpose; they shall have full access to information contained in "Accounting records" of the Company.

NOMINATION AND REMUNERATION COMMITTEE :

3.2.1 Composition of Committee :

The Company has set up a Nomination and 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 review/recommend 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 and as amended to the extent under the Companies Act, 2013.

During the Financial Year 2013-14, Mr. N. C. Vadgama, Mr. S. M. Thanki, Mr. R.R. Bambhania and Mr. J. R. Bhogayta have been paid monthly remuneration of Rs.95,000/- each for the whole year. All other Directors have been paid Rs.10000/- during the year as sitting fees.

One meeting of Nomination and remuneration committee was held on **22nd April, 2014.**

3.2.2 Terms of Reference :

- The role of the Remuneration Committee is to facilitate the transparency, accountability and reasonableness of the remuneration of Director and Senior Management Personnel.
- The Remuneration Committee will recommend to the Board a framework of remuneration for the Directors, key managerial personnel and other employees and determine specific remuneration packages for each Director.
- All aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses, options and benefits-in-kind shall be covered by the Remuneration Committee.
- Each member of the Remuneration Committee shall abstain from voting any resolutions in respect of his remuneration package.

3.2.3 Remuneration Policy :

The Non Executive Independent Directors of the Company are paid by way of sitting fees. There is no other pecuniary relationship or transaction by the Company with Non Executive Directors.

The Company pays remuneration to its Executive Chairman, Managing Directors and Executive Directors by way of Salary, perquisites and bonus. The remuneration is approved by the Board and is within the over all limits approved by the shareholders.

STAKEHOLDERS RELATIONSHIP COMMITTEE

3.3.1 Composition of 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.

3.3.2 Scope of Committee :

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. B.R Sureja - Independent Non-Ex. Director	Chairman of Committee
Mr. N C Vadgama - Chairman & Ex. Director	Member of Committee
Mr. R R Bambhania - Joint Managing Director	Member of Committee

One meeting of Share holder/Investor Grievances Committee was held on **22nd April, 2014.**

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





4. GENERAL BODY MEETINGS :

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

Financial Year	Date	Location of the Meeting	Time
2011 - 2012	22/09/2011	Village: PATLA, Tal: BHESAN, Dist: JUNAGADH 362 030	11.00a.m.
2012 - 2013	22/09/2012	Village: PATLA, Tal: BHESAN, Dist: JUNAGADH 362 030	11.00a.m.
2013 - 2014	23/09/2013	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.

Whether AGM Held on	Special Resolution Passed	Summary
1. 22-09-11	Yes	1. Remuneration to Relative of director pursuant to Section 314(1B) of Mr. Hiren Vadgama 2. Remuneration to Relative of Director pursuant to section 314(1B) Mr.Jignesh Thanki
2. 22-09-2012	No	None
3. 23-09-2013	YES	1. Reappointment of Mr. Narottam C. Vadgama As Executive Director of the Company for the period of five years w.e.f 1 st August, 2013 2. Reappointment of Mr. Shashikant M Thanki As Managing Director of the Company for the period of five years w.e.f 1 st August, 2013 3. Reappointment of Mr. Rajan R Bambhania As Joint Managing Director of the Company for the period of five years w.e.f 1 st August, 2013 4. Reappointment of Mr. Jeshanker R. Bhogayta As Executive director of the Company for the period of five years w.e.f 1 st August, 2013

5. DISCLOSURES :

- 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, 2014 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 the 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.
- 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 the conflict with the interest of the Company at large.
- 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.
- 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.
- 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, 2014.

6. MEANS OF COMMUNICATION :

- The Company does not send its half-yearly reports to each shareholder as the same is not required to be sent legally.
- 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.
- The website of the Company is www.aec.com

7. GENERAL SHAREHOLDER INFORMATION :

(i) Annual General Meeting :

Date & Time: Tuesday, 9th September, 2014 at 11.00 a.m.

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

(ii) Financial year : 2013-2014 (1st April to 31st March)

(iii) Date of Book Closure: 2nd September, 2014 to 9th September, 2014 (Both days inclusive)





(iv) **Dividend Payment Date: 7th October, 2014.**

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

The annual listing fees for the year 2014-15 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 2013-14.

Month	Year	High (Rs.)	Low (Rs.)	Month	Year	High (Rs.)	Low (Rs.)
April	2013	59.95	37.60	October	2013	40.10	36.10
May	2013	53.00	40.10	November	2013	38.85	35.20
June	2013	52.80	37.10	December	2013	45.50	36.00
July	2013	52.70	37.15	January	2014	48.65	40.15
August	2013	44.05	35.55	February	2014	42.95	38.05
September	2013	40.95	36.00	March	2014	44.00	38.10

(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, 2014.**

No. of Equity Shares Held	Number of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
1 - 500	5249	89.834	799298	22.983
501 - 1000	307	5.254	246984	7.102
1001 - 2000	133	2.276	194499	5.593
2001 - 3000	40	0.685	102007	2.933
3001 - 4000	25	0.428	89637	2.577
4001 - 5000	17	0.291	78213	2.249
5001 - 10000	25	0.428	166937	4.800
10001 and above	47	0.804	1800225	51.763
Grand Total	5843	100.00	3477800	100.00
Physical Mode	1579	27.02	358202	10.30
Electronic Mode	4264	72.98	3119598	89.70

Shareholding Pattern as on 31st March, 2014 :

Category	Number of Shares	% of Holding
Indian Promoters/Relatives	1202191	34.57
Resident Individuals & Corporate	2240589	64.42
Fin. Institutions/Banks/Mutual Fund	6900	0.20
NRIs	28120	0.81
TOTAL:	3477800	100.00

(xi) **Dematerialization 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 dematerialization 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 **89.38%** of total equity shares of the Company are held in dematerialized form with following depository.

NSDL: 2241572 Shares (64.45%) CDSL: 878026 Shares (25.25%)



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

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

(xiii) Plant Location :

Village : PATLA, Taluka: BHESAN
 District : JUNAGADH 362 030 (Gujarat)
 Phone : 02873 – 252223 / 252267 / 252268
 Fax : 0285-2661505 & 02873-252225
 E-mail : info@aec.com

(xiv) Address for Correspondence :

For any assistance regarding dematerialization 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 & 02873-252225
 Email : info@aec.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, 2014.

FOR AUSTIN ENGINEERING CO. LTD

Sd/-

S.M.THANKI

MANAGING DIRECTOR

Date: 27th May, 2014

Place: Patla, Junagadh

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

To the Members

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, 2014** 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 have been explained that no investor grievances remaining unattended/pending for a period exceeding one month as on 31st March, 2014.

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: Junagadh

Dated: 27th May, 2014





INDEPENDENT AUDITORS' REPORT

To,
The Members of
AUSTIN ENGINEERING CO. LTD.

Report on the Financial Statements :

We have audited the accompanying Financial Statements of Austin Engineering Company Limited (" the company") which comprise the Balance Sheet as at **31st March,2014**, the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibilities for the Financial Statements :

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

Auditors' Responsibility :

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

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

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

Opinion :

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

- (a) in the case of the Balance sheet, of the state of affairs of the Company as at **31st March, 2014** ;
- (b) in the case of the Statement of Profit and Loss, of the **Profit** for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements :

1. As required by the Companies (Auditor's Report) Order, 2003 ("the order") issued by the Central Government of India in terms of section 227 (4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that :
 - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit ;
 - b. In our opinion, proper Books of Account as required by law have been kept by the Company as far as appears from our examination of those books.
 - c. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the Books of Account.
 - d. In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956 read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013.
 - e. On the basis of written representations received from the directors, as on 31.03.2014, taken on record by the board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of section 274(1)(g) of the Act.

FOR DHIRUBHAI DAND & CO.,
Firm Registration No. 118190W
Chartered Accountants

PLACE : CAIRNS, AUSTRALIA
DATE : May 27, 2014.

DHIRUBHAI H. DAND
PROPRIETOR
M. NO. 017117



ANNEXURE TO THE AUDITORS' REOPRT

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

- i) In respect of its fixed assets :
- 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).
 - 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.
 - During the year, the Company has not disposed off any substantial / major part of Fixed Assets.
- ii) In respect of its Inventories :
- As per the information and explanations given to us, the Inventories have been physically verified by the Management at reasonable intervals during the year.
 - 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.
 - 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) In respect of the loans, secured or unsecured, granted or taken by the Company to / from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956 :
- 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.
 - 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 :
- 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.
 - 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 cost records maintained by the company relating to the manufacturing of bearings, pursuant to the Companies (Cost Accounting Records) rules, 2011 prescribed by the Central Govt. Under section 209 (1) (d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however not made a detailed examination of the records with a view to determine whether they are accurate or complete.
- ix) a) 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-2014**, for a period of more than six months from the date they became payable.
- b) According to the information and explanation given to us, there are no dues of Sales Tax, Service Tax, Excise Duty, Custom Duty, Provident fund, Cess and other Statutory dues which have not been deposited on account of any dispute. The particulars of the Dues of Income Tax as at March 31, 2014 which have not been deposited on account of a dispute are as follows:

Name of the Statute	Nature of dues	Amount (Rs.)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax	632440	Financial year 2010-11	Commissioner Of Income Tax (Appeals)

- x) There are no accumulated losses of the Company as on **31st March-2014**. 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.,
Firm Registration No. 118190W
Chartered Accountants**

**PLACE : CAIRNS, AUSTRALIA
DATE : May 27, 2014.**

**DHIRUBHAI H. DAND
PROPRIETOR
M. NO. 017117**





Balance Sheet as at 31.03.2014

Particulars	Note No.	31-03-2014		31-03-2013	
		Rs.	Rs.	Rs.	Rs.
I. EQUITY AND LIABILITIES					
1. Shareholder's funds					
(a) Share Capital	3	34,778,000		34,778,000	
(b) Reserves and Surplus	4	511,351,683	546,129,683	486,729,458	521,507,458
2. Non-current liabilities					
(a) Long-term borrowings	5	545,835		1,466,079	
(b) Deferred Tax liabilities (Net)	6	-		1,777,930	
(c) Long-term Provisions	7	21,547,257	22,093,092	2,760,669	6,004,678
3. Current Liabilities					
(a) Short term borrowings	8	53,148,904		71,663,025	
(b) Trade payables	9	184,062,984		164,557,692	
(c) Other current liabilities	10	45,970,032		34,238,245	
(d) Short term provisions	11	33,294,044	316,475,964	54,398,041	324,857,003
TOTAL			884,698,739		852,369,139
II ASSETS					
1. Non-current assets					
(a) Fixed assets					
(i) Tangible assets	12	103,162,420		113,907,808	
(ii) Intangible assets	12	27,205,060		27,203,412	
(b) Non-current investments	13	4,899,773		5,330,273	
(c) Deferred Tax Assets (Net)	6	3,059,118		-	
(d) Long-term loans and advances	14	12,749,476	151,075,847	17,659,167	164,100,660
2. Current assets					
(a) Inventories	15	434,954,981		425,054,636	
(b) Trade receivables	16	249,753,942		210,209,383	
(c) Cash and Cash equivalents	17	16,016,807		22,861,959	
(d) Short-term loans and advances	18	32,806,481		30,024,138	
(e) Other current assets	19	90,681	733,622,892	118,363	688,268,479
TOTAL			884,698,739		852,369,139
Significant accounting policies and notes to accounts	1 to 28				

As per our Report of even date

For **DHIRUBHAI DAND & Co.,**
(Firm Registration No. 118190W)
Chartered Accountants

DHIRUBHAI H. DAND
Proprietor
M. No. 017117

Place : Cairns, Australia
Date : 27th May, 2014

For and on behalf of the Board of Directors

N. C. Vadgama Chairman & Executive Director

R. R. Bambhania Joint Managing Director

J. R. Bhogayta Executive Director

Place : PATLA, Taluka, BHESAN, Dist.. JUNAGADH
Date : 27th May, 2014





Statement of Profit and Loss for the Year ended 31.03.2014

Particulars	Note No.	2013-14		2012-13	
		Rs.	Rs.	Rs.	Rs.
I Revenue from operations	20	873,381,109		862,317,113	
II Other Income	21	14,348,032		8,435,218	
III Total Revenue (I + II)			887,729,141		870,752,331
IV Expenses					
Cost of Materials Consumed	22	264,943,572		229,591,110	
Purchases of Stock in Trade	23	145,357,571		134,921,946	
Changes in inventories of finished goods, work in progress and Stock-in- trade	24	(9,268,139)		(9,654,932)	
Employee benefits expense	25	146,556,371		147,364,369	
Finance Costs	26	6,946,129		12,006,026	
Depreciation	12	21,835,857		20,794,865	
Other expense	27	271,229,325		298,115,869	
Total Expense			847,600,686		833,139,253
V Profit before exceptional and extraordinary items and tax (III-IV)			40,128,455		37,613,078
VI Exceptional Items			-		-
VII Profit before extraordinary items and tax (V-VI)			40,128,455		37,613,078
VIII Extraordinary items			-		-
IX Profit before tax (VII-VIII)			40,128,455		37,613,078
X Tax expense :					
(1) Current tax		14,240,000		12,145,000	
(2) Deferred tax		(4,837,048)		(1,559,423)	
XI Profit for the period from continuing operations (IX - X)			30,725,503		27,027,501
XII Profit/(Loss) for the period from discontinuing operations			-		-
XIII Tax expense of discontinuing operations			-		-
XIV Profit from discontinuing operations (after tax) (XII-XIII)			-		-
XV Profit/(Loss) for the year (XI + XIV)			30,725,503		27,027,501
XVI Earnings per equity share :					
(1) Basic			8.83		7.77
(2) Diluted			8.83		7.77
Significant accounting policies and notes to accounts	1 to 28				

As per our Report of even date

For **DHIRUBHAI DAND & Co.,**
(Firm Registration No. 118190W)
Chartered Accountants**DHIRUBHAI H. DAND**
Proprietor
M. No. 017117Place : Cairns, Australia
Date : 27th May, 2014

For and on behalf of the Board of Directors

N. C. Vadgama Chairman & Executive Director**R. R. Bambhania** Joint Managing Director**J. R. Bhogayta** Executive DirectorPlace : PATLA, Taluka, BHESAN, Dist.. JUNAGADH
Date : 27th May, 2014



CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2014

Particulars	2013-14		2012-13	
	Rs.	Rs.	Rs.	Rs.
A CASH FLOW FROM OPERATING ACTIVITIES :				
Net Profit before extraordinary items and tax		40,128,455		37,613,078
Adjustments for:				
Depreciation	21,835,857		20,794,865	
Finance Cost	6,946,129		12,006,026	
(Profit)/Loss on sale of Assets/shares	(9,770)		(171,452)	
Interest/Dividend Income	(1,748,998)		(1,373,987)	
		27,023,218		31,255,452
Operating Profit before working capital changes		67,151,673		68,868,530
Adjustments for (increase)/decrease in operating assets:				
Inventories	(9,900,345)		3,146,670	
Trade Receivable	(39,544,559)		(28,465,308)	
Short Term loans & Advances	(2,782,343)		3,807,861	
Long Term Loans & Advances	4,909,691		(2,844,725)	
Other Current Assets	27,682		66,643	
Adjustments for : increase / (decrease) in operating liabilities, Trade payables	19,505,292		9,983,957	
Other Current Liabilities	11,731,787		1,569,500	
Short Term Provisions	(21,103,997)		3,015,537	
Long Term Provisions	18,786,588	(18,370,204)	1,153,239	(8,566,626)
Cash generated from operations		48,781,469		60,301,904
Direct taxes paid		(14,240,000)		(17,056,585)
NET CASH FROM OPERATING ACTIVITIES :		34,541,469		43,245,319
B CASH FLOW FROM INVESTING ACTIVITIES :				
Purchase of Fixed Assets		(11,287,347)		(17,624,724)
Purchase of Investments		-		-
Sale of Fixed Assets		205,000		171,453
Sale of Investments		430,500		-
Interest/Dividend Received		1,748,998		1,373,987
Net Cash used in investing activities		(8,902,849)		(16,079,284)
C CASH FLOW FROM FINANCING ACTIVITIES :				
Proceeds of Long Term Borrowings (net)		(920,244)		(729,607)
Net Increase / (Decrease) in Short term Borrowings		(18,514,121)		(10,166,219)
Dividend Paid		(5,216,700)		(8,694,500)
Dividend Tax Paid		(886,578)		(1,410,465)
Finance Cost		(6,946,129)		(12,006,026)
Net Cash used in financial activities		(32,483,772)		(33,006,817)
Net increase in cash and cash equivalents(A+B+C)		(6,845,152)		(5,840,782)
Cash and Cash equivalents at the beginning of the year		22,861,959		28,702,741
Cash and Cash equivalents at the end of the year Note:17		16,016,807		22,861,959

Significant accounting policies and notes to accounts 1 to 28

As per our Report of even date

For **DHIRUBHAI DAND & Co.,**
(Firm Registration No. 118190W)
Chartered Accountants

DHIRUBHAI H. DAND
Proprietor
M. No. 017117

Place : Cairns, Australia
Date : 27th May, 2014

For and on behalf of the Board of Directors

N. C. Vadgama Chairman & Executive Director

R. R. Bambhania Joint Managing Director

J. R. Bhogayta Executive Director

Place : PATLA, Taluka, BHESAN, Dist.. JUNAGADH
Date : 27th May, 2014





Notes forming part of the financial statements of the Accounts for the year ended 31st March, 2014.

1. Corporate Information :

AUSTIN ENGINEERING COMPANY LIMITED is a public limited company domiciled in India and incorporate under the provisions of the Companies Act, 1956, Its shares are listed in one stock exchange in India. (BSE) The company is engaged in manufacturing and selling all type of Bearings and its components under trademark "aec". The company is also engaged in manufacturing of Power from wind energy. The Manufacturing unit of the company is situated at village Patla, Taluka Bheshan, Dist. Junagadh - 362 030. The company is having one fully owned subsidiary company at U.S.A.. The company caters to both domestic and international markets.

2. Basis of Preparation :

The financial statement of the company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956 and the provisions of the Companies Act, 2013 (to the extent notified) and guidelines issued by the Institute of Chartered Accountants of India (ICAI) and other regulatory authority. The Financial statements have been prepared on an accrual basis and under the historical cost convention except where specifically stated.

2.1 Significant Accounting policies :

a. Fixed Assets & Depreciation :

1. 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.

2. Intangible Assets amortized as follows :

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

b. 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.

c. Cenvat :

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

d. Foreign Currency Transaction :

Initial recognition :

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Conversion :

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

Exchange difference :

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.



All exchange differences are recognized as income or as expenses in the period in which they arise except monetary item in a non-integral foreign operation and long term foreign currency monetary items of a fixed assets.

e. 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.

f. 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.

g. 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.

h. Contingent liability :

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but disclose its existence in the financial statements.

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.

i. 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.

j. Export Incentives :

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

k. Revenue Recognition :

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized.

Sales of goods :

Revenue from sales of goods is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods. Sales include excise duty, sales tax and value added tax.. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire liability arising during the year.

Interest :

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head

“other income” in the statement of profit and loss.

Dividend Income :

Dividend income is recognized when the company's right to receive dividend is established by the reporting date.





l. Earnings Per Share :

Basic earning per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

m. Provisions :

A provision is recognized when the company has a present obligation as a result of past event, It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed of each reporting date and adjusted to reflect the current best estimate.

Where the company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as separate asset but only when the reimbursement is virtually certain. The expenses relating to any provision is presented in the statement of profit and loss net of any reimbursement.

n. Cash and cash equivalents :

Cash and cash equivalents for the purpose of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

o. Taxation :

Tax expenses comprises current and deferred tax. Current Income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdiction where the company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the report date. Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognized directly in equity is recognize in equity and not in the Statement of profit and loss.

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.

p. 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.

q. Segment reporting :

The company's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serve different markets. The analysis of geographical segments is based on the areas in which major operating division of the company operate.





Notes forming parts of the financials statements for the year ended 31st March, 2014

Particulars	2013-14		2012-13	
	Rs.	Rs.	Rs.	Rs.
NOTE 3 : 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. *		34,778,000		34,778,000
(Previous Year 34,77,800 Equity Shares of Rs. 10 each fully paid up.)				
TOTAL :		34,778,000		34,778,000

* 53200 Equity Shares of Rs. 10 each brought back during the period of five years immediately preceding the reporting date, total amount of share capital Rs. 532000/-

* No Shareholders holding more than 5% shares in the company.

* Terms / rights attached to shares :

The company has only one class of equity shares having a par value of Rs. 10/- per share. Each holder of equity share is entitled to one vote per share. The company declare and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the company, the holders of equity shares will be entitled to received remaining assets of the company after distribution of all preferential amounts. The distribution will be in propotion to the numbers of equity shares held by the shareholders.

NOTE 4 : 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		532,000		532,000
General Reserve				
As per last Balance Sheet	52,149,239		48,149,239	
Add: Transfer from Profit & Loss A/c	4,000,000	56,149,239	4,000,000	52,149,239
		147,204,124		143,204,124
Profit & Loss Account				
As per last Balance Sheet	343,525,334		326,601,111	
Add. Profit for the year	30,725,503		27,027,501	
	374,250,837		353,628,612	
Less:- Appropriations				
- Dividend on Equity shares	5,216,700		5,216,700	
- Tax on distributed profit on Equity shares	886,578		886,578	
- Transfer to General Reserve	4,000,000	364,147,559	4,000,000	343,525,334
TOTAL :		511,351,683		486,729,458



**Notes forming parts of the financials statements for the year ended 31st March, 2014**

Particulars	2013-14		2012-13	
	Rs.	Rs.	Rs.	Rs.
NOTE 5 : LONG TERM BORROWINGS				
<u>SECURED</u>				
(A) Deferred Payment Loan				
from HDFC Bank		78,753	1,466,079	
from ICICI Bank		467,082		
(excluding current maturity)				
TOTAL :		545,835	1,466,079	

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

NOTE 6 : DEFERRED TAX LIABILITIES / (ASSETS) - NET				
Deferred Tax Liabilities on account of				
Difference between Book & Tax Depreciation		6,544,022	8,825,583	
Deferred Tax Assets on Account of				
Employees Benefits		(9,603,140)	(7,047,653)	
Deferred Tax Liabilities / (Assets)		(3,059,118)	1,777,930	

NOTE 7 : LONG TERM PROVISIONS				
Leave Salary Provision		2,917,669	2,760,669	
Gratuity Provision		18,629,588		
TOTAL :		21,547,257	2,760,669	

NOTE 8 : SHORT TERM BORROWINGS				
<u>SECURED</u>				
Working Capital Loan				
from Bank of Baroda		53,148,904	71,663,025	
TOTAL :		53,148,904	71,663,025	

* Working Capital Loan from bank 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. The Cash credit limit is repayable on Demand.





Notes forming parts of the financials statements for the year ended 31st March, 2014

Particulars	2013-14		2012-13	
	Rs.	Rs.	Rs.	Rs.
NOTE 09 : TRADE PAYABLES				
Trade Payables		184,062,984		164,557,692
TOTAL :		184,062,984		164,557,692

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

* Trade payables includes amount due to Directors of Rs. 383,600/-.(Previous year Rs. 383,600/-).

NOTE 10 : OTHER CURRENT LIABILITEIS			
Current maturity of long term borrowings			
Deferred Payment loan from Banks		1,606,016	1,646,071
Creditors for Capital Goods		27,457,571	24,828,579
Advance Payment From Customers		12,476,920	3,219,216
Unpaid Dividend		2,405,562	2,400,673
T.D.S., T.C.S. Payable		2,023,963	2,143,706
TOTAL :		45,970,032	34,238,245

* Payable on Purchase of Fixed Assets include amount due to H.U.F. of Directors. Rs.15,768,568/-.
(Previous Year Rs. 14,231,561/-).

NOTE 11 : SHORT TERM PROVISIONS			
Proposed Dividend		5,216,700	5,216,700
Provisions for Tax Proposed Dividend		886,578	886,578
Bonus Provision		17,084,056	15,887,470
Gratuity Provision		9,580,876	31,487,070
Leave Salary Provision		525,834	920,223
TOTAL :		33,294,044	54,398,041





Notes forming parts of the financials statements for the year ended 31st March, 2014

NOTE 12 : FIXED ASSETS

SR. NO.	ASSETS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		Balance as at 01/04/2013 Rs.	Addition During the year Rs.	Sales/Trans. During the year Rs.	Balance as at 31/03/2014 Rs.	Provided Upto 01/04/2013 Rs.	Provided During the year Rs.	Adjustment on account of Sales Rs.	Total as at 31/03/2014 Rs.	Balance as at 31/03/2014 Rs.	Balance as at 31/03/2013 Rs.
A	Tangible Assets (Own assets)										
1	Freehold Land	71,871	-	-	71,871	-	-	-	-	71,871	71,871
2	Leasehold Land	96,408	-	-	96,408	-	-	-	-	96,408	96,408
3	Factory Building	50,777,454	12,994	-	50,790,448	22717284	1696331	-	24,413,615	26,376,833	28,060,170
4	Plant & Machinery	159,080,231	7,141,769	144,931	166,077,069	111985713	9938399	144930	121,779,182	44,297,887	47,094,518
5	Plant & Machinery (100% Depreciation)	2,774,089	-	-	2,774,089	2774089	-	-	2,774,089	-	-
6	Electric Installation	9,898,106	1,790	-	9,899,896	9862339	35374	-	9,897,713	2,183	35,767
7	Tools Dies & Measuring Instruments	40,220,769	1,355,211	-	41,575,980	35115111	1504484	-	36,619,595	4,956,385	5,105,658
8	Furniture & Fixture	16,633,582	268,320	-	16,901,902	9506035	1018103	-	10,524,138	6,377,764	7,127,547
9	Office & Factory Equipments	8,671,302	269,922	-	8,941,224	3602586	400694	-	4,003,280	4,937,944	5,068,716
10	Vehicles	22,474,244	919,666	596,583	22,797,327	10721229	1856463	401354	12,176,338	10,620,989	11,753,015
11	Computers	9,684,305	266,935	-	9,951,240	8725219	686100	-	9,411,319	539,921	959,086
12	Wind Electric Power Converter	35,307,710	-	-	35,307,710	26772658	3650817	-	30,423,475	4,884,235	8,535,052
	Sub Total (A)	355,690,071	10,236,607	741,514	365,185,164	241,782,263	20,786,765	546,284	262,022,744	103,162,420	113,907,808
B	INTANGIBLE ASSETS										
1	'aec' TRADE MARK	40,861,000	-	-	40,861,000	14,709,960	612915	-	15,322,875	25,538,125	26,151,040
2	Computer Software	2,242,591	1,050,740	-	3,293,331	1,190,219	436177	-	1,626,396	1,666,935	1,052,372
	Sub Total (B)	43,103,591	1,050,740	-	44,154,331	15,900,179	1,049,092	-	16,949,271	27,205,060	27,203,412
	TOTAL (A + B)	398,793,662	11,287,347	741,514	409,339,495	257,682,442	21,835,857	546,284	278,972,015	130,367,480	141,111,220
	PREVIOUS YEAR	381,860,328	17,624,724	691,390	398,793,662	237,578,966	20,794,865	691,389	257,682,442	141,111,220	144,281,362

NOTE 13 : NON CURRENT INVESTMENTS (AT COST)

LONG TERM INVESTMENTS :

PARTICULARS	2013-14			2012-13		
	No. of Shares	Face Value Rs.	Rs.	No. of Shares	Face Value Rs.	Rs.
(A) UNQUOTED :						
Equity Share (Fully Paid)						
Kowa Spinning 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
Share Application Money given to Subsidiary Company - Accurate Engineering Inc. - U.S.A.	25,000	US\$ 1	1,128,650	25,000	US\$ 1	1,128,650
(B) QUOTED :						
Equity Share (Fully Paid)						
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
Antifriction Brg.Corpn.	177	10	7,130	177	10	7,130
Asahi Fibres Ltd.	3,000	10	30,000	3,000	10	30,000
Asian Bearings Ltd.	100	10	1,525	100	10	1,525
Bagri Min & Chem Ltd.	2,600	10	26,000	2,600	10	26,000



Notes forming parts of the financials statements for the year ended 31st March, 2014

NOTE 13 : NON CURRENT INVESTMENTS (AT COST) (Contd....)

PARTICULARS	2013-14			2012-13		
	No. of Shares	Face Value Rs.	Rs.	No. of Shares	Face Value Rs.	Rs.
Bhupendra Cap. & Fin.Ltd.	1,700	10	68,000	1,700	10	68,000
Cosboard Ind. Ltd.	1,400	10	19,600	1,400	10	19,600
Damania Cap.Markets Ltd.	9,300	10	279,000	9,300	10	279,000
Fag Bearings Ltd. Share	100	10	53,650	100	10	53,650
Gujarat Meditech Ltd.	900	10	9,000	900	10	9,000
Hindustan Agri Ltd.	700	10	7,000	700	10	7,000
Indo Dutch Protiens Ltd.	700	10	7,000	700	10	7,000
Kongarar Textiles Ltd.	600	10	27,000	600	10	27,000
NHC Food .Ltd.	525	10	15,000	525	10	15,000
NRB Bearings share	100	2	4,593	100	2	4,593
Orissa Luminaries Ltd.	2,000	10	20,000	2,000	10	20,000
Pennar Aqua Exports Ltd.	7,700	10	77,000	7,700	10	77,000
Wintac Limited	700	10	70,000	700	10	70,000
Reliance Industries Ltd. Share	124	10	173,913	124	10	173,913
SKF Bearing Ltd. Share	300	10	104,601	300	10	104,601
Stiefel Und.Schuh (I) Ltd.	400	10	4,000	400	10	4,000
Supriya Pharma Ltd.	500	10	10,000	500	10	10,000
Thambi Modern Spng.Mills	600	10	30,000	600	10	30,000
Timken India Ltd.	50	10	7,144	50	10	7,144
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
Eimco Elecon (I) Limited	100	10	18,446	100	10	18,446
Elecon Engineering Company Limited	100	2	7,218	100	2	7,218
Gujarat State Petronet Ltd.	200	10	19,690	200	10	19,690
Hindalco Industries Limited	200	1	28,820	200	1	28,820
IDFC limited	100	10	10,717	100	10	10,717
Neyveli Lignite Limited	1200	10	117,342	1,200	10	117,342
Steel Authority of India Limited	200	10	21,786	200	10	21,786
Tata Communication Limited	200	10	39,186	200	10	39,186
Tata Spng	100	10	29,759	100	10	29,759
Tata Steel Limited	100	10	44,491	100	10	44,491
The Shipping Corporation of India Limited	200	10	16,562	200	10	16,562
(C) DEBENTURE :						
Essar Oil Ltd.	-	-	-	4,100	105	430,500
(D) GOVERNMENT SECURITIES :						
National Saving Certificate (Pledged as security to excise dept)			51,000			51,000
TOTAL :			<u>4,899,773</u>			<u>5,330,273</u>
Aggregate Book Value of Investment						
- Unquoted			3,321,600			3,321,600
- Quoted Market Value Rs. 1552111/- (Previous year Rs. 1642870/-)			1,527,173			1,957,673
- Government Securities			51,000			51,000
TOTAL :			<u>4,899,773</u>			<u>5,330,273</u>





Notes forming parts of the financials statements for the year ended 31st March, 2014

Particulars	2013-14		2012-13	
	Rs.	Rs.	Rs.	Rs.
NOTE 14 : LONG TERM LOANS AND ADVANCES				
<u>Unsecured Considered Good</u>				
Advances recoverable in cash or in kind or for value to be received.		1,273,334		2,170,400
Sundry Deposits		3,398,073		4,410,952
Advance Income Tax (Net of Provision for taxation)		7,773		3,090,519
Advances & Deposit to Related Parties		2,267,296		3,767,296
Advances for capital expenditure		988,000		505,000
Other Loans		4,815,000		3,715,000
TOTAL :		12,749,476		17,659,167
NOTE 15 : INVENTORIES				
[Valued as stated in the accounting policies in Note No. 2.1(b)]				
Raw materials		52,826,611		55,732,703
Raw materials - Goods - in - transit		6,085,304		1,167,481
Work - in - progress @ (Refer Note below)		195,732,606		206,646,092
Finished goods		118,752,696		115,082,789
Finished goods - Goods-in-transit		42,072,436		23,734,873
Stock-in-trade		8,118,852		9,944,697
Stores and spares		7,304,167		8,244,930
Packing materials		4,062,309		4,501,071
TOTAL :		434,954,981		425,054,636
Note : Details of Inventory of work - in - progress				
a) Steel Bars		1,805,359		3,835,721
b) Races		158,639,390		168,606,657
c) Cages		3,226,893		2,886,988
d) S.M. Race & Forged Rings		13,591,845		12,733,630
e) Other materials		18,469,119		18,583,096
TOTAL :		195,732,606		206,646,092
NOTE 16 : TRADE RECEIVABLES				
<u>Unsecured Considered Good</u>				
Trade Receivables outstanding for a period exceeding six months from the date they were due for payment		27,210,477		7,331,995
Other Trade Receivables		222,543,465		202,877,388
TOTAL :		249,753,942		210,209,383
Trade receivable due to partnership firms in which directors relatives are partners Rs. 1,91,687/- (Previous year Rs. 3,42,191/-).				





Notes forming parts of the financials statements for the year ended 31st March, 2014

Particulars	2013-14		2012-13	
	Rs.	Rs.	Rs.	Rs.
NOTE 17 : CASH & CASH Equivalents				
Cash on Hand		3,397,023		1,720,968
Balance with Scheduled Bank				
In Current Account	1,176,405		10,189,965	
In Fixed Deposit A/c @	9,037,817		8,438,442	
In EEFC Account	—		111,911	
In Unpaid Dividend A/c.	2,405,562	12,619,784	2,400,673	21,140,991
TOTAL :		16,016,807		22,861,959
@ Fixed deposits with banks which have an original maturity of more than 12 months				
NOTE 18 : SHORT TERM LOANS AND ADVANCES				
<u>Unsecured Considered Good</u>				
Advances recoverable in cash or in kind or for value to be received.		8,360,136		7,918,071
Advances for expenses		1,962,402		2,612,104
Advances for raw materials		3,104,091		3,015,068
Advances to Employees		4,391,889		4,577,284
Balance with Government authorities				
(a) Central Excise	4,290,292		2,661,887	
(b) VAT Credit Receivable	6,462,023		4,995,760	
(c) Service Tax Credit Receivable	1,899,087	12,651,402	2,153,628	9,811,275
Prepaid Expenses		2,336,561		2,090,336
TOTAL :		32,806,481		30,024,138
NOTE 19 : Other Current assets				
Interest Accrued on Deposit, Bond		90,681		118,363
TOTAL :		90,681		118,363
NOTE 20 : Revenue from Operations				
(A) Sales of Products				
Sales of Manufactured Goods				
a) Bearings	573,125,069		560,810,058	
b) Bearing Components	128,530,428	701,655,497	151,640,339	712,450,397
Sales of Trade Goods		181,994,556		160,247,344
Wind Electric Power Income		8,235,420		7,744,152
(B) Other Operating Revenues				
a) Sales of scrap	5,727,300		6,161,665	
b) Job-work Income	760,044		464,716	
c) Duty Drawback & other export incentives	9,194,945		10,677,026	
		15,682,289		17,303,407
		907,567,762		897,745,300
Less : - Excise duty		34,186,653		35,428,187
TOTAL :		873,381,109		862,317,113





Notes forming parts of the financials statements for the year ended 31st March, 2014

Particulars	2013-14		2012-13	
	Rs.	Rs.	Rs.	Rs.
NOTE 21 : OTHER INCOME				
Interest Income		1,738,010		1,359,838
[Tax Deducted at Source Rs. 174243/- (Previous Year Rs. 53699/-)]				
Dividend Income		10,988		14,149
From Long Term Investment				
Foreign Exchange Rate Diff. Income		12,064,563		6,484,095
Rent Income		123,500		120,000
Profit on sale of Fixed Assets		64,999		171,452
Miscellaneous income		345,972		285,684
TOTAL :		14,348,032		8,435,218
NOTE 22 : MATERIALS CONSUMED				
Opening Stock		56,900,184		70,632,191
Add: Purchases		268,282,521		219,172,636
		325,182,705		289,804,827
Less: Sales		1,327,218		3,313,533
		323,855,487		286,491,294
Less: Closing Stock		58,911,915		56,900,184
TOTAL :		264,943,572		229,591,110
Materials Consumed Comprises :				
a) Steel Bars & Tubes		72,400,671		71,176,205
b) Races		58,937,611		47,062,871
c) Cages		22,582,604		26,612,770
d) S.M. Race & Forged Rings		61,020,513		39,903,363
e) Other materials		50,002,173		44,835,901
TOTAL :		264,943,572		229,591,110
NOTE 23 : PURCHASE OF TRADED GOODS				
Purchase of Traded goods		145,357,571		134,921,946
TOTAL :		145,357,571		134,921,946
NOTE 24 : CHANGES IN INVENTORIES OF FINISHED GOODS, SEMI-FINISHED GOODS AND STOCK -IN-TRADE .				
Inventories at the end of the year				
Finished goods	160,825,132		138,817,662	
Semi-finished goods	195,732,606		206,646,092	
Stock - in - Trade	8,118,852	364,676,590	9,944,697	355,408,451
Inventories at the beginning of the year				
Finished goods	138,817,662		114,837,275	
Semi-finished goods	206,646,092		227,373,051	
Stock - in - Trade	9,944,697	355,408,451	3,543,193	345,753,519
Net (increase)/decrease		(9,268,139)		(9,654,932)





Notes forming parts of the financials statements for the year ended 31st March, 2014

Particulars	2013-14		2012-13	
	Rs.	Rs.	Rs.	Rs.
NOTE 25 : Employee Benefit Expenses				
Salary, wages & bonus		132,546,770		134,949,610
Contribution to Provident and other Fund (Refer Note No. 28(18))		10,380,108		9,683,255
Staff Welfare expenses		3,629,493		2,731,504
TOTAL :		146,556,371		147,364,369
NOTE 26 : FINANCE COSTS				
Interest expenses on :				
(i) Borrowings From Bank	3,746,482		9,286,504	
(ii) Creditors	2,874,074		2,707,182	
(ii) Others	325,573	6,946,129	12,340	12,006,026
TOTAL :		6,946,129		12,006,026
NOTE 27 : OTHER EXPENSES				
Stores & Spares consumed		35,117,206		61,059,478
Packing materials consumed		17,513,589		17,091,946
Job work charges		102,484,085		98,248,711
Power & Fuel		10,024,043		11,204,290
Rent		269,950		276,406
Repairs and Maintenance - Machinery		1,841,160		1,388,981
Repairs and Maintenance - Building		1,290,283		2,530,788
Repairs and Maintenance - Others		287,309		274,974
Insurance		1,224,992		1,138,555
Excise Duty #		(2,070,970)		1,139,019
Rates and Taxes		98,192		67,261
Communication		801,334		736,050
Travelling Exp.		7,820,196		7,124,632
Legal & Professional Fees		2,569,004		3,263,529
Directors' Sitting Fees		40,000		40,000
Loss on Sale of Assets		55,229		-
Donation		340,000		475,551
Sales commission		17,327,018		18,041,719
Sales promotion		3,030,102		2,491,902
Sales-tax / VAT		13,233,585		12,209,469
Discount		7,128,502		6,967,968
Payment to Auditors @		775,000		750,000
Service Tax		274,687		261,301
Other Misc.Expenses		49,754,829		51,333,339
TOTAL :		271,229,325		298,115,869
# Excise Duty shown under expenditure represents the aggregate of excise duty borne by the Company and difference between excise duty on opening and closing stock of finished goods.				
@ Payment to Auditors comprises (net of service tax)				
For Statutory Audit		375,000		375,000
For Taxation Matter		340,000		315,000
For Other Services		60,000		60,000
TOTAL :		775,000		750,000





NOTE 28 : ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS

1. 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,2014 for which the Company has given counter guarantees amounting to Rs. 72,09,763/- (Previous year Rs. 1,62,12,061/-).
- [iii] Income Tax demand of Rs. 17,77,970/- (Previous year Rs. 11,45,530/-) raised by the Income Tax department at the time of Assessment. The said demand is disputed by the company. The company has paid Rs. 11,45,530/- (Previous year Rs. 11,45,530/-) against the said demand.

2. 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.

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

4. 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.

5. Value of raw materials and components consumed :

	2013-14		2012-13	
	% of total Consumption	Value Rs.	% of total Consumption	Value Rs.
Imported at landed cost	0.22	592,250	0.34	789,538
Indigeneously obtained	99.78	264,351,322	99.66	228,801,572
	100.00	264,943,572	100.00	229,591,110

6. The stores and spares consumed :

Imported at landed cost	00.00	–	00.00	–
Indigeneously obtained	100.00	35,117,206	100.00	61,059,478
	100.00	35,117,206	100.00	61,059,478

7. CIF Value of Imports :

	Rs.	Rs.
Raw materials	1,476,227	73,735
Packing materials	186,996	–
Capital goods	5,348,820	667,430

8. Expenditure in foreign currency in respect of :

- Travelling	1,713,397	1,333,969
- Sales Commission	307,650	323,925
- Professional charges Exp.	–	561,178
- Subscription & Advertisement Expenses	166,177	164,408

9. Earnings in foreign exchange :

Export of goods calculated on F.O.B. basis	386,731,920	385,953,388
--	-------------	-------------



Notes forming parts of the financials statements for the year ended 31st March, 2014

10. DETAILS OF SEGMENT REPORTING :

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

(1) PRIMARY SEGMENT :

Particulars	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
	<u>Bearing</u>	<u>Bearing</u>	<u>Power</u>	<u>Power</u>	<u>Total</u>	<u>Total</u>
1. SEGMENT REVENUE	879,337,691	863,008,179	8,391,450	7,744,152	887,729,141	870,752,331
Other Unallocated Revenue	-	-	-	-	-	-
TOTAL :	879,337,691	863,008,179	8,391,450	7,744,152	887,729,141	870,752,331
Less: Inter Segment Revenue	-	-	8,235,420	7,744,152	8,235,420	7,744,152
Net Income from Operation	879,337,691	863,008,179	156,030	-	879,493,721	863,008,179
2. SEGMENT RESULTS						
PROFIT BEFORE TAX & INTEREST	43,364,400	45,688,733	3,710,184	3,930,371	47,074,584	49,619,104
LESS : Interest	-	-	-	-	6,946,129	12,006,026
Other unallocated Expenses	-	-	-	-	-	-
TOTAL PROFIT BEFORE TAX	43,364,400	45,688,733	3,710,184	3,930,371	40,128,455	37,613,078
3. CAPITAL EMPLOYED						
(SEGMENT ASSETS-SEGMENT LIABILITIES)						
Segment Assets	875,336,832	842,905,850	6,302,789	9,463,289	881,639,621	852,369,139
Add: Common assets	-	-	-	-	3,059,118	-
TOTAL ASSETS	875,336,832	842,905,850	6,302,789	9,463,289	884,698,739	852,369,139
Segment Liabilities	332,443,848	322,980,473	21,930	-	332,465,778	322,980,473
Add : Common Liabilities	-	-	-	-	6,103,278	7,881,208
TOTAL LIABILITIES	332,443,848	322,980,473	21,930	-	338,569,056	330,861,681
SEGMENT CAPITAL EMPLOYED	542,892,984	519,925,377	6,280,859	9,463,289	546,129,683	521,507,458

(2) GEOGRAPHICAL SEGMENTS:

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

Revenue	Rs.	
	2013-14	2012-13
Within India	495,545,958	451,316,166
Overseas	353,917,442	385,953,388
TOTAL :	849,463,400	837,269,554

(B) Assets base on geographical location : Carrying Amount of Segment assets Addition to Fixed Assets and Intangible Assets

	2013-14	2012-13	2013-14	2012-13
	Within India	787,894,705	770,621,515	6,120,765
Overseas	96,795,711	81,747,624	5,470,862	763,275
TOTAL :	884,690,416	852,369,139	11,591,627	17,624,724

11. EARNINGS PER SHARE :

Basic Earnings per Share	Rs. 8.83	7.77
Diluted Earnings per Share	Rs. 8.83	7.77
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:



**Notes forming parts of the financials statements for the year ended 31st March, 2014**

		2013-14	2012-13
Profit	Rs.	30,725,503	27,027,501
The number of shares outstanding during the period:	Nos.	3,477,800	3,477,800

12. DEFERRED TAX LIABILITIES / (ASSETS) :

Particulars	as at	
	31.03.2014	31.03.2013
	Rs.	Rs.
Deferred Tax Liabilities on account of Difference between book & Tax Depreciation	6,544,022	8,825,583
Deferred Tax Assets on account of Employees Benefits	(9,603,140)	(7,047,653)
TOTAL :	(9,603,140)	(7,047,653)
Deferred Tax Liabilities/(Assets) (Net)	(3,059,118)	1,777,930

13. 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.

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.	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
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.	
	2013-14	2012-13	2013-14	2012-13
Payable				
USD	175,997	21,340	10,577,397	1,160,704
EURO	4,750	5,179	392,238	360,148
GBP	-	490	-	40,337
YEN	805,000	-	504,455	-
TOTAL :			11,474,090	1,561,189
Receivable				
EURO	984,809	469,603	81,322,041	32,656,195
USD	266,381	902,618	16,009,460	49,091,429
TOTAL :			97,331,501	81,747,624
BANK				
USD EEFC BANK ACCOUNT	-	-	-	-
EURO EEFC BANK ACCOUNT	-	1,609	-	111,911



Notes forming parts of the financials statements for the year ended 31st March, 2014

15. REMITTANCE IN FOREIGN CUURENCY ON ACCOUNT OF DIVIDEND :

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

	2013-14	2012-13
Number of share holder	1	1
Number of shares held	80,000	80,000
Amounts remitted	120,000	200,000
Year to which dividend relates	2012-13	2011-12

16. 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.

17. 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. | (iv) Austin Traders |
| (ii) SNR Enterprises | (v) Optimum Services Inc. |
| (iii) Accord Precision Products | |

(b) Key Management Personnel

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

(c) Relative of Key Management Personnel

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

(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

Related Parties **(Amount in Rs.)**

Particulars	Referred in 1 (a) above		Referred in 1 (b) above		Referred in 1 (c) above		Referred in 1 (d) above	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
INCOME:								
(1) Sales of Goods & Mat.	10,582,343	12,728,072	-	-	-	-	89,103,990	130,192,988
(2) Job Work	263,044	359,716	-	-	-	-	-	-
(3) Tooling Charges	-	-	-	-	-	-	-	-
EXPENSES								
(1) Purchase of Goods	36,145,217	30,676,646	-	-	-	-	-	-
(2) Remuneration	-	-	5,172,304	5,152,310	3,937,775	3,339,774	-	-
(3) Jobwork	40,203,024	32,259,794	-	-	-	-	-	-
(4) Interest	-	-	-	-	2,485,733	2,256,261	-	-
(5) Dividend Paid	-	-	615,000	1,025,000	1,188,287	1,960,920	-	-
OUTSTANDING								
Payable	22,236,973	15,498,179	383,600	383,600	22,656,689	20,978,978	-	-
Receivable	2,291,687	3,942,191	-	-	-	-	14,077,293	45,939,198



**Notes forming parts of the financials statements for the year ended 31st March, 2014****18. Disclosures in respect of Defined Contribution Plan, recognised as expenses for the year is as under :**

(Amount in Rs.)

	2013-14	2012-13
Employer's Contribution to Provident Fund, E.S.I.	10,380,108	9,683,255

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	
	2013-14	2012-13	2013-14	2012-13
The amount recognised in the Balance Sheet are as follows:				
Present Value of obligation (Total Funded & Unfunded)	61,273,961	60,408,215	3,443,502	3,680,891
Fair value of plan assets	33,063,497	28,921,145	–	–
Unrecognised past service cost	–	–	–	–
Net liability in the Balance Sheet - (Un - funded)	28,210,464	31,487,070	3,443,502	3,680,891

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

Current Service cost	2,961,010	3,015,378	2,013,151	1,873,301
Interest on obligation	4,832,657	3,876,940	294,471	171,459
Expected return on plan assets	–	–	–	–
Net actuarial losses (gains) recognised in year	(6,104,460)	6,922,228	(48,121)	(442,433)
past service cost	–	–	–	–
Losses (gains) on curtailment and settlements	–	–	–	–
Total included in 'employee benefit expenses'	(265,862)	11,833,896	2,259,501	1,602,327
Actual return on plan assets	1,955,069	1,980,650	–	–

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

	2013-14	2012-13	2013-14	2012-13
Opening defined benefit obligation	60,408,215	48,461,756	3,680,891	2,143,240
Prior period adjustment	–	–	–	–
Service cost	2,961,010	3,015,378	2,013,151	1,873,301
Interest Cost	4,832,657	3,876,940	294,471	171,459
Actuarial losses (gains)	(5,365,764)	6,922,228	(48,121)	(442,433)
Benefits Paid	(1,562,157)	(1,868,087)	(2,496,890)	(64,676)
closing defined benefit obligation	61,273,961	60,408,215	3,443,502	3,680,891

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

	2013-14	2012-13	2013-14	2012-13
Opening fair value of plan assets	28,921,145	18,295,605	–	–
Expected Return	1,955,069	1,980,650	–	–
Actuarial gains and (losses)	738,696	–	–	–
Contribution by Employer	3,010,744	10,513,596	–	–
benefits paid	(1,562,157)	(1,868,706)	–	–
Closing fair value of plan assets	33,063,497	28,921,145	–	–





Notes forming parts of the financials statements for the year ended 31st March, 2014

Principal actuarial assumptions at the balance sheet date

Discount rate per annum as at 31st March, 2014	9.00%	8.00%	9.00%	8.00%
Expected return per annum on plan assets as at 31.03.2014	9.25%	9.25%	0.00%	0.00%
Salary Escalation per Annum	5.00%	5.00%	5.00%	5.00%
Retirement Age	60 years	60 years	60 years	60 years
Mortality	LIC 1994-96 Ultimate		LIC 1994-96 Ultimate	
Withdrawal Rates	1.00%	1.00%	1.00%	1.00%

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

19. Previous year figures

The company has regrouped / rearranged previous year figures in view of easy comparison with current year figures.

20. The Ministry of Corporate Affairs, Government of India, vide General Circular No. 2 & 3 dated 8th February 2011 and 21st February 2011 respectively has granted a general exemption from compliance with Section 212 of the companies Act, 1956, subject to fulfillment of conditions stipulated in the circular. The company has satisfied the conditions stipulated in the circular and hence is entitled to the exemption. Necessary information relating to the subsidiary has been included in the Consolidated Financial statements.

21. Figures rounded off to nearest rupee. All the figures including previous year figures have been rounded off to nearest rupee.

As per our Report of even date

For **DHIRUBHAI DAND & Co.**,
(Firm Registration No. 118190W)
Chartered Accountants

DHIRUBHAI H. DAND

Proprietor
M. No. 017117

Place : Cairns, Australia
Date : 27th May, 2014

For and on behalf of the Board of Directors

N. C. Vadgama Chairman & Executive Director

R. R. Bambhania Joint Managing Director

J. R. Bhogayta Executive Director

Place : PATLA, Taluka, BHESAN, Dist.. JUNAGADH
Date : 27th May, 2014





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

For the year ended 31st March, 2014

1	Name of the Company	ACCURATE ENGINEERING INC. U.S.A.
2	Financial Year of the Susidiary Company	31st March, 2014
3	No. of Shares held in Susidiary of Company as on the above date	50,000 Equity Shares of \$ 1 Each
4	% holding (Equity)	100%
5	% holding (Prefernce)	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, 2014	NIL
	b) Not dealt with in the Accounts of the Company for the year ended 31st March, 2014	\$ 17,715
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, 2013	NIL
	b) Not dealt with in the Accounts of the Company for the year ended 31st March, 2013	\$ 2,39,678
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, 2014	NIL
9	Material changes between the end of the Financial year of the subsidiary company and the company's Financial year ended 31st March, 2014	N.A. as the year end of the Company and its subsidiary being the same as at 31st March, 2014
	(a) Fixed Assets (b) Investments (c) Money Lent	
	(d) Money borrowed other than those for meeting current liabilities	

For and on behalf of the Board of Directors

N. C. Vadgama	Chairman & Executive Director
R. R. Bambhania	Joint Managing Director
J. R. Bhogayta	Executive Director





AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENT

To The Board of Directors of
Austin Engineering Company Limited

Report on the Consolidated Financial Statements :

1. We have audited the accompanying consolidated financial statements of AUSTIN ENGINEERING COMPANY LIMITED (the "Company") and its subsidiary (collectively referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2014, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements :

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

Auditors' Responsibility :

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion :

5. In our opinion and to the best of our information and according to the explanations given to us, and based on consideration of the report of the other auditors on the financial statements / consolidated financial statements of the subsidiary as noted below, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2014;
 - (b) in the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date and
 - (c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

Other Matters :

6. We did not audit the financial statements of subsidiary, whose financial statements reflect total assets (net) of Rs. 53,895,937/- as at March 31, 2014, total revenues (net) of Rs. 119,640,150/- and net cash flows amounting to Rs. 253,742/- for the year ended on that date. These financial statements have been audited by other auditor whose reports have been furnished to us and our opinion, is based solely on the reports of the other auditors.

Our opinion is not qualified in respect of other matters.

FOR DHIRUBHAI DAND & CO.,
Firm Registration No. 118190W
Chartered Accountants

DHIRUBHAI H. DAND
PROPRIETOR
M. NO. 017117

PLACE : CAIRNS, AUSTRALIA
DATE : May 27, 2014.





Consolidated Balance Sheet as at 31.03.2014

Particulars	Note No.	31-03-2014		31-03-2013	
		Rs.	Rs.	Rs.	Rs.
I. EQUITY AND LIABILITIES					
1. Shareholder's funds					
(a) Share Capital	3	34,778,000		34,778,000	
(b) Reserves and Surplus	4	525,954,076	560,732,076	498,216,840	532,994,840
2. Non-current liabilities					
(a) Long-term borrowings	5	1,904,155		2,145,900	
(b) Deferred Tax liabilities (Net)	6	-		-	
(c) Long-term Provisions	7	21,547,257	23,451,412	2,760,669	4,906,569
3. Current Liabilities					
(a) Short term borrowings	8	59,158,904		77,102,025	
(b) Trade payables	9	197,785,196		178,487,025	
(c) Other current liabilities	10	46,171,367		42,114,570	
(d) Short term provisions	11	33,312,735	336,428,202	55,152,518	352,856,138
TOTAL :			920,611,690		890,757,547
II ASSETS					
1. Non-current assets					
(a) Fixed assets					
(i) Tangible assets	12	104,969,978		114,615,558	
(ii) Intangible assets	12	27,205,060		27,203,412	
(b) Non-current investments	13	2,628,173		3,058,673	
(c) Deferred Tax Assets (Net)	6	7,130,424		2,519,768	
(d) Long-term loans and advances	14	12,582,180	154,515,815	17,491,871	164,889,282
2. Current assets					
(a) Inventories	15	434,954,981		430,654,600	
(b) Trade receivables	16	264,642,386		226,525,033	
(c) Cash and Cash equivalents	17	33,601,346		38,546,131	
(d) Short-term loans and advances	18	32,806,481		30,024,138	
(e) Other current assets	19	90,681	766,095,875	118,363	725,868,265
TOTAL :			920,611,690		890,757,547

Significant accounting policies and notes to accounts

1 to 28

As per our Report of even date

For **DHIRUBHAI DAND & Co.**,
(Firm Registration No. 118190W)
Chartered Accountants

DHIRUBHAI H. DAND
Proprietor
M. No. 017117

Place : Cairns, Australia
Date : 27th May, 2014

For and on behalf of the Board of Directors

N. C. Vadgama Chairman & Executive Director

R. R. Bambhania Joint Managing Director

J. R. Bhogayta Executive Director

Place : PATLA, Taluka, BHESAN, Dist.. JUNAGADH
Date : 27th May, 2014





Consolidated Statement of Profit and Loss for the Year ended 31.03.2014

Particulars	Note No.	2013-14		2012-13	
		Rs.	Rs.	Rs.	Rs.
I Revenue from operations	20	903,121,027		888,897,112	
II Other Income	21	14,087,022		8,449,887	
III Total Revenue (I + II)			917,208,049		897,346,999
IV Expenses					
Cost of Materials Consumed	22	264,943,572		229,591,110	
Purchases of Stock in Trade	23	145,357,571		134,921,946	
Changes in inventories of finished goods, work in progress and Stock-in-trade	24	(3,668,175)		(9,654,932)	
Employee benefits expense	25	154,743,355		155,933,759	
Finance Costs	26	7,271,914		12,170,488	
Depreciation	12	22,910,047		21,671,053	
Other expense	27	280,838,345		310,386,809	
Total Expense			872,396,629		855,020,233
V Profit before exceptional and extraordinary items and tax (III-IV)			44,811,420		42,326,766
VI Exceptional Items			-		-
VII. Profit before extraordinary items and tax (V-VI)			44,811,420		42,326,766
VIII Extraordinary items			-		-
IX Profit before tax (VII-VIII)			44,811,420		42,326,766
X Tax expense:					
(1) Current tax		14,240,000		12,899,477	
(2) Deferred tax		(4,610,656)	9,629,344	(2,304,957)	10,594,520
XI Profit for the period from continuing operations (IX - X)			35,182,076		31,732,246
XII Profit/(Loss) for the period from discontinuing operations			-		-
XIII Tax expense of discontinuing operations			-		-
XIV Profit from discontinuing operations (after tax) (XII-XIII)			-		-
XV Profit/(Loss) for the year (XI + XIV)			35,182,076		31,732,246
XVI Earnings per equity share:					
(1) Basic			10.12		9.12
(2) Diluted			10.12		9.12

Significant accounting policies and notes to accounts

1 to 28

As per our Report of even date

For **DHIRUBHAI DAND & Co.**,
(Firm Registration No. 118190W)
Chartered Accountants

DHIRUBHAI H. DAND
Proprietor
M. No. 017117

Place : Cairns, Australia
Date : 27th May, 2014

For and on behalf of the Board of Directors

N. C. Vadgama Chairman & Executive Director

R. R. Bambhania Joint Managing Director

J. R. Bhogayta Executive Director

Place : PATLA, Taluka, BHESAN, Dist.. JUNAGADH
Date : 27th May, 2014



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

PARTICULARS	2013-14		2012-13	
	Rs.	Rs.	Rs.	Rs.
A CASH FLOW FROM OPERATING ACTIVITIES :				
Net Profit before extraordinary items and tax		44,811,420		42,326,766
Adjustments for:				
Depreciation	22,910,047		21,671,053	
Finance Cost	7,271,914		12,170,488	
(Profit) / Loss on sale of Assets/shares	(787,913)		(171,452)	
Interest/Dividend Income	(1,748,998)		(1,373,987)	
Increase (decrease) in foreign exchange translation reserve	(1,341,562)		(3,036,920)	
		26,303,488		29,259,182
Operating Profit before working capital changes		71,114,908		71,585,948
Adjustments for : (increase) /decrease in operating assets :				
Inventories	(4,300,381)		2,754,257	
Trade Receivable	(38,117,353)		(25,860,746)	
Short Term loans & Advances	(2,782,343)		3,807,861	
Long Term Loans & Advances	4,909,691		(2,844,725)	
Other Current Assets	27,682		66,643	
Adjustments for : increase/(decrease) in operating liabilities				
Trade payables	19,298,171		9,982,371	
Other Current Liabilities	4,056,797		2,007,468	
Short Term Provisions	(21,103,997)		3,015,537	
Long Term Provisions	18,786,588	(19,225,145)	1,153,239	(5,918,095)
Cash generated from operations		51,889,763		65,667,853
Direct taxes paid		(14,975,786)		(19,650,255)
NET CASH FROM OPERATING ACTIVITIES :		36,913,977		46,017,598
B CASH FLOW FROM INVESTING ACTIVITIES :				
Purchase of Fixed Assets		(14,021,717)		(17,928,927)
Purchase of Investments		-		-
Sale of Fixed Assets		1,543,515		-
Sale of Investments		430,500		-
Interest/Dividend Received		1,748,998		1,373,987
Net Cash used in investing activities		(10,298,704)		(16,554,940)
C CASH FLOW FROM FINANCING ACTIVITIES :				
Proceeds of Long Term Borrowings (net)		(241,745)		(996,399)
Net Increase / Decrease in Short term Borrowings		(17,943,121)		(4,727,219)
Dividend Paid		(5,216,700)		(8,694,500)
Dividend Tax Paid		(886,578)		(1,410,465)
Finance Cost		(7,271,914)		(12,170,488)
Net Cash used in financial activities		(31,560,058)		(27,999,071)
Net increase in cash and cash equivalents(A+B+C)		(4,944,785)		1,463,587
Cash and Cash equivalents at the beginning of the year		38,546,131		37,082,544
Cash and Cash equivalents at the end of the year Note : 17		33,601,346		38,546,131
Significant accounting policies and notes to accounts 1 to 28				

As per our Report of even date

For **DHIRUBHAI DAND & Co.,**
(Firm Registration No. 118190W)
Chartered Accountants

DHIRUBHAI H. DAND
Proprietor
M. No. 017117

Place : Cairns, Australia
Date : 27th May, 2014

For and on behalf of the Board of Directors

N. C. Vadgama Chairman & Executive Director

R. R. Bambhania Joint Managing Director

J. R. Bhogayta Executive Director

Place : PATLA, Taluka, BHESAN, Dist.. JUNAGADH
Date : 27th May, 2014





Notes forming part of the Consolidated Financial Statement as at 31st March, 2014.

1. 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, 2014, 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.

2. Significant Accounting Policies on consolidated accounts :

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.

- Intangible Assets amortized as follows:

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

b. 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.

c. Cenvat :

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





d. Foreign Currency Transaction :

Initial recognition :

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Conversion :

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

Exchange difference :

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.

All exchange differences are recognized as income or as expenses in the period in which they arise except monetary item in a non-integral foreign operation and long term foreign currency monetary items of a fixed assets.

e. 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.

f. 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.

g. 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.

h. Contingent liability :

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but disclose its existence in the financial statements.

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.

i. Investment :

Investments are classified as long term investments. 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.

j. Export Incentives :

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

k. Revenue Recognition :

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized.

Sales of goods :

Revenue from sales of goods is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods. Sales include excise duty, sales tax and value added tax. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire liability arising during the year.

Interest :

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss.



Dividend Income :

Dividend income is recognized when the company's right to receive dividend is established by the reporting date.

l. Earnings Per Share :

Basic earning per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

m. Provisions :

A provision is recognized when the company has a present obligation as a result of past event, It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed of each reporting date and adjusted to reflect the current best estimates.

Where the company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expenses relating to any provision is presented in the statement of profit and loss net of any reimbursement.

n. Cash and cash equivalents :

Cash and cash equivalents for the purpose of cash flow statement comprises of cash at bank and in hand and short-term investments with an original maturity of three months or less.

o. Taxation :

Tax expenses comprises current and deferred tax. Current Income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdiction where the company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the report date. Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognized directly in equity is recognize in equity and not in the Statement of profit and loss.

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.

p. 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.

q. Segment reporting :

The company's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serve different markets. The analysis of geographical segments is based on the areas in which major operating division of the company operate.





Notes forming parts of the Consolidated financials statements for the year ended 31st March, 2014

Particulars	2013-14		2012-13	
	Rs.	Rs.	Rs.	Rs.
AUTHORISED :				
40,00,000 Equity Shares of Rs.10 each		40,000,000		40,000,000
ISSUED, SUBSCRIBED AND PAID UP :				
34,77,800 Equity Shares of Rs.10 each fully paid up. *		34,778,000		34,778,000
(Previous Year 34,77,800 Equity Shares of Rs. 10 each fully paid up.)				
TOTAL :		34,778,000		34,778,000

* 53200 Equity Shares of Rs. 10 each brought back during the period of five years immediately preceeding the reporting date, total amount of share capital Rs. 532000/-

* No Shareholders holding more than 5 % shares in the company.

* Terms / rights attached to shares :

The company has only one class of equity shares having a par value of Rs. 10/- per share. Each holder of equity share is entitled to one vote per share. The company declare and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the company, the holders of equity shares will be entitled to received remaining assets of the company after distribution of all preferential amounts. The distribution will be in propotion to the numbers of equity shares held by the shareholders.

NOTE 4 : 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		532,000		532,000
General Reserve				
Opening Balance	52,149,239		48,149,239	
Add: Transfer from Profit & Loss A/c	4,000,000	56,149,239	4,000,000	52,149,239
		147,204,124		143,204,124
Foreign Exchange Translation Reserve		(4,544,015)		(3,202,453)
Surplus				
Opening Balance	358,215,169		336,586,201	
Add. Profit for the year	35,182,076		31,732,246	
	393,397,245		368,318,447	
Less:-				
- Dividend on Equity shares	5,216,700		5,216,700	
- Tax on distributed profit on Equity shares	886,578		886,578	
- Transfer to General Reserve	4,000,000	383,293,967	4,000,000	358,215,169
TOTAL :		525,954,076		498,216,840



Notes forming parts of the Consolidated financials statements for the year ended 31st March, 2014

Particulars	2013-14		2012-13	
	Rs.	Rs.	Rs.	Rs.
NOTE 5 : LONG TERM BORROWINGS				
<u>SECURED</u>				
(A) Deferred Payment Loan				
from HDFC Bank (Refer Note : 10)		78,753		1,466,079
from ICICI Bank (Refer Note : 10)		467,082		—
(excluding current maturity)				
(B) Capital Lease Obligation (Refer Note : 10)		1,358,320		679,821
TOTAL :		1,904,155		2,145,900

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

NOTE 6 : DEFERRED TAX LIABILITIES / (ASSETS) - NET				
Deferred Tax Liabilities on account of				
Diferance between Book & Tax Depreciation		6,483,444		9,022,473
Deferred Tax Assets on Account of				
Employees Benefits & Accrued expenes		(13,613,868)		(11,542,241)
Deferred Tax Liabilities / (Assets)		(7,130,424)		(2,519,768)

NOTE 7 : LONG TERM PROVISIONS				
Leave Salary Provision		2,917,669		2,760,669
Gratuity Provision		18,629,588		—
TOTAL :		21,547,257		2,760,669

NOTE 8 : SHORT TERM BORROWINGS				
<u>SECURED</u>				
Working Capital Loan				
from Bank of Baroda *		53,148,904		71,663,025
Loan from Bank		6,010,000		5,439,000
TOTAL :		59,158,904		77,102,025

* Working Capital Loan from bank 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. The Cash credit limit is repayable on Demand.





Notes forming parts of the Consolidated financials statements for the year ended 31st March, 2014

Particulars	2013-14		2012-13	
	Rs.	Rs.	Rs.	Rs.
NOTE 09 : TRADE PAYABLES				
Trade Payables		197,785,196		178,487,025
TOTAL :		<u>197,785,196</u>		<u>178,487,025</u>

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

* Trade payables includes amount due to Directors of Rs. 383,600/-(Previous year Rs. 383,600/-).

NOTE 10 : OTHER CURRENT LIABILITEIS				
Current maturity of long term borrowings				
Deferred Payment loan from Banks		1,606,016		1,646,071
Current portion of Lease		201,335		277,335
Creditors for Capital Goods		27,457,571		24,828,579
Advance Payment From Customers		12,476,920		3,219,216
Deffered Revenue		–		7,598,990
Unpaid Dividend		2,405,562		2,400,673
T.D.S., T.C.S. Payable		2,023,963		2,143,706
TOTAL :		<u>46,171,367</u>		<u>42,114,570</u>

* Payable on Purchase of Fixed Assets include amount due to H.U.F. of Directors. Rs. 1,57,68,568/- (Previous Year Rs. 1,42,31,561/-).

NOTE 11 : SHORT TERM PROVISIONS				
Proposed Dividend		5,216,700		5,216,700
Provisions for Tax Proposed Dividend		886,578		886,578
Provisions for Income Tax (Net of Advance Tax & T.D.S.)		18,691		754,477
Bonus Provision		17,084,056		15,887,470
Gratuity Provision		9,580,876		31,487,070
Leave Salary Provision		525,834		920,223
TOTAL :		<u>33,312,735</u>		<u>55,152,518</u>



Notes forming parts of the financials statements for the year ended 31st March, 2014

NOTE 12 : Fixed Assets

SR. NO.	ASSETS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		Balance as at 01/04/2013 Rs.	Addition During the year Rs.	Sales/Trans. During the year Rs.	Balance as at 31/03/2014 Rs.	Provided Upto 01/04/2013 Rs.	Provided During the year Rs.	Adjustment on account of Sales Rs.	Total as at 31/03/2014 Rs.	Balance as at 31/03/2014 Rs.	Balance as at 31/03/2013 Rs.
A	Tangible Assets (Own assets)										
1	Freehold Land	71,871	-	-	71,871	-	-	-	-	71,871	71,871
2	Leasehold Land	96,408	-	-	96,408	-	-	-	-	96,408	96,408
3	Factory Building	50,777,454	12,994	-	50,790,448	22717284	1696331	-	24,413,615	26,376,833	28,060,170
4	Plant & Machinery	159,080,231	7,141,769	144,931	166,077,069	111985713	9938399	144930	121,779,182	44,297,887	47,094,518
5	Plant & Machinery (100% Depreciation)	2,774,089	-	-	2,774,089	2774089	-	-	2,774,089	-	-
6	Electric Installation	9,898,106	1,790	-	9,899,896	9862339	35374	-	9,897,713	2,183	35,767
7	Tools Dies & Measuring Instruments	40,220,769	1,355,211	-	41,575,980	35115111	1504484	-	36,619,595	4,956,385	5,105,658
8	Furniture & Fixture	16,674,270	275,893	-	16,950,163	9703814	1025538	-	10,729,352	6,220,811	6,970,456
9	Office & Factory Equipments	8,671,302	269,922	-	8,941,224	3602586	400694	-	4,003,280	4,937,944	5,068,716
10	Vehicles	24,212,245	3,318,678	2,935,976	24,594,947	12102266	2663918	2180375	12,585,809	12,009,138	12,109,979
11	Computers	10,849,690	594,720	-	11,444,410	9382727	945400	-	10,328,127	1,116,283	1,466,963
12	Wind Electric Power Converter	35,307,710	-	-	35,307,710	26772658	3650817	-	30,423,475	4,884,235	8,535,052
	SUB TOTAL (A)	358,634,145	12,970,977	3,080,907	368,524,215	244,018,587	21,860,955	2,325,305	263,554,237	104,969,978	114,615,558
B	INTANGIBLE ASSETS										
1	'aec' TRADE MARK	40,861,000	-	-	40,861,000	14,709,960	612915	-	15,322,875	25,538,125	26,151,040
2	Computer Software	2,242,591	1,050,740	-	3,293,331	1,190,219	436177	-	1,626,396	1,666,935	1,052,372
	SUB TOTAL (B)	43,103,591	1,050,740	-	44,154,331	15,900,179	1,049,092	-	16,949,271	27,205,060	27,203,412
	TOTAL (A + B)	401,737,736	14,021,717	3,080,907	412,678,546	259,918,766	22,910,047	2,325,305	280,503,508	132,175,038	141,818,970
	PREVIOUS YEAR	384,500,199	17,928,927	691,390	401,737,736	238,939,102	21,671,053	691,389	259,918,766	141,818,970	145,561,097

NOTE 13 : NON CURRENT INVESTMENTS (AT COST)

Long Term Investments :

PARTICULARS	2013-14			2012-13		
	No. of Shares	Face Value Rs.	Rs.	No. of Shares	Face Value Rs.	Rs.
(A) UNQUOTED :						
Equity Share (Fully Paid)						
Kowa Spinning Ltd.	60,000	10	1,050,000	60,000	10	1,050,000
(B) QUOTED :						
Equity Share (Fully Paid)						
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
Antifriction Brg. Corpn.	177	10	7,130	177	10	7,130
Asahi Fibres Ltd.	3,000	10	30,000	3,000	10	30,000
Asian Bearings Ltd.	100	10	1,525	100	10	1,525
Bagri Min & Chem Ltd.	2,600	10	26,000	2,600	10	26,000
Bhupendra Cap. & Fin.Ltd.	1,700	10	68,000	1,700	10	68,000
Cosboard Ind. Ltd.	1,400	10	19,600	1,400	10	19,600
Damania Cap. Markets Ltd.	9,300	10	279,000	9,300	10	279,000
Fag Bearings Ltd. Share	100	10	53,650	100	10	53,650





Notes forming parts of the financials statements for the year ended 31st March, 2014

NOTE 13 : NON CURRENT INVESTMENTS (AT COST) (Contd....)

PARTICULARS	2013-14			2012-13		
	No. of Shares	Face Value Rs.	Rs.	No. of Shares	Face Value Rs.	Rs.
Gujarat Meditech Ltd.	900	10	9,000	900	10	9,000
Hindustan Agri Ltd.	700	10	7,000	700	10	7,000
Indo Dutch Protiens Ltd.	700	10	7,000	700	10	7,000
Kongarar Textiles Ltd.	600	10	27,000	600	10	27,000
NHC Food .Ltd.	525	10	15,000	525	10	15,000
NRB Bearings share	100	2	4,593	100	2	4,593
Orissa Luminaries Ltd.	2,000	10	20,000	2,000	10	20,000
Pennar Aqua Exports Ltd.	7,700	10	77,000	7,700	10	77,000
Wintac Limited	700	10	70,000	700	10	70,000
Reliance Industries Ltd. Share	124	10	173,913	124	10	173,913
SKF Bearing Ltd. Share	300	10	104,601	300	10	104,601
Stiefel Und.Schuh (I) Ltd.	400	10	4,000	400	10	4,000
Supriya Pharma Ltd.	500	10	10,000	500	10	10,000
Thambi Modern Spng.Mills	600	10	30,000	600	10	30,000
Timken India Ltd.	50	10	7,144	50	10	7,144
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
Eimco Elecon (I) Limited	100	10	18,446	100	10	18,446
Elecon Engineering Company Limited	100	2	7,218	100	2	7,218
Gujarat State Petronet Ltd.	200	10	19,690	200	10	19,690
Hindalco Industries Limited	200	1	28,820	200	1	28,820
IDFC limited	100	10	10,717	100	10	10,717
Neyveli Lignite Limited	1,200	10	117,342	1,200	10	117,342
Steel Authority of India Limited	200	10	21,786	200	10	21,786
Tata Communication Limited	200	10	39,186	200	10	39,186
Tata Spong	100	10	29,759	100	10	29,759
Tata Steel Limited	100	10	44,491	100	10	44,491
The Shipping Corporation of India Limited	200	10	16,562	200	10	16,562
(C) DEBENTURE :						
Essar Oil Ltd.				4,100	105	430,500
(D) GOVERNMENT SECURITIES :						
National Saving Certificate (Pledged as security to excise dept)			51,000			51,000
TOTAL :			2,628,173			3,058,673
Aggregate Book Value of Investment						
- Unquoted			1,050,000			1,050,000
- Quoted Market Value Rs. 1552111 /-			1,527,173			1,957,673
(Previous year Rs. 1642870/-)						
- Government Securities			51,000			51,000
TOTAL :			2,628,173			3,058,673



Notes forming parts of the financials statements for the year ended 31st March, 2014

Particulars	2013-14		2012-13	
	Rs.	Rs.	Rs.	Rs.
NOTE 14 : LONG TERM LOANS AND ADVANCES				
<u>Unsecured Considered Good</u>				
Advances recoverable in cash or in kind or for value to be received.		1,273,334		2,170,400
Sundry Deposits		3,398,073		4,410,952
Advance Income Tax (Net of Provision for taxation)		7,773		3,090,519
Advances & Deposit to Related Parties		2,100,000		3,600,000
Advances for capital expenditure		988,000		505,000
Other Loans		4,815,000		3,715,000
TOTAL :		12,582,180		17,491,871
NOTE 15 : INVENTORIES				
[Valued as stated in the accounting policies in Note No. 1(iii)]				
Raw materials		52,826,611		55,732,703
Raw materials - Goods-in-transit		6,085,304		1,167,481
Work - in - progress @ (Refer Note below)		195,732,606		206,646,092
Finished goods		118,752,696		115,082,789
Finished goods - Goods-in-transit		42,072,436		23,734,873
Goods on Consignment With Customer		—		5,599,964
Stock -in -trade		8,118,852		9,944,697
Stores and spares		7,304,167		8,244,930
Packing materials		4,062,309		4,501,071
TOTAL :		434,954,981		430,654,600
Note : Details of Inventory of work - in - progress				
a) Steel Bars & Tubes		1,805,359		3,835,721
b) Races		158,639,390		168,606,657
c) Cages		3,226,893		2,886,988
d) S.M. Race & Forged Rings		13,591,845		12,733,630
e) Other materials		18,469,119		18,583,096
TOTAL :		195,732,606		206,646,092
NOTE 16 : TRADE RECEIVABLES				
<u>Unsecured Considered Good</u>				
Trade Receivables outstanding for a period exceeding six months from the date they were due for payment		29,307,065		14,212,004
Other Trade Receivables		235,335,321		212,313,029
TOTAL :		264,642,386		226,525,033

Trade receivable due to partnership firms in which directors relatives are partners Rs. 1,91,687/-
(Previous year Rs. 3,42,191/-).





Notes forming parts of the Consolidated financials statements for the year ended 31st March, 2014

Particulars	2013-14		2012-13	
	Rs.	Rs.	Rs.	Rs.
NOTE 17 : CASH & CASH Equivalents				
Cash on Hand		3,397,023		1,720,968
Balance with Bank				
In Current Account	18,760,944		25,874,137	
In fixed deposit A/c @	9,037,817		8,438,442	
In EEFC Account	—		111,911	
In Unpaid dividend A/c.	2,405,562	30,204,323	2,400,673	36,825,163
TOTAL :		33,601,346		38,546,131
@ Fixed deposits with banks which have an original maturity of more than 12 months				
NOTE 18 : SHORT TERM LOANS AND ADVANCES				
<u>Unsecured Considered Good</u>				
Advances recoverable in cash or in kind or for value to be received.		8,360,136		7,918,071
Advances for expenses		1,962,402		2,612,104
Advances for raw materials		3,104,091		3,015,068
Advances to Employees		4,391,889		4,577,284
Balance with Government authorities				
(a) Central Excise	4,290,292		2,661,887	
(b) VAT Credit Receivable	6,462,023		4,995,760	
(c) Service Tax Credit Receivable	1,899,087	12,651,402	2,153,628	9,811,275
Prepaid Expenses		2,336,561		2,090,336
TOTAL :		32,806,481		30,024,138
NOTE 19 : Other Current assets				
Interest Accrued on Deposit , Bond		90,681		118,363
TOTAL :		90,681		118,363
NOTE 20 : Revenue from Operations				
(A) Sales of Products				
Sales of Manufactured Goods				
a) Bearings	602,864,987		587,390,057	
b) Bearing Components	128,530,428	731,395,415	151,640,339	739,030,396
Sales of Trade Goods		181,994,556		160,247,344
Wind Electric Power Income		8,235,420		7,744,152
(B) Other Operating Revenues				
a) Sales of scrap	5,727,300		6,161,665	
b) Job-work Income	760,044		464,716	
c) Duty Drawback & other export incentives	9,194,945		10,677,026	
		15,682,289		17,303,407
		937,307,680		924,325,299
Less : - Excise duty		34,186,653		35,428,187
TOTAL :		903,121,027		888,897,112



Notes forming parts of the Consolidated financials statements for the year ended 31st March, 2014

Particulars	2013-14		2012-13	
	Rs.	Rs.	Rs.	Rs.
NOTE 21 : OTHER INCOME				
Interest Income		1,738,010		1,359,838
[Tax Deducted at Source Rs. 174,243 (Previous Year Rs. 53,699)]				
Dividend Income		10,988		14,149
From Long Term Investment				
Foreign Exchange Rate Diff. Income		11,007,311		6,484,095
Rent Income		123,500		120,000
Profit on sale of Fixed Assets		843,142		171,452
Miscellaneous income		364,071		300,353
TOTAL :		14,087,022		8,449,887
NOTE 22 : MATERIALS CONSUMED				
Opening Stock		56,900,184		70,632,191
Add: Purchases		268,282,521		219,172,636
		325,182,705		289,804,827
Less: Sales		1,327,218		3,313,533
		323,855,487		286,491,294
Less: Closing Stock		58,911,915		56,900,184
TOTAL :		264,943,572		229,591,110
Materials Consumed Comprises :				
a) Steel Bars & Tubes		72,400,671		71,176,205
b) Races		58,937,611		47,062,871
c) Cages		22,582,604		26,612,770
d) S.M. Race & Forged Rings		61,020,513		39,903,363
e) Other materials		50,002,173		44,835,901
TOTAL :		264,943,572		229,591,110
NOTE 23 : PURCHASE OF TRADED GOODS				
Purchase of Traded goods		145,357,571		134,921,946
TOTAL :		145,357,571		134,921,946
NOTE 24 : CHANGES IN INVENTORIES OF FINISHED GOODS, SEMI-FINISHED GOODS AND STOCK -IN-TRADE .				
Inventories at the end of the year				
Finished goods	160,825,132		138,817,662	
Semi-finished goods	195,732,606		206,646,092	
Stock - in - Trade	8,118,852	364,676,590	9,944,697	355,408,451
Inventories at the beginning of the year				
Goods on Consignment With Customer	5,599,964		-	
Finished goods	138,817,662		114,837,275	
Semi-finished goods	206,646,092		227,373,051	
Stock - in - Trade	9,944,697	361,008,415	3,543,193	345,753,519
Net (increase)/ decrease		(3,668,175)		(9,654,932)





Notes forming parts of the Consolidated financials statements for the year ended 31st March, 2014

Particulars	2013-14		2012-13	
	Rs.	Rs.	Rs.	Rs.
NOTE 25 : Employee Benefit Expenses				
Salary, wages & bonus		140,733,754		143,519,000
Contribution to Provident and other Fund		10,380,108		9,683,255
Staff Welfare expenses		3,629,493		2,731,504
TOTAL :		154,743,355		155,933,759
NOTE 26 : FINANCE COSTS				
Interest expenses on :				
(i) Borrowings From Bank	4,072,267		9,450,966	
(ii) Creditors	2,874,074		2,707,182	
(ii) Others	325,573	7,271,914	12,340	12,170,488
TOTAL :		7,271,914		12,170,488
NOTE 27 : OTHER EXPENSES				
Stores & Spares consumed		35,117,206		61,059,478
Packing materials consumed		17,513,589		17,091,946
Job work charges		102,484,085		98,248,711
Power & Fuel		10,024,043		11,204,290
Rent		498,475		472,714
Repairs and Maintenance - Machinery		1,841,160		1,388,981
Repairs and Maintenance - Building		1,290,283		2,530,788
Repairs and Maintenance - Others		287,309		274,974
Insurance		1,224,992		1,138,555
Excise Duty #		(2,070,970)		1,139,019
Rates and Taxes		852,751		862,308
Communication		801,334		736,050
Travelling Exp.		8,166,701		7,518,884
Legal & Professional Fees		2,923,248		3,648,620
Directors' Sitting Fees		40,000		40,000
Loss on Sale of Assets		55,229		-
Donation		340,000		475,551
Sales commission		17,327,018		18,041,719
Marketing Expenses		7,545,713		9,847,300
Sales promotion		3,030,102		2,491,902
Sales-tax / VAT		13,233,585		12,209,469
Discount		7,128,502		6,967,968
Payment to Auditors @		775,000		1,158,975
Service Tax		274,687		261,301
Other Misc.Expenses		50,134,303		51,577,306
TOTAL :		280,838,345		310,386,809
# Excise Duty shown under expenditure represents the aggregate of excise duty borne by the Company and difference between excise duty on opening and closing stock of finished goods.				
@ Payment to Auditors comprises (net of service tax)				
For Statutory Audit		375,000		783,975
For Taxation Matter		340,000		315,000
For Other Services		60,000		60,000
TOTAL :		775,000		1,158,975





Note 28 : Additional Information to the Financial Statements

1. 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, 2014 for which the Company has given counter guarantees amounting to Rs. 72,09,763/- (Previous year Rs. 1,62,12,061/-).
- [iii] Income Tax demand of Rs. 17,77,970/- (Previous year Rs. 11,45,530/-) raised by the Income Tax department at the time of Assessment. The said demand is disputed by the company. The company has paid Rs. 11,45,530/- (Previous year Rs. 11,45,530/-) against the said demand. Based on the facts, the company has been legally advised that the demand is likely to either deleted or substantially reduced and accordingly no provision has been made.

2. 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 lacs (inclusive of brokerage and applicable taxes total amount Rs.9,869/-. The amount of Rs.24 lacs 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 lacs from free reserves to Capital Redemption Reserve Account, which represents the nominal value of shares bought back during the previous year.

3. RELATED PARTY INFORMATION :

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

(1) Relationship

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

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

(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
- (vi) Shri H. N. Vadgama (SEPT. 12 & OCT. 12)

(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

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

(2) Transaction with Related Parties :

(Amount in Rs.)

Particulars	Related Parties					
	Referred in 1 (a) above		Referred in 1 (b) above		Referred in 1 (c) above	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
INCOME						
(1) Sales of Goods & Mat.	10,582,343	12,728,072	-	-	-	-
(2) Job Work	263,044	359,716	-	-	-	-
EXPENSES						
(1) Purchase of Goods	36,145,217	30,676,646	-	-	-	-
(2) Remuneration	-	-	9,559,984	9,674,839	3,937,775	3,339,774
(3) Jobwork	40,203,024	32,259,794	-	-	-	-
(4) Interest	-	-	-	-	2,485,733	2,256,261
(5) Dividend	-	-	615,000	1,025,000	1,188,287	1,960,920
OUTSTANDING						
Payable	22,236,973	15,498,179	383,600	383,600	22,656,689	20,978,978
Receivable	2,291,687	3,942,191	-	-	-	-





4. DETAILS OF SEGMENT REPORTING :

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

(1) PRIMARY SEGMENT :

(Amount in Rs.)

Particulars	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
	Bearing	Bearing	Power	Power	Total	Total
1. SEGMENT REVENUE	908,816,599	889,602,847	8,391,450	7,744,152	917,208,049	897,346,999
Other Unallocated Revenue	-	-	-	-	-	-
TOTAL	908,816,599	889,602,847	8,391,450	7,744,152	917,208,049	897,346,999
Less : Inter Segment Revenue	-	-	8,235,420	7,744,152	8,235,420	7,744,152
Net Income from Operation	908,816,599	889,602,847	156,030	-	908,972,629	889,602,847
2. SEGMENT RESULTS						
PROFIT/(LOSS) BEFORE TAX & INTEREST	48,373,150	50,566,883	3,710,184	3,930,371	52,083,334	54,497,254
LESS : Interest	-	-	-	-	7,271,914	12,170,488
Other unallocated Expenses	-	-	-	-	-	-
TOTAL PROFIT BEFORE TAX	48,373,150	50,566,883	3,710,184	3,930,371	44,811,420	42,326,766
3. CAPITAL EMPLOYED (SEGMENT ASSETS - SEGMENT LIABILITIES)						
Segment Assets	907,178,477	878,774,490	6,302,789	9,463,289	913,481,266	888,237,779
Add: Common assets	-	-	-	-	7,130,424	2,519,768
TOTAL ASSETS	907,178,477	878,774,490	6,302,789	9,463,289	920,611,690	890,757,547
Segment Liabilities	353,754,406	351,659,429	21,930	-	353,776,336	351,659,429
Add: Common Liabilities	-	-	-	-	6,103,278	6,103,278
TOTAL LIABILITIES	353,754,406	351,659,429	21,930	-	359,879,614	357,762,707
SEGMENT CAPITAL EMPLOYED	553,424,071	527,115,061	6,280,859	9,463,289	560,732,076	532,994,840

(2) GEOGRAPHICAL SEGMENTS :

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

Revenue	2013-14	2012-13
Within India	495,545,958	451,316,166
Overseas	417,844,013	412,533,387
TOTAL :	913,389,971	863,849,553

(b) Assets base on geographical location :

Particulars	Carrying Amount of Segment assets		Addition to Fixed Assets and Intangible Assets	
	2013-14	2012-13	2013-14	2012-13
Within India	787,894,705	768,349,915	6,120,765	16,861,449
Overseas	132,716,985	119,887,864	7,900,952	1,067,478
TOTAL :	920,611,690	888,237,779	14,021,717	17,928,927

5. Previous year figures

The company has regrouped / rearranged previous year figures in veiw of easy comparision with current year figures.

6. Figures rounded off to nearest rupee. All the figures includig previous year figures have been rounded off to nearest rupee.

As per our Report of even date

For **DHIRUBHAI DAND & Co.,**
(Firm Registration No. 118190W)
Chartered Accountants

DHIRUBHAI H. DAND
Proprietor
M. No. 017117

Place : Cairns, Australia
Date : 27th May, 2014

For and on behalf of the Board of Directors

N. C. Vadgama Chairman & Executive Director

R. R. Bambhania Joint Managing Director

J. R. Bhogayta Executive Director

Place : PATLA, Taluka, BHESAN, Dist.. JUNAGADH
Date : 27th May, 2014

FINANCIAL INFORMATION OF SUBSIDIARY COMPANY

(BASED ON AUDITED RESULT)

(Amount in Rs.)

S. N.	NAME OF THE SUBSIDIARY COMPANY	REPORTING CURRENCY	CAPITAL	RESERVES	TOTAL ASSESTS	TOTAL LIABILITIES	INVESTMENT	TURNOVER/ TOTAL REVENUE	PROFIT BEFORE TAXATION	PROFIT AFTER TAXATION	PROPOSED DIVIDEND	COUNTRY
1	ACCURATE ENGINEERING INC. - U.S.A.	INR	3005000	15469319	53895937	53895937	NIL	119640150	1305944	1079552	NIL	U.S.A
		US \$	50000	257393	896771	896771	NIL	1963245	21430	17715	NIL	



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:
Manufacture of Antifiction 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 all future audits is 12-05 (dd.mm).

The certificate is valid from 2011-07-04 until 2014-07-13.

Validity:

2011-07-04

TÜV Rheinland Cert GmbH *)
Am Grauen Stein · 51105 Köln
Deutschland



2-IAO-QMC-01003



Certificate

Standard **ISO 9001:2008**

Certificate Registr. No. **01 100 058896**

TÜV Rheinland Cert GmbH certifies:

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

Scope:
Desing and Manufacture of Antifiction Bearings

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

The certificate is valid from 2012-08-02 until 2015-06-14.
First certification 2009

Validity:

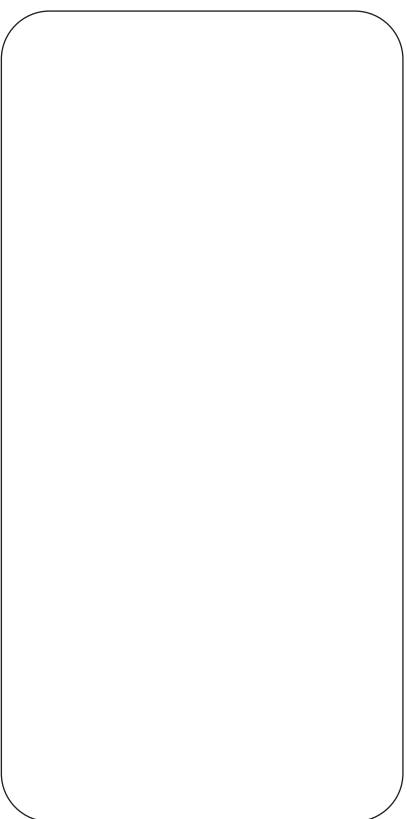
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