



AIA ENGINEERING LTD.

**20TH ANNUAL REPORT
2009-2010**

BOARD OF DIRECTORS

Mr. Rajendra S. Shah	Chairman	- Non-Executive - Independent
Mr. Bhadresh K. Shah	Managing Director	- Executive - Promoter
Mr. Vinod Narain	Independent Director	
Dr. S. R. Ganesh	Independent Director	
Mr. Bhupendra A. Shah	Independent Director	
Mr. Sanjay S. Majmudar	Independent Director	
Dr. S. Srikumar	Non-Independent	- Non Executive Director

COMPANY SECRETARY

Mr. S. N. Jetheliya

STATUTORY AUDITORS

Talati & Talati,
Chartered Accountants,
Ambica Chambers,
Near Old High Court,
Navrangpura,
AHMEDABAD-380 009

REGISTERED OFFICE

115, GVMM Estate,
Odhav Road,
AHMEDABAD – 382 410
Phone No. 079-22901078-81
Fax No. 079-22901077
Website : www.aiaengineering.com

REGISTRAR & TRANSFER AGENT

Link Intime India Pvt. Ltd.,
C/13, Pannalal Silk Mills Compound,
Kantilal Maganlal Ind. Estate,
L.B.S. Marg, Bhandup (West),
MUMBAI – 400 078
Phone No. 022-25960320-28
Fax No. 022-25960329

BANKERS

State Bank of India,
GVMSAV Ltd. Branch,
Odhav Road,
Ahmedabad - 382 410
The Royal Bank of Scotland N.V.,
(Formerly known as ABN Amro Bank N.V.)
Viva Complex, Opp. Parimal Garden,
Ellisbridge, Ahmedabad - 380 006

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NOTE FROM THE MANAGING DIRECTOR'S DESK

Mr. Bhadresh Shah

Dear Shareholders,

As you would have observed from the consolidated performance of the Company for Financial Year 2009-10; I am happy to state that the Company has demonstrated the resilience of the Business Model and has registered a positive growth in metric tones of material sold in Financial Year 2009-10 over Financial Year 2008-09 notwithstanding challenges of recession. This was achieved despite the fact that Europe and North America, which constitute a major part of the Company's markets, continued to face difficult market conditions.

As you are well aware, the Company is operating in a high technology oriented niche engineering segment, involving manufacturing of impact abrasion and wear resistant high chrome mill internal products used by cement, mining and utility industries. The Company services the 'replacement' demand of these industries and the OEM requirements for which new capacities have been added in those industries.

As we all know, Financial Year 2008-09 -particularly the second half of Financial Year 2008-09 witnessed deep recessionary trends in the major global markets. The regions which were particularly worst hit included North America, South America, European Subcontinent as well as Eastern European countries. Since your Company is strongly present in the Cement segment in all these major markets, it witnessed a temporary impact of this slow down in the cement replacement demand from the above markets.

Even on the mining front, since your Company had focused strongly on Iron Ore in Financial Year 2008-09 for its worldwide foray into mining business, significant slow down in the iron ore production world wide resulted into a sizeable de-stocking activity by the major iron ore mines, which affected your Company's plan to ramp up its production for servicing this segment in Financial Year 2008-09.

With a sense of gratification, I am happy to note that, your Company took several initiatives for sustaining the growth momentum in Financial Year 2009-10. For Cement segment your Company has widened its geographical reach by adding 22 new Cement customers and increasing focus on multiple applications. On the mining front your Company has aggressively diversified into minerals like Iron-ore, Copper, Platinum and Gold. Commercial dispatches in the Iron-ore Copper and Platinum segment have already begun. Your Company has started regular supplies to platinum mines in South Africa; Iron ore mines in Brazil; copper mines in Africa; and gold mines in Far East. Your Company is also at an advanced stage of discussions with a few major mines in North America and other parts of the world. Similarly your Company has also started supplies to the Chinese markets. On the domestic marketing front, your Company continues to enjoy a significant share in all the three segments where it operates

Your Company is conscious about the ever increasing need of ensuing Sustainable Development by promoting sound Environment, Health and Safety (EHS) policies. I am

pleased to announce that your Company has adopted a Formal Charter for Sustainable Development, which reproduces as an Annexure to my communication, as a ready reference.

We are confidently moving towards achieving our vision of becoming a global leader in this niche business. I am confident that I will continue to enjoy your support and confidence, as you have wholeheartedly done so in the past.

I gratefully acknowledge the unstinted support of all the Board Members and Senior Managerial Personnel, the Staff Members and Workers and each and every member of the AIA family for their untiring efforts in making the Company what it is today. I cannot forget our customers, vendors and suppliers for reposing strong confidence in us. I also acknowledge the kind co-operation and support of our bankers. Last but not the least, I sincerely once again thank all the stake holders for supporting and encouraging us in our endeavour.



Bhadresh Shah
Managing Director



CHARTER FOR SUSTAINABLE DEVELOPMENT

1. EHS Policy & Sustainable Development

We at AIA Engineering Limited are committed to promote occupational health of our staff and workers and prevent accidents and injuries during the operations.

We believe that continuous improvement in our Health, Safety and Environmental practices and performance shall be the key to the Company's future development and success.

2. Vision and Goal

To encourage our business and our associates to join the international effort to uphold the concept of sustainable development through sound environmental practices.

3. Corporate Policy

To recognize environmental management as among the highest corporate priority and as a key determinant to sustainable development, to establish policies, programs and practices for conducting operations in an environmentally sound manner.

4. Environmental Management

To integrate these policies, programs and practices fully into each business as an essential element of management in all its functions.

5. Process of Improvement

To continue to improve corporate policies, programmes and environmental performance, taking in to account technical developments, scientific understanding, consumer needs and community expectation, with legal requirements as a starting point.

6. Employee Education

To educate, train and motivate employees to conduct their activities in an environmentally responsible and safe manner.

7. Prior Assessment

To assess environmental impacts before starting a new activity and before de-commissioning a facility.

8. Product & Services

To develop product or services that have no undue environmental impact and are safe in their intended use, that are efficient in their consumption of energy and natural resources that can be recycled, reused or disposed of safely.

9. Customer Advise

To advise and where relevant, educate customers, distributors and the public in the safe use, transportation, storage and disposal of products.

10. Facilities and Operations

To develop, design and operate facilities and conduct activities taking into consideration the efficient use of energy and materials, the sustainable use of renewable resources, minimization of adverse environmental impacts and waste generation, responsible and safe disposal of residual waste.

11. Research

To conduct or support research on the environmental impact of raw materials, products, processes, emissions and wastes associated with the enterprise and on the means of minimizing adverse impacts.

12. Precautionary Approach

To modify the manufacturing process, marketing or use of product or services, or the conduct of activities, consistent with scientific and technical understanding to prevent serious or irreversible environmental degradation.

13. Contractor & Suppliers

To promote the adoption of these principals by contractors acting on behalf of the enterprises, encouraging and where appropriate, requiring improvements in their practices to make them consistent with those of the enterprise, to encourage wider adoption of these principals by suppliers.

14. Emergency Preparedness

To develop and maintain, where significant hazard exists, emergency preparedness plan in conjunction with emergency services, relevant authority, local community, recognizing potential transboundary impacts.

15. Transfer of Technology

To contribute to the transfer of technology of environmentally sound technology and management methods through the industrial sector and public sector.

16. Contributing to Common Effort

To contribute to the development of public policy and to business, governmental and intra governmental programs, educational initiatives to enhance environmental awareness and protection.

17. Openness to Concerns

To foster openness and dialog with employees and the public, anticipate and responding to their concern's about the potential hazard and impact of operations, products, waste or services, including those of transboundary or global significance.

18. Compliance and Reporting

To measure environmental performance, to conduct regular environmental audits and assessment of compliance with Company requirements, legal requirements, and these principals, periodically provide appropriate information to the board of directors, share holders, employees, authorities and the public.



NUMBERS SPEAK

Profit & Loss Account (Consolidated)

(Rs. in Lacs)

Particulars	Year ended 31 st March, 2010	Year ended 31 st March, 2009
INCOME :-		
Gross Sales	98680.09	108558.96
Less: Central Excise Duty	3709.95	6229.86
Net Sales	94970.14	102329.10
Other Income	3224.16	2184.34
Increase / (Decrease) in Stock	(764.59)	1522.87
T O T A L	97429.71	106036.31
EXPENDITURE :-		
Trading Purchases	3997.26	2424.14
Raw material & Stores Consumption	39891.22	48576.28
Manufacturing Expenses	12276.69	13867.44
Employees emoluments	4333.23	4105.53
Administrative and Other Expenses	5795.75	5049.38
Selling & Distribution Expenses	5024.04	5157.13
Interest Expenses	139.84	207.26
Depreciation	2270.87	2025.19
T O T A L	73728.90	81412.35
Add:- Excess Provision written back	0.00	309.14
PROFIT BEFORE TAXES	23700.81	24933.10
PROVISION FOR TAXES		
a) Current Tax	6308.78	7039.32
b) Deferred Tax	267.99	419.99
c) Income Tax adjustment of earlier years	13.79	23.86
d) Fringe Benefits Tax	0.00	35.00
TOTAL TAX (a+b+c)	6590.56	7518.17
PROFIT AFTER TAXES	17110.25	17414.93
LESS : MINORITY INTEREST	36.20	69.45
PROFIT AFTER MINORITY INTEREST	17074.05	17345.48

Balance Sheet (Consolidated)

(Rs. in Lacs)

Particulars	As at 31 st March, 2010	As at 31 st March, 2009
SOURCES OF FUNDS		
SHAREHOLDERS' FUNDS :		
(a) Share Capital	1886.41	1879.68
(b) Share Capital Suspense	0.00	6.73
(c) Reserves and Surplus	88322.08	75370.20
	90208.49	77256.61
MINORITY INTEREST	601.98	569.67
LOAN FUNDS :		
(a) Secured Loans	656.65	4246.11
(b) Unsecured Loans	163.48	169.16
	820.13	4415.27
DEFERRED TAX LIABILITIES (NET)	1168.66	995.13
T O T A L	92799.26	83236.68
APPLICATION OF FUNDS		
FIXED ASSETS :		
(a) Gross Block	33491.69	31269.08
(b) Less : Depreciation	10337.37	8108.51
Net Block	23154.32	23160.57
(c) Capital Work in Progress	1119.96	667.94
	24274.28	23828.51
INVESTMENTS	14146.09	4138.09
CURRENT ASSETS, LOANS AND ADVANCES :		
(a) Interest Accrued on Investment	96.29	346.77
(b) Inventories	15318.55	13926.29
(c) Sundry Debtors	21327.96	18468.41
(d) Cash and Bank balances	20930.45	25872.95
(e) Loans and Advances	33494.50	26700.83
	91167.75	85315.25
Less : CURRENT LIABILITIES AND PROVISIONS :		
(a) Current Liabilities	9259.72	7645.31
(b) Provisions	27529.14	22399.86
	36788.86	30045.17
NET CURRENT ASSETS	54378.89	55270.08
T O T A L	92799.26	83236.68

**RATIOS (Consolidated)**

Particulars	Year ended 31 st March, 2010	Year ended 31 st March, 2009
Financial Performance Ratios %		
Operating Profits	27.49	26.25
PAT/Net Sales	18.02	17.02
Interest/Total Income	0.14	0.20
BALANCE SHEET RATIOS (TIMES)		
Debt/Equity Ratio	0.01	0.06
Current Ratio	2.48	2.84
PER SHARE DATA RATIOS (Rs.)		
Earning Per Share (EPS)	18.10	18.39