

31st

Annual Report

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AUSTIN ENGINEERING COMPANY LIMITED

Certificate

Standard **ISO 9001:2008**

Certificate Registr. No. 01 100 058896

TÜV Rheinland Cert GmbH certifies:

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

Scope: Design and Manufacture of Antifriction Bearings

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

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

Hong Kong, 2009-06-15

A. Kirsch

TÜV Rheinland Cert GmbH
Am Grauen Stein 51105 Köln



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CERTIFICATE

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

Austin Engineering Company Limited

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

has established and applied a quality management system for

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

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

ISO/TS 16949:2002

have been fulfilled

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

Certificate Registration No. 01 111 058896

IAF-Certificate No. 0069112

A. Kirsch

Hong Kong, 2009-06-15



AUSTIN ENGINEERING COMPANY LIMITED

31st ANNUAL REPORT 2008-2009

: BOARD OF DIRECTORS :

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

AUDITORS :

DHIRUBHAI DAND & CO.

Chartered Accountants

Gokul Chamber, JUNAGADH - 362 001.

: COST AUDITORS :

S. B. PARIKH & CO.

Cost Accountants, VADODARA.

: BANKERS :

BANK OF BARODA,

Azad Chowk Branch - JUNAGADH - 362 001.

REGISTER & TRANSFER AGENT :

SHAREPRO SERVICES

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

REGISTERED OFFICE & WORKS :

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

: JUNAGADH OFFICE :

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

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

E-mail : info@aecbearings.com



NOTICE

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

ORDINARY BUSINESS :

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

SPECIAL BUSINESS :

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

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

By order of the Board of Directors

N C Vadga
Chairman

Place : Patla, Dist. Junagadh

Date : 23rd June, 2009

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NOTES:

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and on poll to vote instead of himself and the proxy need not be a member of the Company. The proxy must be lodged with the Company not less than 48 hours before the time fixed for holding the meeting.
2. The Register of Members and Share Transfer book of the Company will remain closed from 15th September, 2009 to 22nd September, 2009 (both days inclusive).
3. Dividend on Equity shares, upon its declaration at the meeting shall be paid to the shareholders, whose names appear on the Register of members of the Company on 22nd September, 2009. In case of shares held in dematerialized form, the dividend thereon, upon declaration at the meeting, shall be paid to the beneficial owners as per list provided by the depositories for the said purposes.
4. Shareholders holding shares in electronic form are hereby informed that bank particulars registered against the respective deposit accounts will be used by the Company for payment of the dividend. The company or its Registrar can not act on any request received directly from the shareholders holding shares in electronic form for any change of bank particulars or bank mandates. Such changes 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, Satam Estate, 3rd floor, Above Bank of Baroda, Andheri (East), Mumbai 400 092. Shareholders holding shares in electronic form must send the advice about change in address to their respective Depository Participants and not to the Company.
6. Pursuant to the requirements on Corporate Governance under clause 49 of Listing Agreement entered into with the Stock Exchange, information about the Directors proposed to be appointed/re-appointed is given in the Annexure to the Notice.
7. Members seeking any further information are required to write to the Company at least 7 days before the meeting so as to enable management to keep the information ready at the meeting.
8. Member/Proxies are requested to bring with them duly filled attendance slip for attending the meeting.
9. As an austerity measure, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their copies to the meeting.



AUSTIN ENGINEERING COMPANY LIMITED

ANNEXURE TO THE NOTICE

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

Item No. 7 :

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

The Board of Directors recommends his appointment as Director.

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

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

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

DIRECTORS' REPORT

To,

The Members.

Your Directors have pleasure in presenting the 31st Annual Report with the audited accounts of the Company for the year ended 31st March, 2009

FINANCIAL RESULTS

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



OPERATING RESULTS :

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

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

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

DIVIDEND :

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

FIXED DEPOSITS ;

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

BUY-BACK OF EQUITY OF SHARES :

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

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

DIRECTORS :

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

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

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

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

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

DIRECTORS' RESPONSIBILITY STATEMENT :

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

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

AUDITORS :

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

COST AUDITORS :

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

**PARTICULARS OF EMPLOYEES :**

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

SUBSIDIARY COMPANY :

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

CORPORATE GOVERNANCE REPORT :

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

MANAGEMENT DISCUSSION AND ANALYSIS STATEMENT :

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

INDUSTRIAL RELATIONS :

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

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

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

ACKNOWLEDGMENT :

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

On behalf of the Board of Directors

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

N C VADGAMA
Chairman

ANNEXURE (I)

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

FORM A :**(A) CONSERVATION OF ENERGY :**

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

FORM B :**(A) RESEARCH & DEVELOPMENT :**

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



saving, export promotion and import substitution.

(iii) Future plans of action :

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

(iv) Expenditure on R & D :

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

(B) TECHNOLOGY, ADOPTION & ABSORPTION & INNOVATION :

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

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

Technology imported during last five years : Nil.

(C) FOREIGN EXCHANGE EARNING AND OUTGO :

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

On behalf of the Board of Directors

N C VADGAMA
Chairman

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

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

OVERVIEW OF BEARING INDUSTRIES :

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

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

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

OPPORTUNITIES :

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

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

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

THREATS :

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



AUSTIN ENGINEERING COMPANY LIMITED

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

OUR BUSINESS STRATEGY :

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

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

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

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

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

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

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

Our special bearing range includes -

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

SEGMENTWISE PERFORMANCE :

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

INTERNAL CONTROL SYSTEMS :

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

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

STRENGTH :

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

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

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

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

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

WEAKNESS :

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

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

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

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

Higher inventory holding also lead to increase in direct cost.



OUTLOOK :

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

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

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

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

HUMAN RESOURCES AND INDUSTRIAL RELATIONS :

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

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

CAUTIONARY STATEMENT :

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

REPORT ON CORPORATE GOVERNANCE

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

1. PHILOSOPHY :

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

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

2. BOARD OF DIRECTORS :

(a) Composition of Board :

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

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