



AUSTIN ENGINEERING COMPANY LIMITED

35th Annual Report
2012-2013



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-58-95-50

TÜV Rheinland Cert GmbH
Am Grauen Stein - 51105 Köln

Certificate

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2013-02-04



DGA-ZM-58-95-64

TÜV Rheinland Cert GmbH
Am Grauen Stein - 51105 Köln



AUSTIN ENGINEERING COMPANY LIMITED

35th ANNUAL REPORT

2012-2013

: BOARD OF DIRECTORS :

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

: AUDITORS :

DHIRUBHAI DAND & CO.
Chartered Accountants
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-bearings.com>
E-mail : info@aecbearings.com





NOTICE

NOTICE is hereby given that the **35th Annual General Meeting** of the Company will be held at the Registered Office of the Company at Village: Patla, Taluka: Bhesan, Dist: Junagadh 362 030 on Monday, 23rd September, 2013 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, 2013 and the Directors' and Auditors' Reports thereon.
2. To declare dividend on Equity Shares for the financial year ended 31st March, 2013.
3. To appoint a Director in place of Mr. Bhavesh R. Sureja, who, retires by rotation and being eligible offers himself for re- appointment.
4. To appoint a Director in place of Mr. Krishnakant J. Mehta, who, retires by rotation and being eligible offers himself for re- appointment.
5. To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix their remunerations.

SPECIAL BUSINESS:

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

"RESOLVED THAT in accordance with the provisions of Section 198, 269, 309 and 310 read with schedule XIII and other applicable provisions of the Companies Act, 1956 or any other amendments or re-enactments thereto for the time being in force and subject to the requisite approvals, if any required, the consent of the Company be and is hereby accorded to the re-appointment of Mr. Narottam C. Vadgama as Executive Director of the Company for the period of five years w.e.f 1st August, 2013 upon the terms and conditions including remuneration as are set out in the Explanatory Statement annexed to the Notice convening this meeting with liberty to the Board of Directors (herein after referred to as the "Board" which term shall be deemed to include the Remuneration Committee constituted by the Board to exercise its powers including the powers conferred by this resolution) to alter and vary the terms and conditions of remuneration, subject to the same not exceeding the limits specified under schedule XIII of the Companies Act, 1956 or any statutory modification(s) or any re-enactments thereof, for the time being in force and as agreed by and between the Board of Directors and **Mr. Narottam C. Vadgama.**"

"RESOLVED FURTHER THAT notwithstanding anything to the contrary contained herein and subject to the approval of central government, if necessary and applicable, where in any financial year, during the tenure of Mr. Narottam C. Vadgama as Executive Director, the Company has no profits or its profits are inadequate, he shall be entitled to minimum remuneration by way of salary and perquisites within the ceiling limit prescribed under section II of part II of schedule XIII of the Companies Act, 1956 or any modification or re-enactments thereof."

"RESOLVED FURTHER THAT consent of the Shareholders be and is hereby accorded in terms of section 309(5A) and 309(5B) of the Companies Act, 1956, for waiver of recovery of excess remuneration that may be paid in pursuance of the para above over and above the limits specified under section 198, 269, 309 and other applicable provisions read with the schedule XIII of the "act".

"RESOLVED FURTHER THAT in the event of any statutory amendments or modifications or relaxations by the Central Government to schedule XIII of the Companies Act, 1956, the Board of Directors or Committee thereof be and is hereby authorised to vary and alter the terms of appointment including remuneration payable to **Mr. Narottam C. Vadgama** within such prescribed limit or ceiling as agreed by and between the Company and Mr. Narottam C. Vadgama without any further reference to the Company in the General Meeting."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take all such steps as may be deemed expedient to give effect to this resolution."
7. To consider and, if thought fit to pass, with or without modification/s, the following resolution as **Special Resolution**:

"RESOLVED THAT in accordance with the provisions of Section 198, 269, 309 and 310 read with schedule XIII and other applicable provisions of the Companies Act, 1956 or any other amendments or re-enactments thereto for the time being in force and subject to the requisite approvals, if any required, the consent of the Company be and is hereby accorded to the re-appointment of Mr. Shashikant M. Thanki as Managing Director of the Company for the period of five years w.e.f 1st August, 2013 upon the terms and conditions including remuneration as are set out in the Explanatory Statement annexed to the Notice convening this meeting with liberty to the Board of Directors (herein after referred to as the "Board" which term shall be deemed to include the Remuneration Committee constituted by the Board to exercise its powers including the powers conferred by this resolution) to alter and vary the terms and conditions of remuneration, subject to the same not exceeding the limits specified under schedule XIII of the Companies Act, 1956 or any statutory modification(s) or any re-enactments thereof, for the time being in force and as agreed by and between the Board of Directors and **Mr. Shashikant M. Thanki.**"

"RESOLVED FURTHER THAT notwithstanding anything to the contrary contained herein and subject to the approval of central government, if necessary and applicable, where in any financial year, during the tenure of Mr. Shashikant M. Thanki as Managing Director, the Company has no profits or its profits are inadequate, he shall be entitled to minimum remuneration by way of salary and perquisites within the ceiling limit prescribed under section II of part II of schedule XIII of the Companies Act, 1956 or any modification or re-enactments thereof."

"RESOLVED FURTHER THAT consent of the Shareholders be and is hereby accorded in terms of section 309(5A) and 309(5B) of the Companies Act, 1956, for waiver of recovery of excess remuneration that may be paid in pursuance of the para above over and above the limits specified under section 198, 269, 309 and other applicable provisions read with the schedule XIII of the "act".

"RESOLVED FURTHER THAT in the event of any statutory amendments or modifications or relaxations by the Central Government to schedule XIII of the Companies Act, 1956, the Board of Directors or Committee thereof be and is hereby authorised to vary and alter the terms of appointment including remuneration payable to Mr. Shashikant M. Thanki within such prescribed limit or ceiling as agreed by and between the Company and Mr. Shashikant M. Thanki without any further reference to the Company in the General Meeting."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take all such steps as may be deemed expedient to give effect to this resolution."
8. To consider and, if thought fit to pass, with or without modification/s, the following resolution as **Special Resolution**:

"RESOLVED THAT in accordance with the provisions of Section 198, 269, 309 and 310 read with schedule XIII and other applicable provisions of the Companies Act, 1956 or any other amendments or re-enactments thereto for the time being in force and subject to the requisite approvals, if any required, the consent of the Company be and is hereby accorded to the re-appointment of Mr. Rajan R. Bambhania as Joint Managing Director of the Company for the period of five years w.e.f 1st August, 2013 upon the terms and conditions including remuneration as are set out in the Explanatory Statement annexed to the Notice convening this meeting with liberty to the Board of Directors (herein after referred to as the "Board" which term shall be deemed to include the Remuneration Committee constituted by the Board to exercise its powers including the powers conferred by this resolution) to alter and vary the terms and conditions of remuneration, subject to the same not exceeding the limits specified under schedule XIII of the Companies Act, 1956 or any statutory modification(s) or



any re-enactments thereof, for the time being in force and as agreed by and between the Board of Directors and **Mr. Rajan R. Bambhanian.**"

"RESOLVED FURTHER THAT notwithstanding anything to the contrary contained herein and subject to the approval of central government, if necessary and applicable, where in any financial year, during the tenure of Mr. Rajan R. Bambhanian as Joint Managing Director, the Company has no profits or its profits are inadequate, he shall be entitled to minimum remuneration by way of salary and perquisites within the ceiling limit prescribed under section II of part II of schedule XIII of the Companies Act, 1956 or any modification or re-enactments thereof."

"RESOLVED FURTHER THAT the consent of the Shareholders be and is hereby accorded in terms of section 309(5A) and 309(5B) of the Companies Act, 1956, for waiver of recovery of excess remuneration that may be paid in pursuance of the para above over and above the limits specified under section 198, 269, 309 and other applicable provisions read with the schedule XIII of the "Act".

"RESOLVED FURTHER THAT in the event of any statutory amendments or modifications or relaxations by the Central Government to schedule XIII of the Companies Act, 1956, the Board of Directors or Committee thereof be and is hereby authorised to vary and alter the terms of appointment including remuneration payable to Mr. Rajan R. Bambhanian within such prescribed limit or ceiling as agreed by and between the Company and Mr. Rajan R. Bambhanian without any further reference to the Company in the General Meeting."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take all such steps as may be deemed expedient to give effect to this resolution."

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

"RESOLVED THAT in accordance with the provisions of Section 198, 269, 309 and 310 read with schedule XIII and other applicable provisions of the Companies Act, 1956 or any other amendments or re-enactments thereto for the time being in force and subject to the requisite approvals, if any required, the consent of the Company be and is hereby accorded to the re-appointment of Mr. Jeshanker R. Bhogayta as Executive Director of the Company for the period of five years w.e.f 1st August, 2013 upon the terms and conditions including remuneration as are set out in the Explanatory Statement annexed to the Notice convening this meeting with liberty to the Board of Directors (herein after referred to as the "Board" which term shall be deemed to include the Remuneration Committee constituted by the Board to exercise its powers including the powers conferred by this resolution) to alter and vary the terms and conditions of remuneration, subject to the same not exceeding the limits specified under schedule XIII of the Companies Act, 1956 or any statutory modification(s) or any re-enactments thereof, for the time being in force and as agreed by and between the Board of Directors and **Mr. Jeshanker R. Bhogayta.**"

"RESOLVED FURTHER THAT notwithstanding anything to the contrary contained herein and subject to the approval of central government, if necessary and applicable, where in any financial year, during the tenure of Mr. Jeshanker R. Bhogayta as Executive Director, the Company has no profits or its profits are inadequate, he shall be entitled to minimum remuneration by way of salary and perquisites within the ceiling limit prescribed under section II of part II of schedule XIII of the Companies Act, 1956 or any modification or re-enactments thereof."

"RESOLVED FURTHER THAT consent of the Shareholders be and is hereby accorded in terms of section 309(5A) and 309(5B) of the Companies Act, 1956, for waiver of recovery of excess remuneration that may be paid in pursuance of the para above over and above the limits specified under section 198, 269, 309 and other applicable provisions read with the schedule XIII of the "act".

"RESOLVED FURTHER THAT in the event of any statutory amendments or modifications or relaxations by the Central Government to schedule XIII of the Companies Act, 1956, the Board of Directors or Committee thereof be and is hereby authorised to vary and alter the terms of appointment including remuneration payable to Jeshanker R. Bhogayta within such prescribed limit or ceiling as agreed by and between the Company and Mr. Jeshanker R. Bhogayta without any further reference to the Company in the General Meeting."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take all such steps as may be deemed expedient to give effect to this resolution."

By order of the Board of Directors

Sd/-

N C Vadgama Chairman

Place: Patla, Dist. Junagadh

Date: 30th May, 2013

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 **16th September, 2013 to 23rd September, 2013 (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 **16th September, 2013.** In case of shares held in dematerialized form, the dividend thereon, upon its declaration at the meeting, shall be paid to the beneficial owners as per list provided by the depositories for the said purposes.
4. Shareholders holding shares in electronic form are hereby informed that bank particulars registered against the respective depository accounts will be used by the Company for payment of the dividend. The company or its Registrar can not act on any request received directly from the shareholders, holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participants of the shareholders.
5. Shareholders holding shares in physical form are requested to advise any change of address immediately to the Company's Registrar and Share transfer agents, M/s Sharepro services, 13-AB, Samhita Warehousing Complex, 2nd Floor, Near Sakinaka Telephone Exchange, Andheri-Kurla Road, Sakinaka, Andheri (East), MUMBAI 400 072.
6. Pursuant to the requirements on Corporate Governance under Clause 49 of Listing Agreement entered into with the Stock Exchange, the information about the Directors proposed to be appointed/ re-appointed is given in the Annexure to the Notice.
7. **"AECL"** is concerned about the environment and encourages the utilization of the natural resources in a sustainable manner. The Ministry of Corporate Affairs (MCA.) Government of India, through its Circular Nos. 17/2011 and 18/2011 dated April, 21, 2011 and April 29, 2011 respectively, has allowed Companies to send official documents to their shareholders electronically as part of its Green Initiatives in Corporate Governance.





Recognizing the spirit of the Circular issued by the MCA, “**AECL**” henceforth proposes to send documents like the Notice convening the General Meetings, Financial Statements, Directors’ Report, Auditor’s Report, etc. on the email address provided by the members to their Depositories/ Depository Participants (DP). The same shall also make available at Company’s website **www.aec-bearings.com** Members are requested to update their email address with the Depository Participants to ensure that the Annual Report and other documents reach them on their preferred email address.

Members holding shares in physical mode may also send the request to the Company or its Registrar by letter or by email at **austin@shareproservices.com** to receive the soft copy of the Annual Report by email instead of hard copy.

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 share in physical form can submit their PAN details to the Company or their Registrar and Transfer Agents.
9. Relevant documents referred to in the accompanying notice are open for inspection at the registered office of the Company on all working days, except Fridays and Sundays, between 11.00 a.m. to 1.00 p.m. up to the date of the meeting.
10. Members seeking any further information are required to write to the Company at least 7 days before the meeting so as to enable the management to keep the information ready at the meeting.
11. Members/Proxies are requested to bring their copy of the Annual Report to the Meeting along with duly filled in Attendance Slips for attending the meeting.
12. Members holding shares in single name and in physical mode are advised to make nomination in respect of their shareholdings in the Company. The said nomination form can be downloaded from the Company’s website **www.aec-bearings.com**

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

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

By order of the Board of Directors

Sd/-

N C Vadgama Chairman

Place: Patla, Dist. Junagadh

Date: 30th May, 2013

ANNEXURE TO THE NOTICE

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

Item No. 6, 7, 8 & 9 :

The members of the Company at its 30th Annual General Meeting held on Monday, 22nd September, 2008 re-appointed Mr. Narottam C. Vadgama, Mr. Shashikant M. Thanki, Mr. J. R Bhogayta and Mr. R. R Bambhania as Whole time directors in capacity of Executive Directors, Managing Directors and Joint Managing Directors for a period of five years expiring on 31st July, 2013.

The Board of Directors of the Company on recommendation of Remuneration of Committee at its meeting held on 30th May, 2013 re-appointed Mr. Narottam C. Vadgama, Mr. Shashikant M. Thanki, Mr. J. R Bhogayta and Mr. R. R Bambhania as Whole time directors in capacity of Executive directors, Managing Directors and Joint Managing Directors for further period of five years w.e.f. 1st August, 2013 on the terms and conditions mentioned hereunder:

- 1) Tenure of Appointment: 5 years w.e.f. 1st August, 2013
- 2) Salary: Rs. 1,00,000/- in the scale of Rs. 100000–5000–125000
- 3) In addition to the above Salary, they will be entitled to any benefits, allowances, or perquisites as may be determined by the Board of Directors or Remuneration Committee within the overall ceiling limit of schedule XIII of the Companies Act, 1956.
- 4) The total remuneration which can be paid to them shall not exceed the maximum limit permissible under the provision of schedule XIII of the Companies Act, 1956.
- 5) In the event of absence or inadequacy of profits of the Company in any financial year, they will be entitled to receive the same remuneration, perquisites and benefits as aforesaid subject to the compliance with the applicable provisions of the schedule XIII of the Companies Act, 1956.
- 6) The Board of Directors or Remuneration committee is authorised to fix, alter and/or vary from time to time the quantum/ periodically/ composition of the remuneration payable to them including the mode of payment, in such a manner and to such extent not exceeding the limits specified in the Companies act, 1956 and Schedule XIII thereto or such other provisions as may be applicable in this regard, as in force from time to time
- 7) All above Whole time Directors shall not be paid any sitting fees for attending the meeting of the Board of Directors or Committee thereof. None of the directors except Mr. Narottam C. Vadgama, Mr. Shashikant M. Thanki, Mr. J. R Bhogayta and Mr. R. R Bambhania, may be deemed to be concerned or interested in the said resolution.

The above statement may be treated as an abstract of the terms and memorandum of interest under Section 302 of the Companies Act, 1956.

The Board of Director of the Company recommends the said resolution for your approval.



DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting the 35th Annual Report together with the Audited accounts for the year ended 31st March, 2013.

FINANCIAL RESULTS

(Rs. In Lacs)

	Year ended 31 st March, 2013	Year ended 31 st March, 2012
Gross profit before Interest Depreciation and Tax	704.14	1227.25
Less: Interest and Depreciation	328.01	309.70
Profit before Tax	376.13	917.55
Less: Provision for Taxation	121.45	300.00
Deferred Tax Assets	(15.59)	(19.21)
Profit after Tax	270.27	636.76
Add: Balance brought forward from last year	3266.01	2830.30
Profit available for appropriations	3536.28	3467.06
Appropriations:		
- Proposed Dividend	52.17	86.95
- Provision for Tax on Proposed Dividend	8.86	14.10
- Transfer to General Reserve	40.00	100.00
Balance carried forwarded to next year	3435.25	3266.01

OPERATING RESULTS :

The performance of the company during the year remains fair looking to the economic situation as a whole. The sales of the Company have decreased both in domestic and export segment. The sales during the year were Rs. 8727 Lacs as against Rs. 10214 Lacs in the previous year. The sales thus registered a decrease of 14.56% as compared to the last year.

The net profit of the Company has also decreased to Rs. 270 Lacs as against Rs. 637 Lacs in the last year registering diminution of 57.61% as compared to the last year. This was mainly due to decline in the turnover of the Company. The Company has also earned revenue to the tune of 77 Lacs as against 72 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, 2013. (Previous Year **Rs. 2.50**) 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, 2013.

DIRECTORS :

Mr. Bhavesh R. Sureja and Mr. Krishnakant J. Mehta, Directors, retire by rotation at the ensuing Annual General Meeting and being eligible offers themselves for re- appointment.

DIRECTORS' RESPONSIBILITY STATEMENT :

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

- In the preparation of the annual accounts, the applicable accounting standards have been followed.
- Appropriate accounting policies have been selected and applied prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2013 and of the profit of the company for the year under review.
- Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- The annual accounts have been prepared on a going concern basis.

AUDITORS :

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

COST AUDIT :

As per the Government directives, the company's cost record in respect of Bearings for the financial year ended on 31st March, 2012 were being audited by **Ms. Ila Patel, Cost Auditor** who were appointed by the Board pursuant to the provisions of section 233B of the Companies Act, 1956 with necessary approval from the Central Government.





Mr. Kiran J Mehta, Ahmedabad, Cost Accountant has been appointed as cost Auditor of the Company vide Board resolution dated 25th July 2012 for the financial year 31st March, 2013. Necessary application is 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.

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/-
N C Vadgama
Chairman

Place: Patla, Dist. Junagadh
Date: 30th May, 2013



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, 2013.

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

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

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

- (i) Specific areas in which R & D is carried out by the Company:
The R & D efforts of the Company are directed towards quality assurance, improvement/up gradation of existing product lines, minimizing dependence on scarce and imported raw materials, development of new products and subjecting them to stringent endurance tests.
- (ii) Benefits derived as a result of the above R & D:
The benefits are improvement in the quality of the existing range of products, cost reduction, development of new products, energy saving, export promotion and import substitution.
- (iii) Future plans of action:
R & D efforts are being planned as a continuous exercise to improve quality, reduce costs and try for import substitution as far as possible.
- (iv) Expenditure on R & D:
Expenditure on R & D is not quantifiable at present since it is a continuous exercise, forming part of our Technical Department.

(B) TECHNOLOGY, ADOPTION & ABSORPTION & INNOVATION:

The Company is making continuous efforts towards modernization and technology up-gradation and innovations.
Quality of earnings has improved substantially & is well accepted by OEM as import substitute.
Technology imported during last five years: Nil.

(C) FOREIGN EXCHANGE EARNING AND OUTGO:

		(Rs. in Lacs)	
S.No.	FOREIGN EXCHANGE EARNINGS:	2012-2013	2011-2012
1	Exports of goods on FOB basis	3859.53	4637.19
	Total Foreign Exchange Earned	3859.53	4637.19
	FOREIGN EXCHANGE OUTGO:		
1	Import of CIF value of Raw Materials, Capital goods & Spares.	0.74	93.62
2	Traveling	13.34	7.80
3	Sales Commission	3.24	2.86
4	Foreign Marketing & Sales Promotion Expenses	0.00	1.40
5	Dividend	2.00	2.00
7	Professional Charges	5.61	0.00
8	Seminar and Subscription	1.64	0.47
	Total Foreign Exchange Used	26.57	108.15

On behalf of the Board of Directors

Place: Patla, Dist. Junagadh
Date: 30th May, 2013

Sd/-
N. C. Vadgama
Chairman





MANAGEMENT DISCUSSION AND ANALYSIS REPORT

OVERVIEW OF BEARING INDUSTRY:

Indian economy grew smartly at 8.6% in 2008-09 and 8.9% in 2010-11. However rising consumption coupled with supply constrains led to near double digit inflation in 2010-11. This forced the RBI to stringent monetary policy throughout 2012. High interest cost, tight liquidity situation accompanied by weak sentiments led to reduce consumption and investment. The growth forecast continuously revised downwardly from the first estimate of 7.5% GDP growth during financial year 2012-13. The GDP growth decelerated from 5.5% in quarter first of 2012-13 to 5.3% in quarter two of 2012-13 and it falls near to 5%, the lowest since decade.

On the whole the financial year remained a year of economic uncertainty and weak sentiments. The Government measure tries to stabilize economy and revive sentiments in right direction and it seems that this will have a positive effect in medium to long term.

The demand development in year 2012-13 almost remains stagnant like in the year 2011-12. The said demand is estimated in range of 80-85 billions. Import comprises about 40% of bearing demand in India. Over the last few years, import from China has significantly increased.

Rolling bearings are mainly used in automotive and industrial sectors which constitute approximately 35% of the total bearing demand. The automotive growth slowed down in year 2012-13 as compared to the previous year. Rising interest rates and fluctuating fuel prices coupled with negative global and local economic sentiments have been the main reasons for the slowdown.

Despite the current subdued mood in automobile sector, medium and long term prospects of the automobile industry remain positive.

Index of industrial production showed negative development almost throughout the year. The production of capital goods such as machineries and equipments, electrical machinery etc contracted due to slow down in investment, decline in new projects and increasing global competition.

In the infrastructure industries, production of coal, natural gas and fertilizers were below the expectation. The large numbers of public and private projects have been delayed due to issues related to regulatory authorities.

STRENGTH:

The Directors are well experienced and technically qualified with well succession plan. The Company is in this line of business for more than 34 years and enjoys its brand name in the market. The Company has wide market network with established customer base. The Company is able to obtain skilled workmen at comparatively lower cost. The Company is profit making one and self performance is improving year after year.

OPPORTUNITIES:

Over the last few months Indian government has taken several measures to stabilize the economy by reducing current deficit. It has also induced various regulatory authorities to improve investment sentiments. This stability measure will ensure that economic growth will slowly improve. We expect 2014 better than 2013.

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 labor 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.

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.

