AUSTIN ENGINEERING COMPANY LTD.

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Contact Person: Bakul S. Raja, Compliance Officer & Mr. Kiran H Shah, Executive Officer Secretarial

PUBLIC ANNOUNCEMENT FOR THE ATTENTION OF THE EQUITY SHAREHOLDERS/ BENEFICIAL OWNERS OF THE EQUITY SHARES OF THE AUSTIN ENGINEERING COMPANY LIMITED

OFFER FOR BUY-BACK OF EQUITY SHARES FROM OPEN MARKET THROUGH STOCK EXCHANGES

This Public Announcement ("PA") dated January 19, 2009 is made pursuant to the provisions of Regulations 8(1) read with 15(c) of the Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 1998 for the time being in force including any statutory modifications and amendments from time to time ("Buy-Back Regulations") and contains the disclosures as specified in Schedule II to the Buy-Back Regulations.

1. DETAILS OF BUY-BACK OFFER AND OFFER PRICE.

1.1. Pursuant to the approval of Board of Directors of Austin Engineering Company Limited ("AUSTIN" or the "Company") at their meeting held on 8th January, 2009 (the "Board Meeting") for Buy-Back of its own fully paid up equity shares of Rs. 10/- each (hereinafter referred to as the "Buy-Back"), the company hereby announces the Buy-Back of its fully paid-up equity shares of the face value of Rs. 10/- each ("Equity Shares") from the existing owners of Equity Shares other than the Promoters, Persons who are in control of the Company and Promoter Group at a price not exceeding Rs. 65/- per Equity Share (the "Maximum Offer Price") payable in cash, for an aggregate amount not exceeding Rs. 2,92,50,000/- ("Buy-Back Size"). The Buy-Back Size represents 9.80% of the aggregate paid-up Equity Capital and Free Reserves of the Company as on March 31, 2008 (the date of the latest audited accounts) which is within the maximum permissible limit of 10% of the paid-up equity capital and free reserves. The aggregate paid up capital and free reserves of the Company as at March 31, 2008 is Rs. 29.85 Crores.

1.2. The Buy-Back will be implemented by the Company through the methodology of **"Open Market Purchase Through Stock Exchanges"** using the electronic trading facilities of the Bombay Stock Exchange Limited ("BSE") hereinafter referred as the "Stock Exchange") in accordance with the provisions of Sections 77A, 77AA, 77B and other applicable provisions of the Companies Act, 1956 (the "Act") read with Article 25 A of the Articles of Association of the Company and the Buy-Back Regulations, subject to approval/s as may be necessary, from time to time from statutory authorities including but not limited to Securities and Exchange Board of India, Stock Exchanges, Reserve Bank of India, etc. as required, and further subject to such conditions as may be prescribed while granting such approval/s which may be agreed to by the Board of Directors hereinafter referred to as "the Board" (which term shall include any committee constituted specifically for the Buy-Back hereafter referred to as "Buy-Back Committee").

1.3. The Maximum Offer Price has been arrived at after considering factors such as the trends in the market price of the Equity Shares during the last 6 months prior to the date of the Board Meeting, the book value, earnings trend in the recent past, the future outlook for the industry/Company and other relevant factors.
The Maximum Offer Price of Rs. 65/- represents a premium of 8.33% over the closing prices of Equity Shares on the BSE prevailing on 7th January, 2009 being the last trading day prior to the date of the Board Meeting held on 8th January, 2009 approving the Buy-Back. The closing price of Equity Shares of the Company as on 7th January, 2009 on BSE was Rs. 60/-.

1.4 The Company hereby proposes to buy back a minimum of 50,000 Equity Shares (herein after referred as "Minimum Offer Shares") during the offer period. The actual number of Equity Shares bought back would depend upon the average price paid for the Equity Shares bought back and amount deployed in the Buyback in accordance with the resolution passed by the Board of Directors of the company as on 8th January, 2009, subject to the maximum limit of 9.80% of the total paid up Equity Share Capital and Free Reserves of the Company. The maximum limit envisaged in the foregoing is further subject to a limit of 25% of the total paid-up Equity Share capital and Free Reserves of the Company in a financial year as stipulated under section 77A of the Act. As an illustration, at the proposed Maximum Offer Price of Rs. 65/- per Equity Share and for an aggregate consideration amount of Rs. 2,92,50,000/-, the No. of Equity Shares that can be bought back would be 4,50,000 Equity Shares, amounting to approximately 9.80% of the paid up equity capital and free reserves of the Company as on March 31, 2008. Should the average purchase price be lower than Rs.65/- per Equity Share, the number of Equity shares bought back would be greater which would however be subject to the conditions for continuous listing prescribed in terms of Clause 40 A of the listing agreement and within the aggregate consideration amount of Rs.2,92,50,000/- as approved by the Board for Buy Back.

1.5 As required under the Act and the Buy-Back Regulations, the Company shall not purchase Equity Shares which are non transferable, in the Buy-Back till the Equity Shares become transferable. There will be no negotiated deals (whether on or off Stock Exchanges), spot transactions or any other private arrangements in implementation of the Buy-Back. As on date the Company does not have any partly paid-up shares. There are 4,73,700 shares representing 13.42% of the paid up equity capital are under lock- in upto June 13, 2009.

1.6 The funds for the Buy-Back will be available from the current surplus and/or Free Reserves and/or cash balances and/or internal accruals of the Company. Though the Company does not propose raising debt for affecting the Buy-Back, it may continue to borrow funds in the ordinary course of its business.

2. PROPOSED TIME TABLE

Date of Board Meeting Approving the Buy Back	8th January, 2009
Date of Public notice in compliance with regulation 5A of the Buy Back Regulations	9th January, 2009
Date of opening of the Buy Back	27th January, 2009
Acceptance of Equity Shares	Within the relevant payout dates of the Stock Exchanges
Verification of acceptance of Equity Shares in the physical Mode	Within 15 days of the relevant payout date
Extinguishment of Equity Shares	Within 15 days of acceptance of Equity Shares. Further, all the Equity Shares bought back will be extinguished within 7 days of the last date of completion of Buy-back.
Last Date for the Buy-Back	7th January, 2010 (i.e. 12 months from the date of the Board Resolution). However, the Board in its absolute discretion may decide to close the Buy-Back at an earlier date in the event the Minimum Offer Shares have been purchased under the Buy-Back, even if the Maximum Offer Size has not been reached or the Maximum Offer Shares have not been bought back, by giving appropriate notice of such date and completing all formalities in this regard as per relevant laws and regulations. There would be a completion of all payment obligations in respect of the buyback prior to the last date of buyback.

3. AUTHORITY FOR THE OFFER OF BUY-BACK

3.1. Pursuant to the provisions of the Sections 77A, 77AA, 77B and other applicable provisions of the Act read with Article 25 A of Articles of Association of the Company and the Buy-Back Regulations, the Board at their meeting held on 8th January 2009 approved the Buy-Back of Equity Shares from the Open market through Stock Exchanges up to the Buy-Back Size and subject to the Minimum Offer Shares, at a price not exceeding the Maximum Offer Price, subject to approval(s) as may be necessary from time to time from statutory authorities, including but not limited to, the SEBI, Stock Exchanges, Reserve Bank of India, etc.

4. BRIEF INFORMATION ABOUT THE COMPANY

Austin Engineering Company Limited was originally incorporated as a private limited company on 27th July, 1978 under the Companies Act, 1956 in the name Austin Engineering Company Private Limited with ROC, Gujarat. Subsequently the company was converted into public limited company and consequently the word private was deleted from the name of the Company and it was changed to Austin Engineering Company Limited on 14th day of November 1985.

The Registered Office of the company is situated at Village Patla, Taluka Bhesan, Junagadh - 362 030, Gujarat. The Company is engaged in manufacturing and marketing of Bearings. The company is a leading manufacturer 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 different categories of buyers like automobiles, Defence, State Road Transport Corporation, Steel Plants, Thermal Plants, Cement Plants, Sugar and Paper Industry, Fan and Pump Industry and material handling equipments. The Company has setup 100% subsidiary in USA namely Accurate Engineering INC., USA which also act as marketing front end.

5. AUDITED FINANCIAL INFORMATION OF THE COMPANY

Brief financial information of the Company for the last Three Financial Years 2008, 2007, 2006 (based on the audited financial statements), are as follows: **(Rs. In Lacs) (except ratios)**

Particulars	FY 08	FY 07	FY 06
Sales and other receipts	7299.50	6486.29	5402.19
Other Income	152.52	139.58	111.54
Net Profit After Tax	650.61	535.21	320.31
Equity Share Capital	353.10	353.10	327.50
Free Reserves	2632.34	2236.44	1540.65
Total Long Term Debt	358.29	349.35	338.66
Net Worth	2985.44	2589.54	1868.15

Key Ratios	FY 08	FY 07	FY 06
Earnings Per Share (EPS) Rs.	18.43	15.44	9.78
Book Value Per Share (BV) Rs.	84.55	73.34	57.04
Long Term Debt Equity Ratio	0.12	0.135	0.18
Return on Net Worth (%)	21.79	20.67	17.15

These ratios have been calculated as per the following formulas:

Key Ratios	Formula
Net Worth	Equity Share Capital + Free Reserves excluding Revaluation Reserves
Earnings Per Share	Net profit After Tax/ Number of Equity Shares
Book Value per Share	Net Worth/ Number of Equity Shares
Long Term Debt - Equity Ratio	Debt/ Equity (Equity Share Capital + Reserves)
Return on Net Worth (%)	Net Profit After Tax/ Net Worth

Following are the Unaudited Financials of the Company for six months period ended on September, 2008 subjected to Limited Review by the Statutory Auditors, and disclosed in accordance with Clause 41 of the listing agreement:
(Rs. in Lacs except EPS data and Face Value of Equity Shares)

Particulars	Amount
Net Sales and other receipts/ Income from operations	4318.00
Other Income	159.87
TOTAL INCOME	4477.87
Increase/ Decrease in stock in trade and work in progress	(173.95)
Consumption of Raw Materials & Packing Materials	1491.85
Purchase of Traded Goods	444.46
Employee Cost	377.13
Depreciation	76.79
R & D Expenses	0.00
Other Expenditure	1401.13
TOTAL EXPENDITURE	3617.41
Interest (Net)	101.69
PROFIT BEFORE TAX	758.77
Tax Expense (including deferred tax and fringe benefit tax)	263.92
NET PROFIT AFTER TAX	494.85
Face Value (in Rs.)	10
Paid up Equity Share Capital	353.10
Earnings Per Share (EPS) (in Rs.) (Not Annualised)	14.01

6. PRESENT CAPITAL STRUCTURE AND SHAREHOLDING PATTERN:

a. The present share capital of the Company as on the date of this PA is as follows:

Authorised	Amount in Rs.
40,00,000 Equity Shares of Rs.10/- each	4,00,00,000
Issued, Subscribed :	
35,31,000 Equity Shares of Rs.10/- each	3,53,10,000
Paid up :	
35,31,000 Equity Shares of Rs.10/- each	3,53,10,000
TOTAL	3,53,10,000

Note: There are no partly paid up Equity Shares or outstanding instruments convertible into Equity Shares as on the date of PA.

b. The Shareholding pattern of the Company as on 8th January, 2008 and post the buy Back is as shown below:

Sr. No.	Category of the Shareholder	Outstanding No. of Shares Pre Buyback offer	Pre Buy Back % holding (%)	Outstanding No. of Shares Post Buy Back Offer*	Post Buy Back % Holding (%)
A	Promoter & Promoter Group Shareholding				
1.	Promoter & Promoter Group	1205125	34.13	1205125	39.11
	Total (A)	1205125	34.13	1205125	39.11
B.	Public Shareholding			1875875	60.89
2.	Mutual Fund	3600	0.10		
3.	Financial Institutions/ Banks	3400	0.10		
4	Insurance Companies	0	0		
5	FIIs	0	0		
6	Bodies Corporate	299355	8.477		
7	Individual Shareholders	1882437	53.311		
8	Others.	137083	3.882		
	Total (B)	2325875	65.87	1875875	60.89
	Total (A+B)	3531000	100	3081000	100

* For the purpose of calculating Post Buy Back Shareholding pattern, it is assumed that the Company buys back 4,50,000 Equity Shares at the maximum price of Rs. 65/- per Equity Share. Please note that the Shareholding pattern post Buy Back may differ depending upon the actual no. of Equity Shares bought back under the Buy Back.

c. The aggregate shareholding of the Promoters, Persons who are in control of the Company and Promoter Group, as on date of this PA is 12,05,125 Equity Shares, constituting 34.13% of the paid-up share capital of the Company, details of which is as under:

Sr. No.	Particulars	No. of Shares	(%)
1.	Individuals/ HUF	1129825	32.00
2.	Bodies Corporate	75300	2.13
3.	Non- Resident Individual	0	0
	TOTAL	1205125	34.13

The Promoters and the directors of a promoter where the promoter is a company, have neither purchased nor sold any shares during the period of twelve months preceding the date of public announcement, except the shares purchased/ sold as mentioned below:

Category	Aggregate Quantity	Max. Price(Rs)	Date of Max. Price	Min. Price	Date of Min. Price
Purchases					
Promoter's Group	41877	118.89	21/01/2008	48.87	31/10/2008
Sales					
Promoter's Group	19576	100.50	16/04/2008	84.48	01/04/2008

d. As per the provisions of the Act and the Buy Back Regulations, the Company shall not issue fresh equity shares during the Buy Back Period, whether by way of Bonus issue or in the discharge of the Subsisting obligations such as conversion of convertible instruments, or otherwise. Further except as provided in the buy back Regulations and the Act, the Company shall not issue fresh equity shares of the same kind within a period of six month from the completion of Buy back, except by way of Bonus Issue or in the discharge of the subsisting obligations such as stock option schemes, sweat equity shares or conversion of debentures in to equity shares.

e. As per Regulations 15(b) of the Buy Back Regulations, Promoters, Persons who are in control of the Company and promoter Group are not eligible to participate in the Buy Back. As per Regulation 19 (1) (e) of Buy Back Regulations, the Promoters, Person in control and Promoter Group of the Company shall not deal in the Equity Shares of the Company on the Stock Exchanges during the period for which the Buy Back offer is open.

7. BELOW ARE THE CONTENTS OF THE PUBLIC NOTICE DATED 9th JANUARY, 2009 AS REQUIRED UNDER PARA 5 OF SCHEDULE II OF THE BUY BACK REGULATIONS.

Public Notice in compliance with Regulation 5A read with Schedule I of Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998, as amended ("Notice")

1. Board of Directors of Austin Engineering Company Limited (the "Company" or "AUSTIN") at its meeting held on 8th January, 2009 has approved the proposal for Buy-back of its fully paid-up equity shares of the face value Rs. 10/- each (" Equity Shares") from the existing owners of Equity Shares (the "Buy-back") from the open market using the Electronic Trading Facilities of the Bombay Stock Exchange Limited ("BSE") in accordance with the provisions as contained in Article 25 A of the Articles of Association of the Company, Sections 77A, 77AA and 77B of the Companies Act, 1956 (the "Act") and the Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998 (the "Buy-Back Regulations") at a price not exceeding Rs. 65/- per Equity Share ("Maximum Offer Price") payable in cash, for an aggregate amount not exceeding Rs. 2,92,50,000/- ("Offer Size") and acquisition of minimum 50,000 Equity Shares ("Minimum Number of Shares"). The Offer Size represents 9.80% of the aggregate of the Company's total paid-up equity capital and free reserves as on March 31, 2008 (the date of the latest standalone audited accounts). The above offer is subject to approval of Securities and Exchange Board of India and other regulatory authorities, as may be applicable, to the proposed offer.
2. The actual number of Equity Shares bought back would depend upon the average price paid for the Equity Shares bought back and the amount deployed in the Buyback in accordance with the resolution passed by the Board of Directors of the company as on 8th January, 2009, subject to the maximum limit of 10% of the total paid up share capital and free reserves of the Company. This is subject to a further limit of 25% of the total paid-up Equity Share capital and free reserves of the Company in a financial year as stipulated in the Act. As an illustration, at the proposed Maximum Offer Price of Rs. 65/- per Equity Share and for an aggregate consideration amount of Rs. 2,92,50,000, the number of Equity Shares that can be bought back would be 4,50,000 Equity Shares, amounting to approximately 9.80% of the aggregate paid up equity capital and free reserves of the Company as on March 31, 2008. Should the average purchase price be lower than Rs. 65/- per Equity Share, the number of Equity Shares bought back would be greater, assuming the payment of an aggregate consideration amount of Rs. 2, 92,50,000/-.
3. The Buyback is being proposed in keeping with the Company's desire to enhance overall shareholders value. The Buy-back would lead to (a) reduction in outstanding number of Equity Shares, and consequent increase in earnings per Equity Share over a period of time; (b) effectively utilize surplus cash available with the Company and (c) improvement in Return on Net Worth.
4. The maximum amount required to be invested by the Company for the Buy-back of the Equity Shares will be Rs. 2,92,50,000/- being in terms of the proviso to Section 77A (2) (b) of the Companies Act, 1956. The amount required by the Company for the said Buyback will be met out of current surplus and/or Free Reserves and/or cash balances and/or internal accruals of the Company.
5. As the Buy-Back is funded through funds available with the Company, there will not be any cost of financing the Buy-Back other than the cost of implementation of the Buy-Back.
6. The basis of determining the Maximum Offer Price has been arrived at after taking into consideration factors such as trends in the market price of the Equity Share during the last 6 months prior to the date of the Board Meeting, the book value of the Equity Share, price earnings ratio and impact on other financial parameters and possible impact of the Buyback on the Company's earnings per Equity Share. The Buy-back of Equity Shares will be made at a maximum price of Rs. 65/- per share which represents a premium of 8.33% to the closing price on BSE, being the last trading date prior to the date of the Board meeting i.e. 7th January, 2009. The closing price of the Equity Shares of the Company as on 7th January, 2009 on BSE was Rs. 60.
7. The aggregate shareholding of the promoters, / persons who are in control of the Company, the Directors of the Promoters, where the Promoter is a Company, Persons acting in concert and Promoter Group as on date is 12,05,125 Equity Shares constituting 34.13% of fully paid up equity capital.
The Promoters and the directors of a promoter, where the promoter is a company, have neither purchased nor sold any shares during the period of six months preceding January 8, 2009 being the date of meeting of the Board of Director at which the buy back was approved, except as below:

Category	Aggregate Quantity	Max. Price(Rs)	Date of Max. Price	Min. Price	Date of Min. Price
Purchases					
Promoter's Group	13500	68.29	15/09/2008	48.87	31/10/2008
Sales					
Promoter's Group	--	-	-	-	-

8. The fact that the Board Resolution provides for the maximum offer price does not indicate that the Company will or is obliged to buy or continue to buy Equity Shares, so long as the market price is below the Maximum Offer Price. Similarly, the fact that the Board Resolution indicates the Maximum Offer Size that may be bought back does not indicate that the Company will utilize or is obliged to utilize, the entire amount of Rs. 2,92,50,000 (being the Maximum Offer Size) in the Buy-Back or that the company will buy or is obliged to buy all the maximum offer shares.
9. Further, the maximum number of Equity Shares bought back shall be subject to (i) the Buy-Back not causing the Company to be in violation of the conditions for continuous listing, prescribed in terms of Clause 40A of the Listing Agreement between the Company and the Stock Exchanges and (ii) the aggregate considerations payable pursuant to the Buy-Back not exceeding the Maximum Offer Size. (iii) The number of shares to be bought back not exceeding maximum offer shares.
10. As per Regulation 15 (b) of the Buy-back Regulations, the buy-back of shares shall not be made from the promoters, promoter group, persons in control and persons acting in concert.
11. The Company confirms that there are no defaults subsisting in the repayment of deposits or term loan to any financial institutions or Banks and there are no outstanding debentures or preference shares.
12. As per the provisions of the Act and the Buy-back Regulations, the Company confirms that it will not issue fresh Equity Shares during the Buy-back period, whether pursuant to bonus issue or conversion of outstanding instrument, stock option or otherwise.
13. As per the provisions of the Act, the Company confirms that it will not issue fresh Equity Shares within a period of six months from the completion of Buy-back, except by way of bonus issue or in the discharge of subsisting obligations such as conversion of warrants, stock options into Equity Shares.
14. The Board of Directors confirm that they have made a full enquiry into the affairs and prospects of the Company and that they have formed the opinion:

(a) that immediately following the date of convening of the Board Meeting, there will be no grounds on which the Company could be found unable to pay its debts;

(b) as regards its prospects for the year immediately following the date of the Board Meeting having regard to its intentions with respect to the management of the Company's business during that year and to the amount and character of the financial resources which will in its view be available to the Company during that year, the Company will be able to meet its liabilities as and when they fall due and will not be rendered insolvent within a period of one year from that date; and

(c) that in forming its opinion for the above purposes, the Board has taken into account the liabilities as if the Company were being wound up under the provisions of the Companies Act, 1956 (including prospective and contingent liabilities).

15. REPORT OF STATUTORY AUDITORS:
The text of the report dated 8th January, 2009 received from M/s. Dhirubhai Dand & Co., Chartered Accountants, the statutory auditors of the Company, addressed to the Board of Directors is reproduced below:
In connection with the proposal of Austin Engineering Company Limited ('the Company'), and as approved by its Board of Directors at its meeting held on 8th January, 2009, to buy back its shares and in pursuance to the provisions of Section 77A, 77AA and 77B of the Companies Act, 1956 and the Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 and subsequent amendments thereof, and based on the information and explanations given to us which to the best of our knowledge and belief were necessary for this purpose, we report as follows:

i) We have enquired into the State of Affairs of the Company for the year ended March 31, 2008.

ii) The Board of directors has proposed to Buy-back the Company's equity to the extent of Rs. 2,92,50,000/- at a price not exceeding Rs.65/- per share. The amount of permissible capital payments including premium towards Buy-back of equity shares has been properly determined in accordance with Section 77 A (2) (c) of the Act:

Particulars	Amount (Rs. in Lacs)	Amount (Rs. in Lacs)
Paid up Capital as at March 31, 2008*	353.10	353.10
35, 31,000 equity shares of Rs. 10/- each fully paid up.		
Free Reserves as on March 31, 2008.*		
Security premium	867.95	
General reserve	263.20	
Profit & Loss Account	1501.18	2632.33
TOTAL		2985.43
Maximum Amount permissible for the Buy Back i.e. 10% of total paid up equity capital and free reserves.		298.54

* Based on audited stand-alone financial statements of the Company for the year ended March 31, 2008.

iii) The Board of Directors in their meeting held on 8th January, 2009 have formed the opinion as specified in Clause (x) of Schedule I of the Securities and Exchange Board of India (Buy-back of Securities) Regulations, 1998 on reasonable grounds that the Company will not, having regard to its state of affairs, be rendered insolvent within a period of one year from that date.

iv) We performed our procedures, in accordance with the Guidance Note on Audit Reports and Certificates for Special Purposes issued by the Institute of Chartered Accountants of India ("ICAI"). These procedures include examining evidence supporting the particulars above on a test basis.

v) This report has been prepared for and only for the Company and is in reference to proposed Buy-back of Equity Shares in pursuance of the provisions of Section 77A, 77AA and 77B of the Companies Act and the Securities and Exchange Board of India (Buy-back of Securities) Regulations, 1998 and for no other purpose. We do not accept or assume any liability or duties of care for any other purpose save where expressly agreed by our prior consent in writing.

16. The Company shall not Buy-back its Equity Shares from any person through negotiated deal whether on or off the Stock Exchanges or through spot transactions or through any private arrangement in the implementation of the Buy-back.
17. As provided under the Act and the Buy-back Regulations, the Buy-back is proposed to be implemented through the methodology of 'Open Market Purchase through Stock Exchange'.
18. As required under the Act the ratio of debt owed by the Company would not be more than twice the share capital and free reserves after the Buy-back.
19. The buy back of Equity Shares will be completed within a period of twelve months from the date of passing of the resolution by the Board of Directors or such other period as may be determined by the Board.
20. As per the provisions of the Act, the equity shares to be bought back by the Company will compulsorily be cancelled and will not be held for re-issuance.

The Board of Directors of the Company accepts full responsibility for the information contained in this Public Notice.

Date : 9th January, 2009
Place: Patla, Junagadh

For and on behalf of Board of Directors of Austin Engineering Co. Limited
(1) Sd/- Mr. N. C. Vadgama, Chairman & Executive Director
(2) Sd/- Mr. S. M. Thanki, Managing Director
(3) Sd/- Mr. R. R. Bambhania, Joint Managing Director

8. NECESSITY OF THE BUY BACK

The Buy Back proposal is being implemented in keeping with the Company's desire (a) to optimize returns to shareholders, and (b) enhance shareholders value. The Buy back would lead to reduction in outstanding number of equity shares, and consequent increase in earnings per equity shares, improvement in return on net worth and other financial ratios.

9. MAXIMUM AMOUNT TO BE INVESTED AND SOURCES OF FUND FOR THE BUY BACK

9.1 The Board has approved an aggregate amount not exceeding Rs. 2,92,50,000 for the Buy Back. This represents 9.80% of the aggregate of Company's Equity Share Capital and Free Reserves eligible for use in Buy Back as at March 31, 2008. The fund for the Buy back will be available from Company's surplus and/or Free Reserves and/or cash balances and/or internal accruals of the Company. Though the Company does not propose raising debt for effecting buy back, it may continue to borrow funds in the ordinary course of its business.

9.2 The Company vide its declaration of solvency dated 8th January, 2009 has declared that it is capable of meeting its total liabilities and will not be rendered insolvent within a period of one year from the above mentioned date.

10 LISTING DETAILS AND STOCK MARKET DATA

10.1 The equity shares of the Company are listed on BSE.

10.2 The High and Low market price of the Equity Shares for the last three years, the monthly High, Low and average market price for the last six months preceding this PA and for the period January 1,2009 to January 16,2009 and the corresponding volumes on the Stock Exchange is as follows:

Time	High			Low			Average Price (Rs.)**	Total Volume traded
Period	Price (Rs.)	Date	Volume (No. of Shares)	Price (Rs.)	Date	Volume of (No. Shares)		
2005-06	91.75	25-Jan-06	135516	28.1	5-Apr-05	400	61.84	3,791,896
2006-07	122	21-Oct-06	67239	56.3	14-Jun-06	7195	88.52	5,270,718
2007-08	147.65	01-Jan-08	93529	73	19-Mar-08	5853	107.67	1398284
Last 6 Months								
July, 08	77	23-Jul-08	7099	65.15	21-Jul-08	817	70.58	67,869
Aug., 08	82.9	05-Aug-08	4692	73.88	28-Aug-08	240	77.46	57,902
Sept., 08	75	08-Sep-08	2411	58.85	29-Sep-08	3767	67.94	39,074
Oct., 08	60.5	01-Oct-08	2464	41.55	28-Oct-08	2364	49.83	61,232
Nov., 08	53.65	07-Nov-08	758	49.55	21-Nov-08	2290	51.42	29,509
Dec., 08	53.65	12-Dec-08	3458	50	23-Dec-08	244	52.13	21,803
Jan., 09 #	61.3	02-Jan-09	24464	49.2	14-Jan-09	530	55.10	73,946

** Arithmetic Average of Closing Price # Data considered till January 16, 2009
(Source: BSE WEBSITE)

10.3. During the year 2006-07, the Company has allotted 2,56,000 equity shares on preferential basis to the promoters and foreign company at the rate of Rs. 105/- per share (including premium of Rs. 95/- each) in accordance with the prescribed guidelines. The Company has received the final approval of listing and trading from Mumbai Stock Exchange Limited vide its letter No. List/sdm/ns/pdk/st/2006 Dated 22nd September, 2006.

10.4. The closing market price of the Equity Shares on 9th January, 2009, i.e. the working day immediately after the Board Meeting was Rs. 56.50 on the BSE and the volume on that day was 4701 Equity Shares for the BSE. (Source: BSE websites)

11. MANAGEMENT DISCUSSION AND ANALYSIS

11.1 This Buy back is not likely to cause any material impact on the profitability of the Company, except for the reduction in the treasury income that the Company could have otherwise earned on the funds deployed in liquid assets. The Buy back is expected to contribute to further improvement in financial ratios and an overall enhancement of shareholder value going forward.

11.2 The Company will not purchase any shares from the Promoters, Persons who are in control of the Company and Promoter Group. The holding of Promoters, Persons who are in control of the Company and Promoter Group as a result of the Buy Back would stand increased from 34.13% to 39.11% of the total Equity Capital assuming that the entire amount of Rs. 2,92,50,000/- is utilized for the Buy Back at a maximum Price at Rs. 65/- per share. The Buy back of Equity shares will not result in a change in control of the Company.

11.3 Consequent to the Buy Back and based on the number of Equity Shares bought back from the Non Resident Shareholders, Foreign Institutional Investors, Indian Financial Institutions, Banks, Mutual Funds and Public including other Bodies Corporate, the shareholding pattern of the Company would under go a consequential change.

11.4 Post Buy-Back, the ratio of the debt owed by the Company will not be more than twice the Capital and Free Reserves of the Company after the Buy-Back as prescribed in section 77A of the Companies Act, 1956.

11.5 The Company shall not withdraw the Buy back offer after the Public Announcement is made.

12. STATUTORY APPROVALS

12.1 The Board of Directors of the Company authorized the Buy Back by means of a Board Resolution passed in their meeting held on 8th January, 2009.

12.2. The Company shall obtain such other approvals as may be required for the purpose of completion from time to time.

12.3 Bank of Baroda, Main Branch, Junagadh has also issued No Objection Certificate for the proposed Buy-Back.

13. PROCESS AND METHODOLOGY FOR THE BUY BACK PROGRAM

The Buy back is open to all the shareholders/ beneficial owners of the Equity shares, both registered and unregistered holding shares either in physical/ and or electronic form, except promoters, persons who are in control of the Company and Promoter Group indicated in this PA and the holders of the shares to the extent of shares which are at present locked-in.

As per the Buy back Regulations, a Company intending to purchase its shares from the open market shall do so only through the stock exchanges having nationwide trading terminals. Accordingly, the Company proposes to affect the Buy back from the Open market through the Stock Exchanges with nation wide terminals. The Company proposes to buy back shares on BSE.

For the aforesaid Buy back, the Company has appointed the following registered broker ("The Appointed Broker") through whom Purchase and settlement on account of Buy back would be made:

MAGNUM EQUITY BROKING LIMITED.
304, Abhishilp, Nr. Keshav Baug Party Plot, Vastrapur Ahmedabad - 380015 Ph: 079 40036386 to 92

The Buy-Back will be made only through the order matching mechanism except "all or none" order matching system.

The Company shall once in a fortnight, commencing from 27th January, 2009 place the Buy orders on the BSE, to buy the equity shares through the Appointed Broker, in such quantity and at such price, not exceeding Rs. 65/- per Equity Share, as it may deem fit, depending upon the prevailing quotations of the Equity Shares on the Stock Exchanges. The identity of the company as a purchaser shall appear on the electronic screen when the order is placed.

Shareholders/ Beneficial owners, who desire to sell their equity shares under the Buy back, would have to do so, through a stock broker, who is a member of BSE, whenever the Company has placed the "Buy" order for Buy back of shares by indicating to their broker, details of the shares they intend to sell. The trade would be executed at the price, at which the order matches and that price would be the price for that seller. It may be noted that all shares bought back by the Company may not be at a uniform price. Further, the Company shall place "Buy" order at least once in a fortnight. Such buy order shall be placed both in normal and physical/odd lot segments. The execution of the order issuance contract note and delivery of stock to the member and receipt of payment from the member would be carried out in accordance with the Stock Exchange's and SEBI's requirements.

The equity shares are traded in the compulsory demat mode. (Trading Code BSE: 522005) Shareholders holding Equity Shares in physical form can sell their Equity Shares in the odd lot trading segment of the Stock Exchanges when the company places an order in that segment.

Subject to the company purchasing minimum offer shares, nothing contained herein shall create any obligation on the part of the Company or the Board to buy back any Equity Shares (Other than the Minimum Offer Shares) even if the Buy back size has not been reached and/or impair any power of the Company or the Board to terminate the process in relation to the Buy-back, if so permissible by law.

14. METHOD OF SETTLEMENT

14.1 The Company will pay the consideration to the Appointed Broker on every settlement date, as applicable in respect of the shares bought back.

14.2 The Shareholders/Beneficial Owners holding Equity Shares in the demat form would be required to transfer the number of Equity Shares sold by tendering the delivery instructions to their respective Depository Participants (DP) for debiting their beneficiary account maintained with the DP and crediting the same to the pool account of the broker through whom the trade was executed. The Shareholder/ Beneficial Owners holding equity shares in physical form should present the shares certificates along with valid transfer deeds to their respective broker through whom the trade was executed.

14.3 The Company has opened a Depository account styled "AUSTIN ENGINEERING COMPANY LIMITED - BUY-BACK OF EQUITY SHARES" with MAGNUM EQUITY BROKING LIMITED, DP ID 12029700 and Client ID 1202970000139552. The ISIN of the Company is INE759F01012. The Equity shares bought back in the demat form would be transferred into the aforesaid account by the appointed broker on receipt of the Equity shares from the dealing and settlement mechanism of the Stock Exchanges.

14.4 The Equity shares in the dematerialized form shall be extinguished and destroyed in the manner specified by the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996 and its bye-laws. The equity shares lying in credit in aforesaid account will be periodically extinguished within 15 days from the date of acceptance of Equity shares in the manner specified in the Buy back Regulations.

14.5 In respect of Equity Shares bought back in physical form, the equity shares would be extinguished and the physical certificates will be destroyed in the presence of the Registrar to the Buyback or Manager to the Buy back and the Statutory Auditor within 15 days of acceptance of Equity Shares.

15 COMPLIANCE OFFICER AND INVESTOR SERVICE CENTRE

In case of any queries, the shareholders/ beneficial owners may contact in relation to the Buy back at the following address on any working day (except Thursday, Sunday or any other Public Holidays) between 2 pm to 5 pm.

Bakul S. Raja, Compliance Officer
Kiran H. Shah, Executive Officer Secretarial.
AUSTIN ENGINEERING COMPANY LIMITED
Village Patla, Ta: Bhesan, Junagadh - 362030. Tel No.: 02873 - 252223/ 252267/ 252268
Fax No. : 0285 - 2661505, E mail: info@aecbearings.com Website : www.aec-bearings.com

16. MANGER TO THE BUY BACK

VIVRO

VIVRO FINANCIAL SERVICES PRIVATE LIMITED
SEBI Regn. No.: INM000010122
"VIVRO HOUSE", 11, Shashi Colony, Opp. Suvidha Shopping Centre, Paldi, Ahmedabad 380 007. Ph. No. 079- 26650669/70, Fax No. 079 26650570
Contact Person - Mr. Jayesh Vithlani, Sr. Vice President and Co. Secretary
Web Site: www.vivro.net; e mail: ahmedabad@vivro.net

17. REGISTRAR TO THE BUY BACK

SHAREPRO SERVICES (INDIA) PVT. LTD.
Satam Estate, 3rd Floor, Above Bank of Baroda, Cardinal Gracious Road, Chakala, Andheri (E) Mumbai - 400 099, Phone No. 022-67720329/67720300, Fax No.: 022-28202365, e-mail: sharepro@vsnl.com

18. DIRECTORS RESPONSIBILITY

The Board of Directors of the company accepts responsibility for the information contained in this PA, vide its resolution dated 8th January , 2009.

Place : Patla, Junagadh
Date : January 19, 2009.

By order of the Board, For and on behalf of the Board of Directors of
AUSTIN ENGINEERING COMPANY LIMITED
1.Sd/- Mr. N. C. Vadgama, Chairman & Executive Director
2.Sd/- Mr. S. M. Thanki, Managing Director
3.Sd/- Mr. R. R. Bambhania, Joint Managing Director