



AUSTIN ENGINEERING COMPANY LIMITED

19th ANNUAL REPORT

1996-97

BOARD OF DIRECTORS

Shri N. C. Vadgama : Chairman & Executive Director
Shri S. M. Thanki : Managing Director
Shri R. N. Bambhanja : Joint Managing Director
Shri J. R. Bhogayta : Executive Director

AUDITORS :

Dhirubhai & Menpara Associates
Chartered Accountants
Junagadh - 362 001

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BANKERS :

Bank of Baroda

REGISTERED OFFICE & WORKS :

Village : Patla, Taluka : Bhesan, Dist. : Junagadh - 362 030.

JUNAGADH OFFICE :

101, GIDC Estate, Vadai Road,
Junagadh - 362 003.

AUSTIN ENGINEERING COMPANY LIMITED

NOTICE

NOTICE is hereby given that the Nineteenth 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 Friday, 26th September, 1997 at 4.00 p.m. to transact the following business.

ORDINARY BUSINESS :

- 1) To receive, consider and adopt the audited accounts of the Company for the year ended 31st March, 1997 and the Directors' and Auditors' Reports thereon.
- 2) To declare a dividend on Equity Shares.
- 3) To appoint a Director in place of Shri S. M. Thanki who retires by rotation and being eligible offers himself for re-appointment.
- 4) To appoint a Director in place of Shri R. N. Bambhanja 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 authorise the Board of Directors to fix their remunerations.

SPECIAL BUSINESS :

- 6) To consider and if thought fit, to pass with or without modifications, the following resolution as a Special Resolution :

"RESOLVED THAT a company hereby accord its consent and approval under section 314 (1) and other applicable provisions, if any, of the companies Act 1956, to Mr. J. C. Vadgama, relative of Mr. N. C. Vadgama, the Chairman and Executive Director of the Company, holding and continuing to hold the office or place of profit as Production in-charge on consolidated salary of Rs. 13,000/- per month in the scale of Rs. 13,000 - 1500 - 19,000 together with the usual allowances and benefits as per rules of the Company."

- 7) To consider and, if thought fit, to pass, with or without modifications, the following resolution as a Special Resolution.

"RESOLVED THAT a company hereby accord its consent and approval under section 314 (1) and other applicable provisions, if any, of the companies Act 1956, to Mr. C. N. Bambhanja, relative of Mr. R. N. Bambhanja, the Joint Managing Director of the Company, holding and continuing to hold the office or place of profit as Production incharge on consolidated salary of Rs. 13,000/- per month in the Scale of Rs. 13,000 - 1500 - 19,000 together with the usual allowances and benefits as per rules of the Company."

- 8) To consider and, if thought fit, to pass, with or without modifications, the following resolution as a Special Resolution.

"RESOLVED THAT a company hereby accord its consent and approval under section 314 (1) and other applicable provisions, if any, of the companies Act 1956, to Mr. J. S. Thanki, relative of Mr. S. M. Thanki, the Managing Director of the Company, holding and continuing to hold the office or place of profit as Vice President (Technical) on consolidated salary of Rs. 8,000/- per month in the Scale of Rs. 8,000 - 1500 - 20,000 together with the usual allowances and benefits as per rules of the company."

AUSTIN ENGINEERING COMPANY LIMITED

- 9) To consider and, if thought fit, to pass, with or without modifications, the following resolution as a Special Resolution.

"RESOLVED THAT a company hereby accord its consent and approval under section 314 (1) and other applicable provisions, if any, of the companies Act 1956, to Mr. H. N. Vadgama, relative of Mr. N. C. Vadgama, the Chairman and Executive Director of the Company, holding and continuing to hold the office or place of profit as Vice President (Design) on consolidated salary of Rs. 8,000/- per month in the Scale of Rs. 8,000 - 1500 - 20,000 together with the usual allowances and benefits as per rules of the Company."

By order of the Board

Place : Patla Dist. Junagadh.
Date: 25th June, 1997.

N.C.Vadgama
Chairman.

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 19th September, 1997 to 26th September, 1997 (both days inclusive.).
- 3 Members seeking any further information are requested to write to the Company atleast 7 days before the meeting so as to enable the management to keep the information ready at the meeting.
- 4 Members/Proxies are requested to bring with them duly filled attendance slip for attending the meeting.
- 5 Dividend on the shares as recommended by the Board of Directors, if declared at the meeting will be paid to those shareholders whose names appear in the Register of Members as on 26th September, 1997.
- 6 Those members who have so far not encashed their dividend should approach the company for payment as otherwise the same will be transferred to the General Revenue Account of the Central Government on the expiry of the specified period.

AUSTIN ENGINEERING COMPANY LIMITED**ANNEXURE TO THE NOTICE :**

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

Item No. 6 & 7 :

Under Section 314(1) of the Companies Act, 1956 a Special Resolution is required for enabling any relative of a director of the Company to hold any office or place of profit in the company. Mr. J. C. Vadgama and Mr. C. N. Bambhanja rendered the services to the company since last about 13 years in various capacities.

The revision in the terms of Mr. J. C. Vadgama and Mr. C. N. Bambhanja attracted the provision of Section 314(1)(B) of the Companies Act, 1956 as they are relative of Mr. N. C. Vadgama and Mr. R. N. Bambhanja, directors respectively and hence the holding of the office or place of profit requires to be approved by the shareholders at the Annual General Meeting.

Except for Mr. N. C. Vadgama and Mr. R. N. Bambhanja directors who are related to Mr. J. C. Vadgama and Mr. C. N. Bambhanja respectively, no other director is interested in the said resolution.

Item No. 8 & 9 :

Under Section 314(1) of the Companies Act, 1956 a Special Resolution is required for enabling any relative of a director of the Company to hold any office or place of profit in the Company. Mr. J. S. Thanki and Mr. H. N. Vadgama Mechanical Engineers and they are with the Company since last about 3 years as Vice President.

The revision in the terms of Mr. J. S. Thanki and Mr. H. N. Vadgama attracted the provision of Section 314(1)(B) of the Companies Act, 1956 as they are relative of Mr. S. M. Thanki and Mr. N. C. Vadgama, directors respectively and hence the holding of the office or place of profit requires to be approved by the shareholders at the Annual General Meeting.

Except for Mr. S. M. Thanki and Mr. N. C. Vadgama directors who are related to Mr. J. S. Thanki and Mr. H. N. Vadgama respectively, no other director is interested in the said resolution..

By order of the Board

Place : Patla Dist. Junagadh.
Date: 25th June, 1997.

N.C.Vadgama
Chairman.

AUSTIN ENGINEERING COMPANY LIMITED**DIRECTORS' REPORT**

To the Members,

Your Directors have pleasure in presenting the Nineteenth Annual Report with the audited accounts of the Company for the year ended 31st March, 1997.

FINANCIAL RESULTS :

Rs. in lacs.

	1996-97	1995-96
Profit before depreciation and provision for taxes	327.08	332.80
Less : Depreciation	98.82	81.81
Profit before tax	228.26	250.99
Less : Provision for taxation	66.00	82.00
Profit after tax.	162.26	168.99
Add : Excess provision of Income Tax of earlier year written back	22.40	0.05
Add : Surplus brought forward from last year.	641.15	551.06
Profit available for appropriations.	825.81	720.10
Appropriations :		
(1) Proposed dividend	58.95	58.95
(2) Provision for Tax on the above dividend	5.89	-
(3) Transferred to General Reserve	20.00	20.00
Balance carried forward to next year.	740.97	641.15

DIVIDEND :

Your Directors are pleased to recommend for your approval dividend for the year under review at the rate of Rupee 1.80 per equity share. This dividend, if approved by the members at the ensuing Annual General Meeting, will be paid to those members whose names appear in Register of members on 26th September, 1997.

OPERATING RESULTS :

The sales during the year were Rs. 4174/= lacs as against Rs. 3595/= lacs in the previous year. The sales thus registered an increase of 16% however due to the keen competition in the trade the operating profit could not increase. The net profit of the company is 162.26 lac the prospect of the Company for the current year is good.

FIXED DEPOSITS :

Fixed deposits accepted by the Company were within the prescribed limits. No deposits were matured during the year under review.

DIRECTORS :

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company, Shri S. M. Thanki and Shri R. N. Bambhania Directors retire by rotation at the ensuing annual general meeting being eligible offer themselves for re-appointment.

AUDITORS' :

Messrs Dhirubhai & Menpara Associates, Chartered Accountants auditors of the company retire at the conclusion of the ensuing Annual General Meeting. They are eligible for re-appointment and have furnished certificate to the effect that their appointment, if made will be in accordance with the limits specified in Section 224(B) of the companies Act, 1956.

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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 Company secretary at the Registered office of the Company. 4 employees were employed throughout the year and were in receipt of remuneration in aggregate of not less than 3.00 lacs per annum or Rs. 25,000/- per month as the case may be.

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 :

Information as per section 217 (1)(E) of the companies Act, read with Companies (Disclosure of Particulars in the report of Board of Directors) Rules 1988 in annexed to this report.

ACKNOWLEDGEMENTS :

Your Directors wish to place on record their sincere thanks to the Bankers, Financial Institution, various Government authorities and Dealers for the co-operation given by them. Your Directors also wish to place on record their appreciation for the contribution made by all the employees of the Company.

On behalf of the Board of Directors.

Place : Patla, Dist. JUNAGADH.

Date: 25th June, 1997.

N. C. Vadgama

Chairman.

ANNEXURE (I)

Particular under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

FORM 'A' :

(A) CONSERVATION OF ENERGY :

(a) Energy Conservation measures taken:

Regular preventive maintenance of Machinery & Electric equipments and installation of new efficient Diesel Generator Set.

(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.

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FORM 'B' :

(A) REASEARCH & 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, minimising 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, ADAPTATION & ABSORPTION & INNOVATION :

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

Quality of bearings has improved substantially & are well accepted by OEMs as import substitute.

Technology imported during last five years : Nil.

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO :

	1996-97 (Rs. in lacs)	1995-96 (Rs. in lacs)
FOREIGN EXCHANGE EARNINGS :		
Exports of Goods on FOB basis	237.95	235.59
Foreign Exchange earned	<u>237.95</u>	<u>235.59</u>
FOREIGN EXCHANGE OUTGO:		
Import-CIF Value of raw Materials stores & Capital goods.	48.60	11.61
Travelling	3.24	--
Dividend paid to Shareholders	--	0.01
Total Foreign Exchange used	<u>51.84</u>	<u>11.62</u>

On behalf of the Board of Directors.

Place : Patla. Dist. JUNAGADH.

Date: 25th June, 1997.

N. C. Vadgama
Chairman