

21st
Annual Report
1998-99



AUSTIN ENGINEERING COMPANY LIMITED



CERTIFICATE

**The TÜV CERT Certification Body
of TÜV Anlagentechnik GmbH**

TÜV Rheinland/Berlin-Brandenburg Group of Companies

certifies in accordance with TÜV CERT procedures that

Austin Engineering Company Ltd.
Patla, Tal. Bhesan, Dist. Junagadh, India

has established and applies a quality system for

**Design and Manufacturing of
Ball, Roller and Needle Bearings**

An audit was performed, Report No. **99553**

Proof has been furnished that the requirements according to

DIN EN ISO 9001:1994

are fulfilled.

The certificate is valid until **2002 June**

Certificate Registration No. **09 100 99553**



Cologne, 1999-06-04

**TÜV Rheinland /
Berlin-Brandenburg**



J. Lind

TÜV CERT Certification Body of
TUV Anlagentechnik GmbH

AUSTIN ENGINEERING COMPANY LIMITED

21st ANNUAL REPORT

1998-99

BOARD OF DIRECTORS

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

AUDITORS :

Dhirubhai Dand & Co.
Chartered Accountants
Junagadh - 362 001

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 Twenty-First 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, 20th September, 1999 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, 1999 and the Directors' and Auditors' Reports thereon.
- 2) To appoint a Director in place of Shri. Shashikant M. Thanki who retires by rotation and being eligible offers himself for re-appointment.
- 3) To appoint a Director in place of Shri. Ramniklal N. Bhmbhania who retires by rotation and being eligible offers himself for re-appointment.
- 4) 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.

By order of the Board of Directors

Place : Patla Dist. Junagadh.
Date: 19th June, 1999.

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 14th September, 1999 to 20th September, 1999 (both days inclusive.).
- 3 Members seeking any further information are requested 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.
- 4 Members/Proxies are requested to bring with them duly filled attendance slip for attending the meeting.
- 5 Those members who have so far not encashed their dividend should approach the company for payment or 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

DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting the Twenty-First Annual Report with the audited accounts of the Company for the year ended 31st March, 1999.

FINANCIAL RESULTS :

Rs. in lacs.

	1998-99	1997-98
Profit before depreciation and provision for taxes	135.43	308.51
Less : Depreciation	112.14	107.65
Profit before tax	23.29	200.86
Less : Provision for taxation	6.25	57.00
Profit after tax.	17.04	143.86
Less : provision of Income Tax of earlier year Provided	(4.14)	(34.66)
Add : Surplus brought forward from last year.	765.32	740.96
Profit available for appropriations.	778.22	850.16
Appropriations :		
(1) Proposed dividend	--	58.95
(2) Provision for Tax on the above dividend	--	5.89
(3) Transferred to General Reserve	--	20.00
Balance carried forward to next year.	778.22	765.32

BEARING INDUSTRY REVIEW :

While the Indian Industry in general continuous to face recessionary condition such as reduced rate of growth, slow down in demand and liquidity shortage, bearing industry in particular showed no signs of recovery during the year under review. It continues to be one of the worst hit industries facing combined adverse impact of general recession as well as unhealthy competition from unfairly cheap imports of bearings.

The management has taken several corrective action such as introduction of various cost cutting measures and concentrating Company's efforts to gain entry into those markets it did not cater to in the past. The Company also has developed new sizes of bearings to over-come the present situation. In spite of the poor financial results major customer of the company continue to show confidence in the Company and its products.

STATUS ON Y2K Preparedness :

1. The Company had identified the operations, process and functions which could be affected due to Y2k problem. Detailed understandings with the key suppliers are in place and under follow-up to ensure smooth millennium change over.
2. The expenditure to ensure Y2K compliance is not expected to have any material finance impact.
3. The Company is also in the process of development contingency plans to meet foreseeable adverse situations.

QUALITY CERTIFICATION :

Recently the Company has received a ISO-9001 Certificate from Rheinland/Berlin-Brandenburg Group of Companies for Design and Manufacturing of Ball, Roller and Needle Bearings.

AUSTIN ENGINEERING COMPANY LIMITED

OPERATING RESULTS :

The sales during the year were Rs. 3404/= lacs as against Rs. 4220/= lacs in the previous year. Due to the keen competition in the trade and the recessionary trend prevailing in the market, the operating profit could not increase. The net profit of the company is 17.04 Lacs.

DIVIDEND :

Considering the position of the Bearing Industry and the Company, the Board of Directors regrets its inability to recommend dividend for the year.

FIXED DEPOSITS :

There is no deposit outstanding/unpaid as on 31/03/1999

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 and being eligible offer themselves for re-appointment.

AUDITORS' :

M/s Dhirubhai Dand & Co., Chartered Accountants the auditors of the company retire at the conclusion of the ensuing Annual General Meeting. They are eligible for re-appointment and have furnished 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.

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 shareholder interested in obtaining a copy of the said statement may write to the Company secretary at the Registered office of the Company.

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 is annexed to this report.

ACKNOWLEDGEMENTS :

Your Directors wish to place on record their sincere thanks to the Bankers, 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: 19th June, 1999.

N. C. Vadgama

Chairman.

AUSTIN ENGINEERING COMPANY LIMITED

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

FORM 'B' :

(A) 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 :

	1998-99 (Rs. in lacs)	1997-98 (Rs. in lacs)
FOREIGN EXCHANGE EARNINGS :		
Exports of Goods on FOB basis	208.23	293.76
Foreign Exchange earned	208.23	293.76
FOREIGN EXCHANGE OUTGO:		
Import-of CIF Value of raw Materials stores & Capital goods.	1.69	12.54
Travelling	1.73	--
Total Foreign Exchange used	3.42	12.54

On behalf of the Board of Directors.

Place : Patla. Dist. JUNAGADH.

Date: 19th June, 1999.

N. C. Vadgama
Chairman

AUSTIN ENGINEERING COMPANY LIMITED

AUDITORS' REPORT

To,
The Members of
AUSTIN ENGINEERING CO. LTD.

We have audited the attached Balance sheet of AUSTIN ENGINEERING COMPANY LIMITED, as at 31st March, 1999 together with the Profit & Loss Account of the company for the year ended on that date annexed hereto, and report that :

1. As required by the Manufacturing and other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of section 227(4A) of the Companies Act, 1956, we give in the annexure a Statement on the matters specified in paragraphs 4 & 5 of the said order.
2. Further to our comments in the Annexure referred in paragraph (1) above, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - (b) In our opinion, proper Books of Account as required by law have been kept by the company so far as appears from our examination of the books.
 - (c) The Balance sheet and Profit & Loss Account dealt with by this report are in agreement with the Books of Account.
 - (d) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with other notes thereon give the information required by the Companies Act, 1956 in the manner so required, and give a true and fair view :-
 - (i) In the case of the Balance sheet, of the state of affairs of the company as at 31st March, 1999;

AND

- (ii) In the case of the Profit & Loss Account, of the PROFIT for the year ended on that date.

FOR **DHIRUBHAI DAND & CO.**
Chartered Accountants

Place : Junagadh
Date : 19th June, 1999

DHIRUBHAI H. DAND
Proprietor