

**ANNUAL REPORT
2000-2001**

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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**

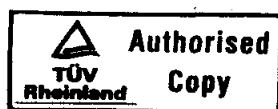
Proof has been furnished that the requirements according to

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**



A handwritten signature in black ink, appearing to read 'J. Ulrich'.

TÜV CERT Certification Body of
TÜV Anlagentechnik GmbH

AUSTIN INDUSTRIES COMPANY LIMITED

23rd ANNUAL REPORT

2000-2001

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 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, Vadal Road,
Junagadh - 362 003.

visit us at : www.junagadh.com/austin/index.htm

AUSTIN ENGINEERING COMPANY LIMITED**NOTICE**

NOTICE is hereby given that the Twenty-Third 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 Thursday, 20th September, 2001 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 31st March, 2001 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. Bambhanian, 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.

SPECIAL BUSINESS

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

"RESOLVES THAT subject to the provisions of the Companies Act, 1956, Securities Contracts (Regulation) Act, 1956, and the rules framed thereunder, Listing Agreement, and all other applicable laws, rules, regulations and guidelines and subject to such approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any authority while granting such approvals, permissions and sanctions, which Board of Directors of the Company be and is hereby authorised to agree to, if acceptable to the Board, the consent of the company be and is hereby accorded to the Board to de-list the equity shares of the Company from the Delhi Stock Exchange Association Ltd., New Delhi."

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

"RESOLVED THAT the existing set of Articles of Association of the company be replaced with the new set of Articles of Association."

By order of the Board of Directors

Place : Patla Dist. Junagadh.
Date: 24th June, 2001.

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, 2001 to 20th September, 2001 (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 Investor Education and Protection Fund 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 :

Presently the Company's equity shares are listed on three Stock Exchanges in India viz., namely : The Stock Exchange Ahmedabad, the Stock Exchange Mumbai and The Delhi Stock Exchange Associations.

There has been hardly any tradings of company's equity shares on The Delhi Stock Exchange Association Ltd, ever since its listing and hence no useful purpose is served by continued listing. The Company has therefore proposed this resolution which will enable it to delist equity shares of the Company from The Delhi Stock Exchange Association Ltd.

In line with the SEBI Regulations and the Listing Agreement entered into with the various stock exchanges, members approval is being sought by a Special Resolution for enabling voluntary delisting of its securities i.e. equity shares from the said stock exchange Ltd.

The Company is also separately giving special notice of the proposed enabling resolution for the said de-listing of its securities in one English Newspaper and one Newspaper circulating in the region of the Delhi Stock Exchange.

The Company's securities i.e. equity shares will continue to be listed on the Ahmedabad and Mumbai Stock Exchanges. The de-listing will take effect after all approvals, permissions and sanctions are received. The exact date on which de-listing will take effect will be suitably notified at that time.

The proposed de-listing of the Company's securities from the said stock exchange as and when the same takes place, will not adversely affect the investors, with the extensive networking of the stock exchange, Mumbai and the extension of their terminals to other cities as will, investors have access to on-line dealings in the Company's securities across the country. The bulk of the trading in the Company's equity shares in any case takes place on the The Stock Exchange, Mumbai.

The Directors, therefore, recommend the resolution for your approval.

None of the Directors of the Company is, in any way, concerned or interested in the resolution.

ITEM NO. 6 :

Several amendments in Company law matters were issued by the Companies Amendment Act, SEBI regulations and listing requirements. The several clauses of Articles of Association of the Company are therefore required to be altered. However instead of altering Articles of Company to the limited extent, the Board thinks to replace the whole set of Articles of Association of the Company incorporating all amendments.

The Directors, therefore, recommend the resolution for your approval.

Note of the Directors of the Company is, in any way, concerned or interested in the resolution.

Place : Patla Dist. Junagadh,
Date: 24th June, 2001.

N.C.Vadgama
Chairman.

AUSTIN ENGINEERING COMPANY LIMITED**DIRECTORS' REPORT**

To the Members,

Your Directors have pleasure in presenting the Twenty-Third Annual Report with the audited accounts of the Company for the year ended 31st March, 2001.

FINANCIAL RESULTS :

Rs. in lacs.

	2000-2001	1999-2000
Gross Profit before Interest depreciation and taxes	150.65	40.29
Less : Interest and Depreciation	290.92	262.29
Profit (Loss) before tax	(140.27)	(222.00)
Less : Provision for taxation	--	--
Profit (Loss) after tax.	(140.27)	(222.00)
Less : Prior Period Items (Net)	00.00	15.95
Add : Balance brought forward from last year.	540.27	778.22
Profit available for appropriations.	400.00	540.27
Balance carried forward to next year.	400.00	540.27

BEARING INDUSTRY REVIEW :

While the Indian Industry in general contineous 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 contineous to be one of the worst hit industries facing combined adverse impact of general recession as well as unhealthy competen from unfairly cheap imports of bearings.

OPERATING RESULTS :

The sales during the year were Rs. 2615.87 Lacs as against Rs. 3014.78 lacs in the previous year. However the net loss has been reduced considerably due to various cost control measures and changing in product mix initiated by the Company in the same period.

DIVIDEND :

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

FIXED DEPOSITS :

There is no deposit outstanding/unpaid as on 31/03/2001

AUSTIN ENGINEERING COMPANY LIMITED

DIRECTORS :

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

DIRECTOR'S RESPONSIBILITY STATEMENT :

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

- (a) in the preparation of the annual accounts, the applicable accounting standards have been followed :
- (b) 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, 2001 and of the loss of the Company for that Year.
- (c) 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.
- (d) The annual accounts have been prepared on a going concern basis.

AUDITORS' :

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

ACKNOWLEDGEMENTS :

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

On behalf of the Board of Directors.

Place : Patla, Dist. JUNAGADH.
Date: 24th June, 2001.

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 :

	2000-2001 (Rs. in lacs)	1999-2000 (Rs. in lacs)
FOREIGN EXCHANGE EARNINGS :		
Exports of Goods on FOB basis	258.35	223.86
Job work	0.22	--
Foreign Exchange earned	<u>258.57</u>	<u>223.86</u>
FOREIGN EXCHANGE OUTGO:		
Import-of CIF Value of raw Material stores & Capital goods.	2.96	0.75
Travelling	<u>0.94</u>	<u>2.80</u>
Total Foreign Exchange used	<u>3.90</u>	<u>3.55</u>

On behalf of the Board of Directors.

Place : Patla. Dist. JUNAGADH.

Date: 24th June, 2001.

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, 2001 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 the Balance Sheet AND the profit & Loss Account comply with the accounting standards referred to in Sub. Section (3C) of Section 211 of the Companies ACT, 1956
 - (e) On the basis of representations received from the directors of the company, we report that no director is disqualified from being appointed as a director of the company under clause (g) of sub-section (1) of section 274 of the companies Act. 1956.
 - (f) 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, 2001;

AND

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

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

Place : Junagadh
Date : 24th June, 2001

DHIRUBHAI H. DAND
Proprietor