

AN ISO 9001 COMPANY

24th

Annual Report

2001-2002

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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 ENGINEERING COMPANY LIMITED

24th ANNUAL REPORT

2001-2002

BOARD OF DIRECTORS

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

: AUDITORS :

Dhirubhai Dand & Co.
Chartered Accountants
Gokul Chambers, Junagadh - 362 001.

: BANKERS :

Bank of Baroda
Junagadh.

: REGISTERED OFFICE & WORKS :

Patla, Ta. Bhesan, Via Ranpur (Sorath), Post Hadmatiya-362 030. Dist. Junagadh. (India)

: JUNAGADH OFFICE :

101, G.I.D.C. Estate, Vadai Road,
Junagadh - 362 003.

Visit us at <http://www.aec-bearings.com>

AUSTIN ENGINEERING COMPANY LIMITED

NOTICE

NOTICE is hereby given that the Twenty-Fourth 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 Saturday 21st September, 2002 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, 2002 and the Directors' and Auditors' Reports thereon.
- 2) To appoint a Director in place of Mr. Narottam C. Vadgama, who retires by rotation and being eligible offers himself for re-appointment.
- 3) To appoint a Director in place of Mr. Jeshanker R. Bhogayta, 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 : Junagadh.
Date : 24th June, 2002.

N. C. Vadgama
Chairman

NOTICE

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, 2002 to 21st September, 2002 (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 or otherwise the same will be transferred to Investor Education and Protection Fund on the expiry of the specified period.

AUSTIN ENGINEERING COMPANY LIMITED

DIRECTORS' REPORT

To the Members

Your Directors have pleasure in presenting the Twenty Four Annual Report with the audited accounts of the Company for the year ended 31st March, 2002.

FINANCIAL RESULTS :

Rs. in lacs.

	2001-2002	2000-2001
Gross Profit before Interest		
Depreciation and Tax	177.84	150.65
Less : Interest and Depreciation	293.54	290.92
Profit (Loss) before Tax	(115.70)	(140.27)
Less : Provision for Taxation	--	--
Deferred Tax Assets	40.27	--
Profit (Loss) after Tax.	(75.43)	(140.27)
Less : Prior Period Items (Net)	(01.05)	00.00
Add : Balance brought forward from last year.	400.00	540.27
Profit available for appropriations.	323.52	400.00
Balance carried forward to next year.	323.52	400.00

BEARING INDUSTRY REVIEW :

While the Indian Industry in general continues to face recessionary conditions 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 cheque imports of bearings.

OPERATING RESULTS :

The sales during the year were Rs. 2612.18 Lacs as against Rs. 2615.87 Lacs in the previous year. The net loss has been reduced marginally due to various cost control measures 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 recommend dividend for the year.

FIXED DEPOSITS :

There is no deposit outstanding/unpaid as on 31/03/2002.

DIRECTORS :

In accordance with the provisions of the Companies Act, 1956, and Articles of Association of the Company, Mr. Narottam C. Vadgama and Mr. Jeshanker R. Bhogayta, Directors retire by rotation at the ensuing annual general meeting and being eligible offer themselves for re-appointment.

AUSTIN ENGINEERING COMPANY LIMITED

DIRECTORS' RESPONSIBILITY STATEMENT :

Pursuant to Section 217(2AA) of the Companies (Amendment) Act, 2000, your Directors 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, 2002 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 share holder 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.

ACKNOWLEDGEMENT :

The 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 the 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.

By order of the Board of Directors

Place : Junagadh.
Date : 24th June, 2002.

N. C. Vadgama
Chairman

AUSTIN ENGINEERING COMPANY LIMITED

ANNEXURE (I)

Particulars 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) 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/upgradation 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, ADAPTATION & ABSORPTION & INNOVATION :

The Company is continuously undertaking a comprehensive modernization 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 :

	2001-2002 (Rs. in lacs)	2000-2001 (Rs. in lacs)
FOREIGN EXCHANGE EARNINGS :		
Exports of Goods in FOB basis	368.26	258.35
Job work	0.98	0.22
Foreign Exchange earned	369.24	258.57
FOREIGN EXCHANGE OUTGO :		
Import of CIF value of raw Materials,		
Capital goods & Spares	5.40	2.96
Travelling	1.73	0.94
Sales Commission	4.79	--
Total Foreign Exchange used	11.92	3.90

By order of the Board of Directors

N. C. Vadgama
Chairman

Place : Junagadh.
Date : 24th June, 2002.

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, 2002 and also Profit & Loss Accounts for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amount and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation, we believe that our audit provides a reasonable basis for our opinion.

- 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 explanation 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 written representations received from the directors, as on 31.03.2002, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31.03.2002 from being appointed as a director in terms of clause (g) of sub-section (a) 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 information required by the Companies Act. 1956 in the manner so required, and Give a true and fair view in conformity with the accounting principles generally accepted in India :
 - (i) In the case of the Balance sheet, of the state of affairs of the company as at 31st March, 2002:

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, 2002.

DHIRUBHAI H. DAND
Proprietor

AUSTIN ENGINEERING COMPANY LIMITED**ANNEXURE TO THE AUDITORS' REPORT**

REFERRED TO IN PARAGRAPH (1) OF OUR REPORT OF EVEN DATE

1. The Company has maintained proper records to show full particulars (other than in respect of tools, dies, furniture and fixtures) and situation of fixed assets including quantitative details on a reasonable basis. As explained to us all the fixed assets have been physically verified by the management at the year end has revealed no material discrepancies. In our opinion, the frequency of verification of fixed assets by the management is reasonable having regard to the size of the company and the nature of its fixed assets.
2. None of the fixed assets have been revalued during the year.
3. The stock of finished goods, stores, spare-parts and raw-materials have been physically verified by the management during the year at reasonable intervals. In our opinion the frequency of verification is reasonable.
4. In our opinion, the procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
5. As explained to us, in our opinion, the discrepancies noticed on verification of stocks as compared to the book-records were not material, the said have been properly dealt with in the books of account.
6. In our opinion, the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the previous financial year.
7. The company has not taken any loans, secured or unsecured from companies, firms or other parties listed in the Register maintained under section 301 of the Companies Act, 1956. we are informed that there are no companies under the same management as defined under section 370(1B) of the Companies Act, 1956.
8. The company has not granted any loans, secured or unsecured to companies, firms or other parties listed in the Register maintained under section 301 of the Companies Act, 1956. we are informed that there are no companies under the same management as defined under section 370(1B) of the Companies Act, 1956.
9. The parties and employees to whom the loans or advance in the nature of loans have been given by the company are generally repaying the principal amount as stipulated, or as re-scheduled from time to time, except in the case of a few employees, who left the company's services and in respect of which reasonable steps have been taken by the company for the recovery of the principal. The interest has not been charged on any such loans.
10. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of stores, raw-materials, plant & machinery, equipment and other assets and with regards to the sale of goods.
11. According to the information and explanations given to us, the transactions of purchase of goods and materials and sale of goods, materials and services made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 aggregating during the year to Rs. 50000/- or more in respect of each party have been made at prices which are reasonable having regard to prevailing market prices at which transactions for similar goods and materials have been made with other parties.