

AN ISO 9001-2000 COMPANY

**25th
ANNUAL REPORT
2002-2003**

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AUSTIN ENGINEERING COMPANY LIMITED

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2002-2003

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
Mr. S. V. VAISHNAV	: NON EXECUTIVE DIRECTOR
Dr. B. R. SUREJA	: NON EXECUTIVE DIRECTOR
Mr. K. J. MEHTA	: NON EXECUTIVE DIRECTOR
Mr. D. B. NAKUM	: NON EXECUTIVE DIRECTOR

: AUDITORS :

DHIRUBHAI DAND & CO.

Chartered Accountants

GOKUL CHAMBER, JUNAGADH - 362 001.

: COST AUDITORS :

S. B. PARIKH & CO.

Cost Accountants, VADODARA.

: BANKERS :

BANK OF BARODA, JUNAGADH

: REGISTRAR & TRANSFER AGENT :

SHAREPRO SERVICES

SATAM ESTATE, 3rd FLOOR, ABOVE BANK OF BARODA, CARDINAL GRACIOUS ROAD,
ANDHERI (E) CHAKALA, MUMBAI-400 099.

: REGISTERED OFFICE & WORKS :

VILLAGE : PATLA, TALUKA : BHESAN, DIST. : JUNAGADH - 362 030

: JUNAGADH OFFICE :

101, G.I.D.C. ESTATE, VADAL ROAD, JUNAGADH - 362 003.

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AUSTIN ENGINEERING COMPANY LIMITED

NOTICE

NOTICE is hereby given that the Twenty-Fifth 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 22nd September, 2003 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, 2003 and the Directors' and Auditors' Reports thereon.
- 2) To appoint a Director in place of Shri K. J. Mehta who retires by rotation and being eligible offers himself for re-appointment.
- 3) To appoint a Director in place of Shri D. B. Nakum, 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 Ordinary Resolution :

"RESOLVED THAT pursuant to the provisions of section 198, 269, 309, 310 & 311 read with schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and Subject to the approval of the Central Government, if required, the consent of the Company be and is hereby accorded to the re-appointment of Shri N. C. Vadgama as Executive Director of the Company for a period of five years with effect from 1st August, 2003 on terms and conditions including remuneration and perquisites as set out in the explanatory statement annexed hereto and as may be agreed to between the Company and Shri N. C. Vadgama.

FURTHER RESOLVED THAT in the event of loss or inadequacy of profits in any financial year, the Company, shall pay Shri N. C. Vadgama in respect of such financial year, the said remuneration by way of salary, perquisites and any other allowances.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take such steps as may be necessary, to give effect to this resolution.

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

"RESOLVED THAT pursuant to the provisions of section 198, 269, 309, 310 & 311 read with schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and Subject to the approval of the Central Government, if required, the consent of the Company be and is hereby accorded to the re-appointment of Shri S. M. Thanki as Managing Director of the Company for a period of five years with effect from 1st August, 2003 on terms and conditions including remuneration and perquisites as set out in the explanatory statement annexed hereto and as may be agreed to between the Company and Shri S. M. Thanki.

FURTHER RESOLVED THAT in the event of loss or inadequacy of profits in any financial year, the Company, shall pay Shri S. M. Thanki in respect of such financial year, the said remuneration by way of salary, perquisites and any other allowances.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take such steps as may be necessary, to give effect to this resolution.

AUSTIN ENGINEERING COMPANY LIMITED

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

"RESOLVED THAT pursuant to the provisions of section 198, 269, 309, 310 & 311 read with schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and Subject to the approval of the Central Government, if required, the consent of the Company be and is hereby accorded to the re-appointment of Shri R. N. Bambhania as Jt. Managing Director of the Company for a period of five years with effect from 1st August, 2003 on terms and conditions including remuneration and perquisites as set out in the explanatory statement annexed hereto and as may be agreed to between the Company and Shri R. N. Bambhania.

FURTHER RESOLVED THAT in the event of loss or inadequacy of profits in any financial year, the Company, shall pay Shri R. N. Bambhania in respect of such financial year, the said remuneration by way of salary, perquisites and any other allowances.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take such steps as may be necessary, to give effect to this resolution.

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

RESOLVED THAT pursuant to the provisions of section 198, 269, 309, 310 & 311 read with schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and Subject to the approval of the Central Government, if required, the consent of the Company be and is hereby accorded to the re-appointment of Shri J. R. Bhogayta as Executive Director of the Company for a period of five years with effect from 1st August, 2003 on terms and conditions including remuneration and perquisites as set out in the explanatory statement annexed hereto and as may be agreed to between the Company and Shri J. R. Bhogayta.

FURTHER RESOLVED THAT in the event of loss or inadequacy of profits in any financial year, the Company, shall pay Shri J. R. Bhogayta in respect of such financial year, the said remuneration by way of salary, perquisites and any other allowances.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take such steps as may be necessary, to give effect to this resolution.

- 9) To consider and, if thought fit to pass, with or without modification/s the following resolution as Ordinary Resolution :

RESOLVED THAT Shri S. V. Vaishnav, who was appointed as an Additional Director of the Company by the Board of Directors and who ceases to hold office at this meeting U/S 260 of the Companies Act., 1916 and in respect of whom the Company has, pursuant to Section 257 of the Companies Act, 1956 received a notice in writing proposing his candidature of the office of director, be and is hereby appointed as a Director of the Company.

- 10) To consider and, if thought fit to pass, with or without modification/s the following resolution as Ordinary Resolution :

RESOLVED THAT Dr. B. R. Sureja, who was appointed as an Additional Director of the Company by the Board of Directors and who ceases to hold office at this meeting U/S 260 of the Companies Act., 1956 and in respect of whom the Company has, pursuant to Section 257 of the Companies Act, 1956 received a notice in writing proposing his candidature of the office of director, be and is hereby appointed as a Director of the Company.

AUSTIN ENGINEERING COMPANY LIMITED

11) To consider and, if thought fit to pass, with or without modification/s the following resolution as Special Resolution :

'RESOLVED THAT Pursuant to the provisions of Sec. 163 of the Companies Act, 1956 consent of the Company be and is hereby accorded for maintaining the duplicate statutory records viz. duplicate Registers, duplicate Indexes of Members and duplicate copies of the Annual Returns with M/s. Sharepro Services, 912, Raheja Centre, Free Press Journal Board, Nariman Point, Mumbai-400 021.

By order of the Board of Directors

Place : Patla, Dist, Junagadh
Date : 25th June, 2003

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 insted 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 15th September, 2003 to 22st September, 2003 (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.
6. The Explanatory Statement pursuant to section 173 (2) of the Companies Act, 1956 is annexed hereto.

AUSTIN ENGINEERING COMPANY LIMITED**ANNEXURE TO NOTICE**

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

Item No. 5, 6, 7 & 8 :

The terms of appointment of Shri N. C. Vadgama, Shri S. M. Thanki, Shri R. N. Bambhania and Shri J. R. Bhogayta expires on 31st July, 2003 and hence they are required to be re-appointed for a further period of 5 years with effect from 1st August, 2003. The particulars of remuneration and perquisites payable to them are as under.

- (1) Salary (in scale of) : Rs. 65,000/- with Annual Increment of Rs. 5000/- per annum in the scale of Rs. 60,000 - 5,000 - 90,000
- (2) Perquisites : The following perquisites will be allowed in addition to the salary.

CATEGORY-A

- (i) Medical Reimbursements :
Medical expenses for appointee and his family shall be reimbursed subject to a ceiling of one month a year of three months salary over a period of three consecutive years.
- (ii) Leave Travel Concession :
For the appointee and his family, once in a year incurred in accordance with the rules specified by the Company.
- (iii) Personal accident insurance :
For Premium not to exceed Rs. 5000/- per annum.

CATEGORY-B

- (i) Contribution to provident fund to the extent not taxable under the Income Tax Act.,
- (ii) Gratuity shall be payable at half a month's salary for each complete year of service.

CATEGORY-C

- (i) Conveyance & Telephone :
Provision of Car for Company's business and telephone at residence. This will not be considered as perquisites. Personal long distance calls and use of car for private purpose shall be billed by the Company to the appointee.
- (ii) Leave on full pay allowance as per rules of the Company but not exceeding one month's leave for every 11 months services.

None of the directors except Shri N. C. Vadgama, Shri S. M. Thanki, Shri R. N. Bambhania and Shri J. R. Bhogayta may be deemed to be concerned or interested in the said resolution.

The above statement may be treated as an abstract of the terms and memorandum of interest under Section 302 of the Companies Act., 1956.

AUSTIN ENGINEERING COMPANY LIMITED

Item No. 9 & 10 :

Shri S. V. Vaishnav and Dr. B. R. Sureja, were appointed as Additional Directors of the Company at the meeting of the Board of Directors held on 15th March, 2003, pursuant to Section 260 of the Companies Act., 1956 read with the Articles of Association of the Company. In terms of Section 257 of the Companies Act., 1956, the Company has received a notice in writing along with the deposit from the members of the company signifying their intention to propose themselves for the office of directors. The proposed appointment of directors will immensely benefit to the Company in view of their rich and varied experience in their respective fields.

None of the directors except Shri S. V. Vaishnav and Dr. B. R. Sureja, may be deemed to be concerned or interested in the said resolution.

Item No. 11 :

Under the provisions of the Companies Act., 1956 certain documents such as the Registers and Indexes of Members and other relevant papers have to be kept at the Registered Office of the company. However, with the approval of the Members by Special Resolution, these documents can be kept at any other place within the city, town or village in which the Registered Office of the company is situated. At present the said records are being kept at its Registered Office at Village Patla, Taluka, Bhesan, Dist. Junagadh.

In order to meet the SEBI direction vide its circular No. D&CC/FITTC/CIR-15/2002 dated 27-12-2002, the company with effect from 1st April, 2003 had appointed M/s. Sharepro Services, 912, Raheja Centre, Free Press Journal Road, Nariman Point, Mumbai-400 021 as the Registrar and Transfer agent for shares of the company (both in physical and demat form).

Since the place of Registrar and Transfer agent is not within the limits as prescribed u/s 163 of the Companies Act, 1956; it is proposed to keep the said duplicate records with its Registrar and Reansfer Agent authority.

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

By order of the Board of Directors

Place : Patla, Dist. : Junagadh.
Date : 25th June, 2003.

N. C. Vadgama
Chairman

AUSTIN ENGINEERING COMPANY LIMITED

DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting the Twenty Fifth Annual Report with the audited accounts of the Company for the year ended 31st March, 2003.

FINANCIAL RESULTS :

Rs. in lacs.

	2002-2003	2001-2002
Gross Profit before Interest		
Depreciation and Tax	253.44	177.84
Less : Interest and Depreciation	281.75	293.54
Profit (Loss) before Tax	(28.31)	(115.70)
Less : Provision for Taxation	--	--
Deferred Tax Assets	05.94	40.27
Profit (Loss) after Tax.	(22.37)	(75.43)
Less : Prior Period Items (Net)	00.00	01.05
Add : Balance brought forward from last year.	323.52	400.00
Profit available for appropriations.	301.15	323.52
Balance carried forward to next year.	301.15	323.52

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. 2678.15 Lacs as against Rs. 2612.18 Lacs in the previous year. Eventhough keen competition in the trade and the recessionary trend prevailing in the market, the net loss have been reduced considerably due to various cost control measures initiated by the Company in the same period.

The Company continued to launch a numbers of new and higher value added products which will further strengthen the Company's competitiveness in the future.

Export sales predominantly to U.S. and European Market has increased by 40% which showed positive growth in the year under review.

DIVIDEND :

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

AUSTIN ENGINEERING COMPANY LIMITED

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 K. J. Mehta and Shri D. B. Nakum, Directors retire by rotation at the ensuing annual general meeting and being eligible offer themselves for re-appointment.

Shri S. V. Vaishnav, Dr. B. R. Sureja were appointed additional directors of the company at the meeting of the Board of Directors held on 15th March, 2003 and they occupy the offices till the completion of ensuing Annual General Meeting. Notice together with deposits have been received from members pursuant to Section 257 of the Companies Act, 1956 proposing themselves as Directors of the Company at the ensuing Annual General Meeting.

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, 2003 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.

AUDIT COMMITTEE :

During the year under review an Audit Committee consisting of three Non-Executive Directors of the Company Viz. Shri S. V. Vaishnav, Shri K. J. Mehta and Shri D. B. Nakum was constituted in accordance with Clause 49 of the Listing Agreement.

PARTICULARS OF EMPLOYEES :

The particulars of employees as required under Section 217 (2A) 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.

CORPORATE GOVERNANCE REPORT :

The Company has set up a system of Corporate Governance, A separate report on Corporate Governance is furnished as a part of this Annual Report of the Company. A Certificate from the Company's Auditors regarding Compliance of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is annexed to the Report on Corporate Governance.

AUSTIN ENGINEERING COMPANY LIMITED**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.

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 : 25th June, 2003.

N. C. Vadgama
Chairman

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