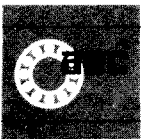


28th Annual Report

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AUSTIN ENGINEERING COMPANY LIMITED



CERTIFICATE

The TÜV CERT Certification Body
of TÜV Rheinland Industrie Service GmbH

certifies in accordance with
TUV CERT procedures that

Austin Engineering Co. Ltd.

Village Patla, Taluka Bhesan, District Junagadh, Gujarat 362 030, India

has established and applies a quality management system for

**Manufacture of Antifriction Bearings for Automotive Applications
-with product design and development-**

Proof has been furnished through an audit, Report No. 058591
that the requirements according to

ISO/TS 16949:2002

have been fulfilled.

The certificate is valid from 2006-06-20 until 2009-06-19.

Certificate Registration No. 01 111 058591

IATF Certificate No. 0026287

Hong Kong, 2006-06-20

TÜV CERT Certification Body of
TÜV Rheinland Industrie Service
GmbH
D-21105 Köln

www.tuv.com



NOTICE

NOTICE is hereby given that the Twenty Eighth 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, 22nd September, 2006 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 on 31st March, 2006 and the Directors' and Auditors' Reports thereon.
2. To declare dividend on Equity Shares.
3. To appoint a Director in place of Mr. D. B. Nakum, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. K J Mehta, 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.

By order of the Board of Directors

N C Vadgama
Chairman

Place : Patla, Dist. Junagadh
Date : 29th June, 2006

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 15th September, 2006 to 22nd September, 2006 (both days inclusive).
3. Dividend on Equity shares, upon its declaration at the meeting shall be paid to the shareholders whose names appear on the Register of members of the Company on 22nd September, 2006. In case of shares held in dematerialized form, the dividend thereon, upon its declaration at the meeting, shall be paid to the beneficial owners as per list provided by the depositories for the said purposes.
4. Shareholders holding shares in electronic form are hereby informed that bank particulars registered against the respective depository accounts will be used by the Company for payment of the dividend. The company or its Registrar can not act on any request received directly from the shareholders holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participants of the shareholders.
5. Shareholders holding shares in physical form are requested to advise any change of address immediately to the Company's Registrar and Share transfer agents, M/s Sharepro services, Satam Estate, 3rd floor, Above Bank of Baroda, Andheri (East), Mumbai 400 099. Shareholders holding shares in electronic form must send the advice about change in address to their respective Depository Participants and not to the Company.
6. Pursuant to the requirements on Corporate Governance under clause 49 of Listing Agreement entered into with the Stock Exchange, the information about the Directors proposed to be appointed/re-appointed is given in the Annexure to the Notice.
7. Members seeking any further information are required 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.
8. Member/Proxies are requested to bring with them duly filled attendance slip for attending the meeting.
9. As an austerity measure, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their copies to the meeting.

28th ANNUAL REPORT

2005-2006

: 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	:	Director
Dr. B. R. SUREJA	:	Director
Mr. K. J. MEHTA	:	Director
Mr. D. B. NAKUM	:	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,
CHAKALA, ANDHERI (EAST), 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.

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



AUSTIN ENGINEERING COMPANY LIMITED**BRIEF RESUME OF DIRECTORS SEEKING APPOINTMENT/ RE-APPOINTMENT AND DIRECTORS APPOINTED SINCE LAST ANNUAL GENERAL MEETING****DIRECTORS SEEKING RE-ELECTION/ REAPPOINTMENT AT THE ANNUAL GENERAL MEETING**

Particulars	Mr.D.B.Nukum	Mr.K.J.Mehta
Date of Birth and Age	15-04-1944	24-11-1934
Appointed on	15-03-2003	15-03-2003
Qualifications	B.Com.	B.A., C.A.I.I.B.
Expertise in Specific Functional Areas	Banking	Banking
Directorships held in other Public Companies (excluding foreign companies)	No	No
Membership/ Chairmanship of Committees across public Companies	Audit	Audit
Shareholding	Nil	Nil

DIRECTOR'S REPORT

To the Members,

Your Directors have pleasure in presenting the Twenty Eighth Annual Report with the audited accounts of the Company for the year ended 31st March, 2006.

FINANCIAL RESULTS

	Rs.in lacs.	
	2005-2006	2004-2005
Gross profit before Interest, Depreciation and Tax	741.59	473.56
Less : Interest and Depreciation	245.71	253.59
Profit before Tax	495.88	219.97
Less : Provision for Taxation	(107.00)	(14.25)
Fringe Benefit Tax	(12.00)	--
Deferred Tax Assets	(64.56)	(68.71)
Profit after Tax.	312.32	137.01
Excess Provi. Of I. Tax W.Back	8.00	--
Profit for the year	320.32	137.01
Add : Balance brought forward from last year.	402.86	265.85
Profit available for appropriations	723.18	402.86
Appropriations :		
- Proposed Dividend	42.37	--
- Provision for Tax on Proposed Dividend	5.94	--
- Transfer To General Reserve	31.00	--
Balance carried forwarded to next year	643.87	402.86

OPERATING RESULTS :

The Company has fared well during the year under review. The sales of the Company has increased both in domestic and export segment. The Sales during the year were Rs.5740.74 Lacs as against Rs.4192.38 Lacs in the previous year. The sales thus registered an overall increase of 36.93% including an increase in export to the tune of 85.30% as compared to the last year export. The net profit of the Company is also increased from Rs.137.01 Lacs to Rs.312.31 Lacs registering the growth of about 127.90%. The prospect of the Company for the current year both in domestic and export segment is also good. The Company has recently installed One no. of Windmill at Kurunga, Dist : Jamnagar which will add to the profitability of the Company during the current year.

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.



AUSTIN ENGINEERING COMPANY LIMITED

DIVIDEND :

In view of the Company's profitable performance, the Directors are pleased to recommend for approval of shareholders a dividend of Rs. 1.20 (Tax Free) per Equity share of the Company in respect of the financial year ended on 31st March, 2006. (Previous Year Rs. Nil). The said dividend shall be payable to those members whose names appear on the Register of member of the company on record date.

FIXED DEPOSITS :

There is no deposit outstanding/unpaid as at 31st March, 2006.

DIRECTORS :

In accordance with the provisions of the Companies Act, 1956, and Articles of Association of the Company, Mr.D.B.Nakum and Mr.K.J.Mehta, Directors of the Company retire by rotation at the ensuing annual general meeting and being eligible offer themselves for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT :

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

- In the preparation of the annual accounts, the applicable accounting standards have been followed.
- 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, 2006 and of the profit of the company for the year under review.
- 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.
- 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 the certificate to the effect that their appointment, if made, will be in accordance with the limits specified under Section 224(B) of the Companies Act,1956.

COST AUDITORS :

Pursuant to the provisions of section 233B of the Companies Act,1956 necessary approval had been obtained from the Department of Company Affairs for the appointment of M/s. S. B. Parikh & Co. as Cost Auditors to Audit the Cost Accounts maintained by the Company for the year ended on 31st March, 2006.

PREFERENTIAL ALLOTMENT OF EQUITY SHARES:

The Company has allotted 2,56,000 nos. of equity shares on Preferential basis to the Promoters and Foreign Company @Rs.105/- per share including premium of Rs.95/- each in accordance with the prescribed guidelines. The Company has applied for Listing and trading approval to Mumbai Stock Exchange Limited. The Company has partly used the said fund for working capital facilities.

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 Secretarial department at the Registered Office of the Company.

SUBSIDIARY COMPANY :

As required U/s. 212 of the Companies Act, 1956, the audited statement of Accounts for the year ended on 31st March, 2006 of Accurate Engineering Inc. U.S.A., the wholly owned subsidiary, together with the report of the Auditors and also the statement U/s. 212 of the Companies Act, 1956 are annexed.

CORPORATE GOVERNANCE REPORT:

A separate section on Corporate Governance and a Certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges are annexed to this report.

MANAGEMENT DISCUSSION AND ANALYSIS STATEMENT:

A Report on Management Discussion and Analysis Statement is separately annexed to this report.

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:

The particulars as prescribed under section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the report of Board of Directors) Rules 1988 are set out in an Annexure to this Report.

ACKNOWLEDGMENT :

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 including Government agencies. The Board of Directors also wish 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.

N C VADGAMA
Chairman.

Place : Patla, Dist.: Junagadh.

Date : 29th June, 2006

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, Adoption & Absorption & Innovation :

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

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

Technology imported during last five years : Nil.



AUSTIN ENGINEERING COMPANY LIMITED

(C) FOREIGN EXCHANGE EARNING AND OUTGO :

FOREIGN EXCHANGE EARNINGS :	(Rs. in Lacs)	
	2005-2006	2004-2005
1. Exports of goods on FOB basis	1942.38	1048.21
2. Interest Income	0.88	0.35
3. Tooling Charges Income	3.28	-
Total Foreign Exchange earned	1946.54	1048.56
FOREIGN EXCHANGE OUTGO :		
1. Import of CIF value of Raw Materials, Capital goods & Spares.	28.22	14.36
2. Traveling	3.86	4.02
3. Sales Commission	26.82	15.84
4. Foreign Marketing & Sales, Promotion Expenses	9.72	-
5. FCNR Loan Interest	28.92	49.46
Total Foreign Exchange used	97.54	83.68

On behalf of the Board of Directors,

Place : Patla, Dist.: Junagadh
Date : 29th June, 2006

N. C. VADGAMA
CHAIRMAN

MANAGEMENT DISCUSSION AND ANALYSIS

OVER VIEW OF BEARING INDUSTRY :

The Indian Bearing Industry is estimated at 30 billion rupees. There are various types of bearings such as Ball Bearing, Taper Bearing, and Needle Bearing. The industry has established a highly diversified product range of bearings having high volume demand. 70% of the total demand is being met by domestic industries and the rest is being met from import, essentially for industrial application and special purpose.

Bearing industry in India can be divided into 3 segments viz. the organized sector, un-organized sector and imports. The organized sector primarily caters to the OEM segment which is pre-dominantly automotive, railway and other industrial users. The replacement market is mainly dominated by the unorganized sector. 55% of the total sales of bearings belongs to the organized sector and about 30% is being met from import.

Till days, the industry is dominated by major players which are in the organized sector. However the share of the said major players have been declining indicating the entry of small players and imports into the industry. Most of the big players are having either technical or financial collaboration with leading auto manufacturers. International collaboration gives access to best technology in the world. Imports is further channelised by legal imports through official channels as well as illegal imports. Legal imports generally represent the specialized bearings normally not manufacturing in India whereas illegal imports usually represents in the replacement market.

The demand for bearing industry flows from original equipment (OE) and the replacement market. OE segments accounts for about 60 % while the Replacement accounts for about 40%. The Growth in demand for bearings however derived from demand in two key users segments i.e. automobile and industrial sector growth. The automobile industry is the largest growth driver for OEM market as it accounts for almost 45% of total bearing market. Engineering sector which account about 28% of total share holds the second growth driver. The fate of bearing industry is largely dependent on production of vehicles and other transport systems. It is also very much linked to heavy duty industrial application in rolling stock, rolling mills, heavy earth moving equipment and other machinery which accounts for about 21% of total bearing market.

Export of bearing companies have increased at CAGR of 13% in the last 7 years from 1995-96 to 2000-01 to at Rs.2.5 billion and the same is expected to grow further. Big players in Indian ball and roller bearing have been already exporting a part of their production to develop countries like US, Europe etc. Domestic players are already sensing the out sourcing opportunity and have initiated the process of manufacturing a range of bearing for meeting their requirements of global customers. The exports especially of autobearings are likely to increase in future with the entry of auto giants in India.

OUR BUSINESS STRATEGY:

AECL is the leading manufacturers of all types of antifriction bearings namely Ball, Tapered Roller, Spherical Roller, Needle Roller and Thrust Bearing. The Company offers wide range of bearings to the different category of buyers like automobiles, Defence, State Road Transport Corporation, Steel Plants, Thermal plants, Cements Plants, Sugar and Paper Industries, Fan and Pump Industry and material handling equipments.

At the core of AECL, technical up gradations and advancements is the involvement of the top management which itself endeavors and supports new developments, continuous quality improvement and strong desire to prove that Indian technology can compete with any top technologically advanced country products, thus resulting in unshakable customer confidence in India and abroad for 'aec' Bearings.

AUSTIN ENGINEERING COMPANY LIMITED

The majority of the product range of the Company is import substitutes and thus indirectly it serves the country by saving Foreign Exchange. A number of initiatives for strict cost control, and improving efficiency and productivity at all levels have been taken which is expected to further enhance the performance of the Company in the years to come.

The Company is striving to focus on sharpening its competitiveness, and for offering a product mix which is totally market driven in order to create a competitive advantage over other players in the market.

We are in a growth mode and our operating and financial performance outlook for the future continues to be strong. We are executing multiple initiatives aimed at enhancing our national presence, strengthening our market position and providing specialized quality to our customers.

Internal Control Systems :

AECL has adequate internal control systems commensurate with its size and complexity of operations, which enables the management to achieve the following objectives.:

- Monitoring efficiency of operations
- Ensuring protection of resources
- Accuracy and promptness of financial reporting
- Compliance with statutes and regulations

The frame - work of the system comprises a well defined organizations structure, authority levels, documented policy guidelines, procedures, management reviews and use of information technology. The Internal Audit department has an extensive audit programme for the year. Post audit checks and reviews are also carried out to ensure follow-up on the observations made by the Audit Committee. The Audit Committee reviews the internal audit reports and the adequacy of internal controls periodically and takes corrective action as and when necessary.

STRENGTH :

The Directors are well experienced and technically qualified with well succession plan.

The Company is this line of business for more than 26 years and enjoy its brand name in the market.

The Company has wide market net work with established customer base.

The Company is able to obtain skilled workers at comparatively lower cost.

The Company is a profit making and self-performance are improving year after year.

WEAKNESS :

The industry is highly capital intensive and as such operating at the minimum economic volume assumes greater significance.

A decline in the capacity utilization would lead to a major negative impact on the operational parameters considering the huge initial capital outlay.

The manufacturers are facing a threat from the spurious parts manufactured who manufacture duplicate parts and sell them in the names of popular brands in the replacement market at a very low price.

Steel and alloy steel are the basic raw-material for the bearing industry and their prices are expected the upward trend in the coming future.

A serious threat is being faced from imports due to decline in duty rates and at the same time, domestic manufacturers are subject to the increased levies.

Higher inventory holding also lead to increase in direct cost.

OPPORTUNITIES :

Penetration of export market during last couple of years help the Company to increase export performance substantially on regular basis.

The Company is manufacturing specialised type of bearing which serve as high value added product.

The Company's CAGR is 20% since last 3 years.

The Company is manufacturing variety of bearings which serve as a product-mix for maintaining profitability.

CAUTIONARY STATEMENT :

Certain statements in this annual report may be forward looking statements. Such forward looking statements are subject to certain risks and uncertainties like regulatory changes, local, political or economic developments, technological risks and many other factors that could cause our actual results to differ materially from those contemplated by the relevant forward looking statements. AECL will not be in any way responsible for any action taken based on such statements and undertakes no obligation to publicly update these forward looking statements to reflect subsequent events or circumstances.





AUSTIN ENGINEERING COMPANY LIMITED

REPORT ON CORPORATE GOVERNANCE

In Compliance with the requirements of Corporate Governance as per the format prescribed by SEBI and incorporated in Clause 49 of the Listing Agreements with the Stock Exchanges, the Company's Policies on Corporate Governance and compliance thereof in respect of specific areas, as applicable, for the year ended 31st March, 2006 is set out below for information of shareholders and investors of the Company.

1. Philosophy :

The Company's philosophy on Corporate Governance is to conduct its affairs in a manner, which is transparent, clear and evident to those having dealings with or having a stake in the Company, namely shareholders, lenders, creditors and employees. The Company's philosophy on corporate governance is thus concerned with the ethics, values and morals of the Company and its Directors, who are expected to in the best interest of the Company and remain accountable to shareholders and other beneficiaries for their action.

2. Board of Directors :

(a) COMPOSITION OF BOARD:

The Board of directors of the Company consist of Eight directors. In Executive Directors, there are Two whole-time directors, One Managing Director and One Joint Managing Director. All others are Non-Executive as well as independent directors. The Non-Executive Directors are eminent personnel with wide range of skills and experience in business, finance and law. The Chairman of the Board is an Executive Director, and 50% of the Board comprises of independent directors.

Name of the Directors		No. of Board	Whether Attended	No. of Other		No. of Outside	
		Meetings Attended	AGM held on	Directorship(s)		Committee(s)	
		During the Year	Sep 22, 2005	Public	Private	Public	Private
Mr. N C Vadgama	- Chairman & E.D.	6	YES	1	1	-	-
Mr. S M Thanki	- Managing Director	6	YES	1	1	-	-
Mr. R N Bambhania	- Jt. Managing Director	6	YES	1	1	-	-
Mr. J R Bhogayta	- Executive Director	6	YES	-	2	-	-
Mr. S V Vaishnav	- Director	6	YES	-	1	-	-
Dr. B R Sureja	- Director	6	YES	-	-	-	-
Mr. K J Mehta	- Director	6	YES	-	-	-	-
Mr. D B Nakum	- Director	6	YES	-	-	-	-

Attention of the members is invited to the relevant items in the Notice of the Annual General Meeting for seeking their approval for the aforesaid appointments. The information as required under clause 49 (IV)(G) of the Listing Agreement is annexed to the Notice of the AGM.

(b) DETAILS OF BOARD MEETING HELD DURING THE YEAR 2005-06 :

Date of Meeting	No. of Directors Present.	Date of Meeting	No. of Directors Present.
10th April, 2005	8	26th October, 2005	8
30th June, 2005	8	22nd November, 2005	8
28th July, 2005	8	25th January, 2006	8
22nd September, 2005	8	31st January, 2006	8

(c) DETAILS OF SITTING FEES, REMUNERATION ETC. PAID TO DIRECTORS FOR THE YEAR ENDED 31ST MARCH, 2006 :

Name of the Directors	Remuneration paid to Directors	Sitting fees paid for attending Board/ Audit Committee
Mr. N C Vadgama	65000 per month	NIL
Mr. S M Thanki	65000 per month	NIL
Mr. R N Bambhania	65000 per month	NIL
Mr. J R Bhogayta	65000 per month	NIL
Mr. S V Vaishnav	NIL	10000
Mr. B R Sureja	NIL	10000
Mr. K J Mehta	NIL	10000

Note: The Non - Executive Directors are not entitled to any remuneration except sitting fees for attending Board/Committee meetings. As regards to Executive Directors, they are entitled to remuneration as per terms of appointment.

(d) REMUNERATION COMMITTEE :

The Company has set up a remuneration committee which consist of three Non-Executive independence Directors namely (1) Shri K J Mehta (2) Shri S V Vaishnav and (3) Shri D B Nakum.

The said committee recommend/review the remuneration package of the Managing / Whole-time Directors. The Company pays remuneration by way of salary and perquisites subject to requisite approval from the Board of Directors of the Company and also from the shareholders as prescribed under the Companies Act, 1956.