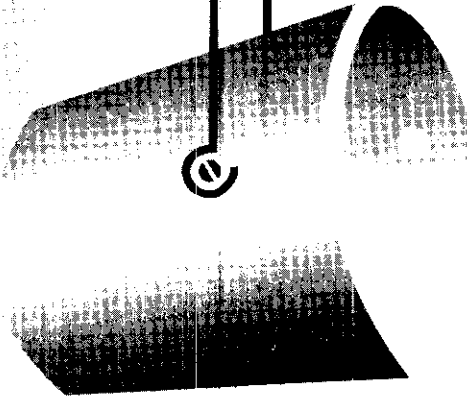


18th Annual Report 1999-2000



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BHAGWAN
AUTOCAST LIMITED

BHAGWATI AUTOCAST LIMITED



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Board of Directors	:	Dr. P. N. Bhagwati Mrs. M. P. Bhagwati Mr. M. N. Shah Miss R. P. Bhagwati Mr. B. L. Dalal	Chairman & Managing Director
Company Secretary	:	Mr. B. G. Vyas	
Auditors	:	M/s. K. D. Parekh & Associates Chartered Accountants Ahmedabad	
Bankers	:	Bank of Baroda Ashram Road Ahmedabad	
Registered Office and Works	:	Survey No. 816, Village Rajoda Near Bavla Dist. Ahmedabad	

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BHAGWATI AUTOCAST LIMITED

FINANCIAL STATISTICS										
	[Rs. Lacs]									
PARTICULARS	99-2000	1998-99	1997-98	1996-97	1995-96	1994-95	1993-94	1992-93	1991-92	1990-91
Fixed Assets (Gross)	859.62	681.48	670.95	642.36	557.21	525.74	417.64	375.63	297.61	272.46
Fixed Assets (Net)	510.18	371.85	398.02	416.43	366.11	343.42	262.06	241.26	189.42	173.09
Net Current Assets	213.52	198.44	237.84	260.75	277.44	257.64	288.56	234.56	86.41	86.31
Misc.Exps.(Not W/off)	2.17	2.90	3.62	4.34	5.07	5.81	6.59	7.89	1.27	1.86
TOTAL ASSETS (NET)	725.87	573.19	639.48	681.52	648.62	606.87	557.21	483.71	277.10	261.26
Borrowings	197.87	120.99	215.07	270.66	247.83	207.69	164.01	90.44	87.73	107.58
Equity Share Capital	160.04	160.04	160.04	160.04	160.04	160.04	160.04	160.04	99.20	99.20
Reserves & Surplus	367.96	292.16	264.37	250.82	240.75	239.14	233.16	233.23	92.17	54.48
TOTAL CAPITAL EMPLOYED	725.87	573.19	639.48	681.52	648.62	606.87	557.21	483.71	279.10	261.26
DEBT EQUITY RATIO	0.37:1	0.27:1	0.51:1	0.67:1	0.62:1	0.52:1	0.42:1	0.23:1	0.46:1	0.70:1
Sales & Other Income	2567.54	2157.70	1962.57	1839.47	1469.27	1293.45	1123.58	1010.85	1128.50	897.80
Excise Duty	364.70	291.38	253.02	232.18	0.00	0.00	0.00	0.00	0.00	0.00
Materials	1069.10	924.92	882.47	879.45	817.49	711.05	597.24	545.62	637.38	508.63
Labour Cost	328.73	293.79	272.56	243.97	229.74	202.49	179.79	146.00	129.04	108.35
Power	452.35	385.52	348.75	307.32	257.69	238.52	205.32	175.26	172.98	119.92
Operation & Other Exps	79.35	62.01	45.76	38.69	33.70	31.47	37.98	30.59	29.87	24.05
Lease Rent	0.00	0.00	0.00	0.00	3.47	3.95	4.41	5.11	14.78	12.93
Interest	64.59	81.22	95.78	88.54	71.95	47.98	30.55	60.05	66.95	54.78
GROSS PROFIT	208.72	118.86	64.23	49.32	55.23	57.99	68.29	48.22	77.50	69.14
Depreciation	43.14	41.20	33.31	30.16	33.80	27.76	22.50	18.57	17.52	15.92
Investment All. Reserve	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	29.72
PROFIT BEFORE TAX	165.58	77.66	30.92	19.16	21.43	30.23	45.79	29.65	59.98	23.50
Provision For Taxation	62.17	25.00	2.29	2.72	0.00	0.00	22.00	5.60	7.40	0.00
PROFIT AFTER TAX	103.41	52.66	28.63	16.44	21.43	30.23	23.79	24.05	52.58	23.50
Prior period adjustments	0.27	0.00	0.00	7.71	(0.61)	(0.24)	0.15	1.85	(0.01)	0.02
Dividends	22.41	22.41	12.80	12.80	19.20	24.01	24.01	16.00	14.88	11.90
Corporate Tax on Dividend	4.93	2.46	1.28	1.28	0.00	0.00	0.00	0.00	0.00	0.00
Retained Earnings	76.34	27.79	14.55	10.07	1.62	5.98	(0.07)	9.90	37.69	11.62
Earning per Eq. Share Rs.	6.46	3.29	1.79	1.03	1.34	1.89	1.49	1.50	5.30	2.37
Dividend on Eq. Share %	14.00	14.00	8.00	8.00	12.00	15.00	15.00	10.00	15.00	12.00
Net Worth	525.83	449.30	420.79	406.52	395.72	393.37	386.61	385.38	190.10	151.82
Book value per Eq.Share Rs	32.86	28.07	26.29	25.40	24.73	24.58	24.16	24.08	19.16	15.30

**BHAGWATI****18th Annual Report 1999-2000****NOTICE**

NOTICE is hereby given that the EIGHTEENTH ANNUAL GENERAL MEETING of the members of BHAGWATI AUTOCAST LIMITED will be held at the Registered Office of the Company at Survey No. 816, Village Rajoda, Near Bavla, Dist. Ahmedabad 382 220 on Saturday the 30th September, 2000 at 10.30 A.M. to transact the following business.

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended on 31st March, 2000 and Balance Sheet as at the same date and consider the Directors' Report and Auditor's Report thereon.
2. To declare a Dividend on Equity Shares for the financial year 1999-2000.
3. To appoint a Director in place of Mr Mahendra N Shah, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS :

5. To consider and if thought fit, to pass, with or without modifications, the following Resolution as Ordinary Resolution :

ORDINARY RESOLUTION :

"RESOLVED THAT Mr Bhagwandas Lallubhai Dalai be and is hereby appointed as a Director whose period of office shall be liable to determination by retirement of Directors by rotation."

6. To consider and if thought fit, to pass, with or without modifications, the following Resolution as Ordinary Resolution :

ORDINARY RESOLUTION :

"RESOLVED THAT in partial modification of the Ordinary Resolution Passed at the 16th Annual General Meeting of the Company held on 30th September, 1998 and pursuant to the provisions of sections 198, 269, 309 and 310 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII of the Act as amended, the Company hereby approves of the revision in remuneration payable to Dr Pravin Natwarlal Bhagwati, Managing Director of the Company with effect from 1st October, 2000 upto the residual period of his term i.e. up to 31/08/2003 as under :-

Salary : Rs. 80,000/- per month

Perquisites : (i) Part A (1) (c) relating to Housing shall be substituted as under :-

Housing : In case no accommodation is provided by the company, the Managing Director shall be entitled to House Rent Allowance @ 45% of the salary.

- (ii) All other clauses shall remain unaltered as per existing Agreement dated 25th November, 1998.

However the total remuneration payable to Dr Pravin Natwarlal Bhagwati, the Managing Director shall not exceed Rs. 1,25,000/- per month inclusive of Salary, Perquisites and Commission."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to take such steps as may be necessary to give effect to foregoing resolution as also to enter into the Supplementary Agreement with Dr Pravin Natwarlal Bhagwati, draft of which is placed before the meeting."

Registered Office :

Survey No. 816,
Village Rajoda, Near Bavla,
Dist. Ahmedabad 382 220

By order of the
Board of Directors

Place : Ahmedabad
Date : 09/08/2000

B.G. Vyas
Company Secretary

Notes :

1. A member entitled to attend and vote is entitled to appoint one or more proxies to attend and vote instead of himself/herself, and that a Proxy need not be a member of the Company.

The Proxy in order to be effective must be received by the Company not less than 48 hours before the commencement of Annual General Meeting.

2. An Explanatory Statement as required under Section 173(2) of the Companies Act, 1956 is annexed hereto and forms part of the Notice.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, the 15th September, 2000 to Saturday, the 30th September, 2000 [Both days inclusive].
4. The Dividend, if sanctioned, at the Annual General Meeting, will be paid to the Members from 7th November, 2000.
5. Members are requested to notify the change in their address immediately.

BHAGWATI AUTOCAST LIMITED

6. The Members having multiple ledger folios in the same order of names, are requested to approach Share Department for consolidating their entire holding in one folio for mutual convenience.
7. The draft supplementary Agreement to be entered into with Dr Pravin N Bhagwati is kept open at the Registered Office of the Company for inspection between 11.00 A.M. and 1.00 P.M. on any working day.

ANNEXURE TO NOTICE**EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956 AND FORMING PART OF NOTICE.****ITEM NO. 5**

Item No. 5 relates to the appointment of Mr. Bhagwandas Lallubhai Dalal as a Director on the Board of the Company.

Mr B L Dalal was appointed as a Director by the Board of Directors of the Company pursuant to Section 262 of the Companies Act, 1956 by way of filling casual vacancy caused by the resignation of Mr. M. H. Gandhi to have wider participation on varied matters placed before the Board. Mr B. L. Dalal ceases to be a Director at the ensuing Annual General Meeting.

Mr B. L. Dalal, possesses wide experience, as an Investment Consultant and is on the Board of few other companies.

The Company has received a Notice pursuant to section 257 of the Companies Act, 1956 from a shareholder of the company alongwith a deposit of Rs.500/- signifying his intention to move this Ordinary Resolution at the ensuing Annual General Meeting for the appointment of Mr B. L. Dalal as a Director of the Company.

Your Directors commend this Resolution.

None of the Directors other than Mr. B. L. Dalal, is interested or concerned in the Resolution.

The Notice u/s 257 of the Companies Act, 1956 received from a Shareholder is kept open for inspection by members on any working day during business hours between 12.00 P.M. and 3.00 P.M. at the Registered Office of the Company.

ITEM NO. 6

Item No. 6 of the Notice relates to the revision in the remuneration payable to Dr Pravin Natwarlal Bhagwati consequent upon the amendment in schedule XIII of the Companies Act, 1956.

Dr Pravin Natwarlal Bhagwati has been the Managing Director of the Company since 1st September, 1983 and was last re-appointed to the office of Managing Director for five years effective from 1st September, 1998. Dr Pravin Natwarlal Bhagwati possesses an experience of 38 years and the Company has made consistent growth under his leadership.

The Board of Directors of the Company is of the opinion that the remuneration of Dr Pravin Natwarlal Bhagwati should be revised in accordance with the provisions of schedule XIII as amended, of the Companies Act, 1956.

The remuneration proposed to be paid to Dr Pravin Natwarlal Bhagwati, the Managing Director of the Company is as under, effective from 01/10/2000 upto the residual period of his appointment i.e. upto 31/08/2003

1. SALARY : Rs. 80,000/- [Rupees Eighty thousand] per month
2. PERQUISITES : (i) Part A (1) (c) relating to Housing shall be substituted as under :-

Housing : In case no accommodation is provided by the company, the Managing Director shall be entitled to House Rent Allowance @ 45% of the salary.

- (ii) All other clauses shall remain unaltered as per existing Agreement dated 25th November, 1998.

However the total remuneration payable to Dr Pravin Natwarlal Bhagwati, shall not exceed Rs. 1,25,000/- per month inclusive of Salary, Commission and Perquisites.

Your Directors commend the aforesaid resolution.

Dr Pravin Natwarlal Bhagwati is interested in the above resolution to the extent of remuneration receivable by him. Mrs M P Bhagwati and Ms R P Bhagwati are concerned or interested in the above resolution as being relative of Dr Pravin N Bhagwati. No other Directors are interested in the proposed resolution.

The above details may be treated as an abstract of the terms of the contract with the Managing Director in terms of provisions contained in section 302(2) of the Companies Act, 1956.

Registered Office :

Survey No. 816,
Village Rajoda, Near Bavla,
Dist. Ahmedabad 382 220

By order of the Board
of Directors

Place : Ahmedabad
Date : 09/08/2000

B G Vyas
Company Secretary

**DIRECTORS' REPORT**

To
The Members,

Your Directors have pleasure in placing before you EIGHTEENTH ANNUAL REPORT and Audited Accounts for the year ended 31st March, 2000.

01. FINANCIAL RESULTS :

	For the year Ended 31/03/2000 (Rs.)	For the year Ended 31/03/1999 (Rs.)
Profit before Interest, Depreciation and Taxation	27,331,052	20,008,188
Less : Interest & Finance Charges	6,459,482	8,122,648
Profit before Depreciation & Taxation	20,871,570	11,885,540
Less : Depreciation	4,313,721	4,119,890
Profit before Tax	16,557,841	7,765,650
Less : Provision for Taxation	6,217,000	2,500,000
Profit after Tax	10,340,849	5,265,650
Less : Prior period Adjustments	27,398	(175)
Add : Surplus of Last Year Brought forward	1,938,461	2,159,627
Profit available for Appropriation	12,251,912	7,425,452
APPROPRIATION :		
Transfer to General Reserve	7,500,000	3,000,000
Proposed Dividend	2,240,532	2,240,532
Corporate Tax on Dividend	492,917	246,459
Balance Carried to Balance Sheet	2,018,463	1,938,461
TOTAL ...	12,251,912	7,425,452

02. DIVIDEND :

Your Directors recommend the following Dividend for the year ended 31st March 2000.

	Current Year (Rs. Lacs)	Previous Year (Rs. Lacs)
Rs.1.40 [Previous year Rs. 1.40] per share on 1,600,380 Equity Shares of Rs. 10/- each fully Paid-up	22.41	22.41

03. OPERATIONS :

Due to effective measures taken for improvement in quality, demand for the castings manufactured by your company has increased. This has resulted in higher production upto the maximum of installed capacity of your company. Better management of resources also contributed for the improvement of company's operational results.

As a part of the modernisation drive, your company has commissioned a sophisticated sand plant which will not only enhance the quality of the castings but also reduce cost of production. Your company is also in the process of adopting various cost reduction measures to increase our competitiveness in the market.

However, despite all efforts of the company, the performance of the first three months of the current year is not encouraging. Due to draught condition prevailing in the country, the Tractor Industry has suffered a major set back. This sector being a major buyer of your products, the demand has fallen & Profits affected. The company, however hopes for improved market conditions in the second half of the year.

04. DIRECTORS :

Mr Mahendra N Shah, Director of the Company retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

During the year under review, Mr D Vasudeva Rao and Mr M H Gandhi, Directors have resigned from the Directorship of the Company due to frail health and pre-occupation elsewhere. Your Directors took on record the valuable services rendered to the Company during their association with the Company.

Mr Bhagwandas L Dalal was appointed as a Director by the Board of Directors pursuant to section 262 of the Companies Act, 1956 to fill up casual vacancy caused by the resignation of Mr M H Gandhi from the Directorship of the Company. His term expires at the

BHAGWATI AUTOCAST LIMITED

ensuing Annual General Meeting and a Notice u/s 257 of the Companies Act, 1956 has been received from a shareholder signifying his intention to move an Ordinary Resolution at ensuing Annual General Meeting for his appointment as a Director.

05. AUDITORS :

M/s. K D Parekh & Associates, Chartered Accountants, retire at the ensuing Annual General Meeting. You are requested to re-appoint Auditors for the year 2000-2001 and to fix their remuneration.

06. FIXED DEPOSITS :

There are no unclaimed / unpaid deposits as on 31/03/2000.

07. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO :

Additional Information on Conservation of energy, technology absorption, Foreign exchange earning and outgo, as required to be disclosed in terms of section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the report of the Board of Directors) Rules, 1988 is annexed hereto and forms part of this report.

08. PARTICULARS OF EMPLOYEES :

Information as per Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended, is annexed hereto and forms part of this report.

09. GENERAL :**1) Insurance :**

The assets of the company including Plant and Machineries, Factory Building, Stocks, Stores, Vehicles etc. have been adequately insured.

2) Industrial Relations :

During the year under review the industrial relations were cordial.

3) Acknowledgement :

Your Directors wish to place on record their deep sense of appreciation of the continued co-operation and support extended by Bank of Baroda and other financial institutions, from time to time during the year.

The Directors also wish to place on record their appreciation of the devoted services of the Workers, Staff and Executives of the Company, who have contributed to the efficient management of the Company.

For and on behalf of the
Board of Directors

Place : Ahmedabad
Date : 09/08/2000

Dr P N Bhagwati
Chairman

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ANNEXURE TO DIRECTORS' REPORT

Information as per Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31st March, 2000.

[A] CONSERVATION OF ENERGY :**a) Measures Taken :**

The Company has been taking various measures for conservation of energy for last few years. During the year, the Company has taken following additional measures :-

- [1] Few cores are being manufactured in Cold Box and OMEGA Core sand Mixer where around 36 KW per machine heating load is reduced.
- [2] In new Sand Mixer, 12.5 H.P. power is lesser than old mixer.
- [3] On weekly off days and during non-working days L.T. Capacitors were being switched off. They are being operated during fettling operations to improve power factor from 0.95 to 0.96
- [4] Reconditioning of Transformers which has resulted in reduction of Transformer Losses.
- [5] 8 Nos Old inefficient motors are replaced by new. It resulted in reduced losses & increased efficiency.
- [6] Old conventional switch fuse units are replaced by MCB switches which reduces distribution losses.
- [7] Energy meters are provided in Air Compressors, Sand Plant, and Core shooters to monitor and control power consumption.
- [8] Old copper HT/LT distribution system replaced to reduce distribution losses and thereby reduction in energy consumption.

FURTHER STEPS TO BE IMPLEMENTED

- [1] Power factor to be improved from 0.955 to 0.985. This will reduce losses and maximum demand to around 1.00% to 1.50%.
- [2] Auto Transformer or Magnetic Controller will be provided for lighting equipment. This will reduce lighting power consumption to around 7.5% to 10.00%.

b) Additional Investment proposals, if any, being implemented for reduction of consumption of energy :

At present, the Company does not envisage any further investment proposals for reduction of energy consumption.

c) Impact of the measures taken at (a) & (b) above for reduction of energy consumption :

Satisfactory positive impact of measures taken as above have been observed by reduction of energy consumption.

Total energy consumption and energy consumption per unit of production as per Form A of the ANNEXURE in respect of industries specified in the Schedule thereto.

FORM - A

Particulars **1999-2000** **1998-99**

[A] Power & Fuels consumption :**1. Electricity****[a] Purchased**

- Units	9433790	8523080
- Total Amount		
[Rs. Lacs]	451.53	384.62
- Rate / Unit [Rs.]	4.79	4.51

[b] Own Generation**[i] Through Diesel Generator**

- Units	3344	4124
- Units per liter of diesel oil	2.00	2.06
- Cost per unit [Rs.]	10.33	5.82

[ii] Through Steam Turbine Generator

- Units	Nil	Nil
- Units per liter of Fuel Oil/Gas	Nil	Nil
- Cost per Unit [Rs.]	Nil	Nil

2. Coal	Nil	Nil
3. Furnace Oil	Nil	Nil
4. Others / Internal Generation	Nil	Nil

[B] Consumption per unit of Production

	Electricity per MT of Castings	Electricity per MT of Castings
[i] C I Castings	1266	1377
[ii] S G I Castings	1323	1428

BHAGWATI AUTOCAST LIMITED**FORM - B****B. DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION, RESEARCH AND DEVELOPMENT (R & D) :
TECHNOLOGY ABSORPTION :**

During the year under review, The Company has commissioned various new equipments with a view to get improved quality and higher output at reduced cost.

[1] Sand Plant :-**[a] G.F.D. Sand Mixer :-**

It is commissioned for consistent quality of sand with lower additive consumption. Consistency is achieved by Load Cell Technology of weighing the sand additives.

[b] Sand Homogenising System :-

i) It has improved sand homogenisation. This is achieved by sand recirculation in the sand plant.

ii) Sand cooling by water spray controlled by infrared temperature sensor.

[2] Cold Box Machine :-

This technology has the advantage of low power consumption, better output, avoidance of filling sand & better environment as compared to Shell Core Technology.

[3] OMEGA Continuous Sand Mixer :-

It has improved the productivity due to faster operation. Consistency of quality is achieved by mixing of sand and additives in metered quantity.

RESEARCH & DEVELOPMENT :

[i] Specific areas in which R & D is carried out by the Company :-

[a] Study for improvement in the production process parameters of castings is continuously carried out by the Company.

[b] Evolving System approach to Total Quality Management is introduced.

[c] Use of computerisation in Production Monitoring, Analysis of Rejection and Monitoring of Energy Consumption.

[ii] Benefits derived as a result of above R & D :-

[a] The quality of the product manufactured by the Company has been accepted by our buyers. There is sizeable reduction in sales rejections.

[b] Substantial reduction in cost of goods produced.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO :

There is no export of Castings during the year under review.

1999-2000 **1998-99**

[Rs.] [Rs.]

Total Foreign Exchange used **383,194** 119,063

Total Foreign Exchange earned **Nil** Nil

For and on behalf of the
Board of Directors

Place : Ahmedabad

Date : 09/08/2000

Dr P N Bhagwati

Chairman

Statement of particulars of Employees pursuant to provision of Section 217(2A) of the Companies Act, 1956 and forming part of the Directors' Report, for the year ended on 31st March, 2000.

Sr. No.	Name of the employee	Designation	Gross Remuneration	Qualification and experience	Date of Commence -ment of employment	Age [Years]	Last employment held / designation & Organisation
Particulars of the employees employed throughout the year under review and were in receipt of the remuneration at a rate in aggregate not less than Rs.600,000/- per annum.							
01	Dr P N Bhagwati	Chairman and Managing Director	Rs.1,000,200/-	B.E., Ph.D. [West Germany] 38 Years	01-09-1983	63	Managing Director Bhagwati Spherocast Ltd

- Notes : 1 Remuneration as above includes salary, company's contribution to provident fund and superannuation fund, leave travel assistance, house rent allowance, personal accident insurance and other perquisites.
2 The conditions of employment, in case of the above employee, is contractual.
3 Dr P N Bhagwati is related to Mrs M P Bhagwati and Miss R P Bhagwati, Directors of the Company.

For and on behalf of the Board of Directors

Place : Ahmedabad

Date : 09/08/2000

Dr P N Bhagwati

Chairman