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BHAGWATI AUTOCAST LIMITED

23rd Annual Report 2004-05

BHAGWATI AUTOCAST LIMITED



BHAGWATI

23rd Annual Report 2004-2005

Board of Directors

: Dr P N Bhagwati Chairman & Managing Director
Ms. Reena Bhagwati Jt. Managing Director
Mrs M P Bhagwati
Mr M N Shah
Mr B L Dalal

Auditors

: M/s K D Parekh & Co.
Chartered Accountants
Ahmedabad

Bankers

: Bank of Baroda
Ashram Road
Ahmedabad

Registered Office & Works

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

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23rd Annual Report 2004-2005

FINANCIAL STATISTICS												[Rs. Lacs]
PARTICULARS	2004-05	2003-04	2002-03	2001-02	2000-01	99-2000	1998-99	1997-98	1996-97	1995-96	1994-95	
Fixed Assets (Gross)	1120.69	1101.30	986.80	896.44	868.71	859.62	681.48	670.95	642.36	557.21	525.74	
Fixed Assets (Net)	628.02	504.31	441.31	458.95	481.14	510.18	371.85	398.02	416.43	366.11	343.42	
Net Current Assets	(90.04)	(101.39)	(19.02)	180.71	188.21	213.52	198.44	237.84	260.75	277.44	257.64	
Misc. Exps/Deferred Revenue Exps.	10.71	14.27	0.00	0.72	1.44	2.17	2.90	3.62	4.34	5.07	5.81	
Profit & Loss Account	166.34	246.36	169.28	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
TOTAL ASSETS (NET)	715.03	663.55	591.57	640.38	670.79	725.87	573.19	639.48	681.52	648.62	606.87	
Borrowings	208.89	270.06	201.35	178.97	231.37	197.87	120.99	215.07	270.66	247.83	207.69	
Equity Share Capital	160.04	160.04	160.04	160.04	160.04	160.04	160.04	160.04	160.04	160.04	160.04	
Reserves & Surplus	121.72	142.77	142.77	208.59	279.38	367.96	292.16	264.37	250.82	240.75	239.14	
Deferred Tax	89.04	90.68	87.41	92.78	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
TOTAL CAPITAL EMPLOYED	579.69	663.55	591.57	640.38	670.79	725.87	573.19	639.48	681.52	648.62	606.87	
DEBT EQUITY RATIO	0.82:1	0.89:1	0.66:1	0.48:1	0.53:1	0.37:1	0.27:1	0.51:1	0.67:1	0.62:1	0.52:1	
Sales & Other Income	3921.64	2443.08	1187.46	2160.71	2009.38	2567.54	2157.70	1962.57	1839.47	1469.27	1293.45	
Excise Duty	530.93	310.11	165.47	253.06	274.33	364.70	291.38	253.02	232.18	0.00	0.00	
Sales Tax	151.33	90.14	48.13	76.89	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Materials	2080.82	1226.75	539.54	897.09	870.91	1069.10	924.92	882.47	879.45	817.49	711.05	
Labour Cost	351.06	304.66	263.02	309.80	335.70	328.73	293.79	272.56	243.97	229.74	202.49	
Power	493.30	378.01	239.68	414.30	433.17	452.35	385.52	348.75	307.32	257.69	238.52	
Operation & Other Exps	68.42	47.91	44.51	56.71	63.43	79.35	62.01	45.76	38.69	33.70	31.47	
Lease Rent	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3.47	3.95	
Interest	127.88	98.94	73.48	84.23	73.64	64.59	81.22	95.78	88.54	71.95	47.98	
GROSS PROFIT	117.90	(13.44)	(186.37)	68.63	(41.80)	208.72	118.86	64.23	49.32	55.23	57.99	
Depreciation	56.84	54.29	46.90	54.82	46.79	43.14	41.20	33.31	30.16	33.80	27.76	
Investment All. Reserve	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
PROFIT BEFORE TAX	61.06	(67.73)	(233.27)	13.81	(88.59)	165.58	77.66	30.92	19.16	21.43	30.23	
Provision For Taxation	(1.64)	3.27	2.80	4.93	0.00	62.17	25.00	2.29	2.72	0.00	0.00	
PROFIT AFTER TAX	62.70	(71.00)	(236.07)	8.88	(88.59)	103.41	52.66	28.63	16.44	21.43	30.23	
Prior period adjustments	(3.74)	(6.08)	0.98	0.00	0.00	0.27	0.00	0.00	7.71	(0.61)	(0.24)	
Dividends	0.00	0.00	0.00	0.00	0.00	22.41	22.41	12.80	12.80	19.20	24.01	
Corporate Tax on Dividend	0.00	0.00	0.00	0.00	0.00	4.93	2.46	1.28	1.28	0.00	0.00	
Retained Earnings	58.96	(77.08)	(235.09)	8.88	(88.59)	76.34	27.79	14.55	10.07	1.62	5.98	
Earnings per Eq. Share Rs.	3.92	(4.44)	(14.75)	0.55	(5.54)	6.46	3.29	1.79	1.03	1.34	1.89	
Dividend per Eq. Share %	0.00	0.00	0.00	0.00	0.00	14.00	14.00	8.00	8.00	12.00	15.00	
Net Worth	104.71	42.18	133.53	367.91	437.98	525.83	449.30	420.79	406.52	395.72	393.37	
Book value per Eq. Share Rs	6.54	2.64	8.34	22.99	27.37	32.86	28.07	26.29	25.41*	24.73	24.58	

BHAGWATI AUTOCAST LIMITED**NOTICE**

NOTICE is hereby given that the **TWENTY THIRD 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 Friday, the 30th September, 2005 at 10.30 AM 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, 2005 and Balance Sheet as at the same date and consider the Directors' Report and Auditor's Report thereon.
2. To appoint Director in place of Mr. M. N. Shah who retires by rotation and being eligible offer himself for re-appointment.
3. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS:

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

ORDINARY RESOLUTION:

"RESOLVED THAT in accordance with the provisions of the section 257 and all other provisions, if any, of the Companies Act, 1956.

Ms. Reena P. Bhagwati, who was appointed as an additional Director by the Board of Directors of the Company and who holds office up to the date of this Annual General meeting pursuant to Section 260 of the Companies Act, 1956 and in respect of whom the company has received a notice in writing from a member proposing a candidature of Ms. Reena P. Bhagwati for the office of Director, be and is hereby appointed a Director of the Company."

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

ORDINARY RESOLUTION:

"RESOLVED THAT in accordance with the Provisions of Sections 198, 269, and 309 read with Schedule XIII and all other applicable provisions, if any, of the Companies, Act, 1956 or any statutory modification(s) or re-enactment thereof, approval of the company be and is hereby accorded to the appointment of Ms. Reena P. Bhagwati as a Jt. Managing Director w.e.f. 29/01/2005 for a period up to 31st March, 2008 without any remuneration on the terms and conditions as set out in the explanatory statement annexed to the notice convening this meeting.

"RESOLVED FURTHER THAT the Board be and is hereby, authorized to take all such steps as may be necessary, proper or expedient to give effect to this resolution.

6. To consider and if thought fit, to pass with or without modifications the following Resolution as a "Special Resolution.

SPECIAL RESOLUTION:

"RESOLVED THAT the Company, hereby, accord its consent and approval under section 314 (1) and other applicable provisions (if any) of the Companies Act, 1956 to Ms. Aanal Bhagwati, relative of a few of the Directors of the Company, who holds an office of profit under the company as Human Resources Consultant being the profession carried-out by her under the name of M/s. Human Capital Management and for holding and continuing the same.

RESOLVED FURTHER THAT the total remuneration by way of Fees payable to M/s. Aanal Bhagwati shall not exceed Rs.50,000 P.M. in aggregate in any month.

RESOLVED FURTHER THAT the Board be and is hereby authorized to fix the actual fees payable to Ms. Aanal Bhagwati from time to time within the overall limits of 50,000 P.M. or such other limit as may be revised from time to time by the Government in this behalf.

7. To consider and if thought fit, to pass with or without modifications the following Resolution as a Special Resolution.

SPECIAL RESOLUTION:

"RESOLVED THAT in partial modification of the resolution passed at 21st Annual General Meeting of the Company held on 30th September, 2003 pursuant to the provisions of Sections 198, 269, 309 and 310 of the Companies Act, 1956 read with Schedule XIII thereof as amended up to date and other applicable provisions, if any, of the Companies Act, 1956, the consent of the members be and is hereby accorded for the increase in remuneration as sanctioned by the Board of Directors of the Company w.e.f. 1st October, 2005 for the remaining period of one year of the tenure of Shri P.N. Bhagwati as Managing Director of the Company as set out in the draft Supplementary Agreement incorporating the revised terms of remuneration produced at the meeting and for the purpose of identification, initialed by the Chairman thereof.

"RESOLVED FURTHER THAT the Board of Directors of the Company, be and is, hereby authorized to take such steps as are expedient and necessary to give effect to the resolution.

"RESOLVED FURTHER THAT all other terms & conditions of the remuneration as included in the resolution passed in 21st Annual general Meeting held on 30-9-2003 would remain unchanged."

Registered Office

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

Place : Ahmedabad

Date : 27/07/2005

By order of the
Board of Directors

Dr.P.N.Bhagwati
Chairman

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. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, the 23rd September, 2005 to Friday, the 30th September, 2005 (both days inclusive).
3. Members are requested to notify the change in their address immediately.
4. 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.
5. Members who have either not received or have not encashed their Dividend Warrants for any of the financial years from 1997-98 to 1999-2000 are requested to write to the share department at the aforesaid address mentioning the relevant folio number or the depository account number for issuance of duplicate/revalidated dividend warrants.
6. In terms of the provisions of section 205 A of the Companies Act, 1956 dividends not encashed or claimed within 7 years from the date of its transfer to the unpaid dividend account will be transferred to the Investor Education and Protection Fund established by the Central Government.



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Accordingly, unclaimed dividend in respect of financial year 1997-98 is due for transfer to the said Fund in November 2005. In terms of the provisions of Section 205 C of the Companies Act, 1956, no claim shall lie against the Company or the said Fund after the said transfer.

7. Equity shares of the Company have been activated for dematerialization with National Security Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL) vide "ISIN INE 106G01014". Members wishing to dematerialise their share may approach any Depository Participant (DP).
8. Members desiring any information as regards the accounts are requested to write to the Company at the earliest, so as to enable the Board of Directors to keep the information ready.
9. In terms of provisions of section 109A of the Companies Act, 1956, nomination facility available to individual shareholders. The shareholders who are desirous of availing this facility may kindly write to Company's share transfer agent, M/s. MCS Ltd., 101, Shatdal Complex, Opp. Bata Show Room, Ashram Road, Ahmedabad - 380 009.
10. Members who hold shares in dematerialised form are requested to bring their depository account number for identification.
11. Members are requested to bring their copies of the annual report to the meeting.

ANNEXURE TO NOTICE

EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956 FORMING PART OF NOTICE:

ITEM NO.4:

Item No.4 of the Notice relates to the appointment of Ms.Reena P.Bhagwati, as a Director on the Board of the Company.

Ms.Reena P.Bhagwati was appointed as an Additional Director by the Board of Directors of the Company pursuant to section 260 of the Companies Act, 1956 to have wider participation on varied matters. Ms.Reena P.Bhagwati ceases to be a Director at the ensuing Annual General Meeting.

Ms.Reena P.Bhagwati is a Commerce Graduate and an MBA from USA. She is having more than 15 years of experience of Top level management. She is presently the Managing Director of Bhagwati Filters Private Limited and the said company under her able stewardship has made a considerable progress. It is therefore in the interest of the company if she is inducted on the board of directors.

The Company has received a notice pursuant to section 257 of the Companies Act, 1956 from a shareholder of the Company along with a deposit of Rs.500/- signifying his intention to move an ordinary resolution at ensuing Annual General Meeting for her appointment as a Director.

Ms.Reena P.Bhagwati is interested in the above resolution to the extent of her appointment as a Director.

Dr.P.N.Bhagwati and Mrs.Reena P.Bhagwati are concerned or interested in the above resolution as being relative of Ms.Reena P.Bhagwati.

No other Directors are interested in the proposed resolution.

Your Directors recommend the above resolution.

The Notice under section 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 3.00 p.m. to 5.00 p.m. at the Registered Office of the Company.

ITEM NO.5:

Item No.5 of the Notice relates to the appointment of Ms.Reena P.Bhagwati as the Jt.Managing Director of the Company made by the Board by passing an unanimous resolution, effective from 29th January, 2005 for a period up to 31st March 2008. Ms.Reena P.Bhagwati has expressed her desire not to receive any remuneration from the Company.

Ms.Reena Bhagwati is also working as the Managing Director in Bhagwati Filters Pvt. Ltd. for which remuneration is paid to her. The Company has also complied with the provisions of section 316 while appointing her as Joint Managing Director in this company by making suitable disclosures as per the in proviso to sub-section 2 of the above section.

Ms.Reena P.Bhagwati is interested in the above resolution to the extent of her appointment as Jt.Managing Director.

Dr.P.N.Bhagwati and Mrs.M.P.Bhagwati are concerned or interested in the above resolution as being the relative of Ms.Reena P.Bhagwati.

No other Directors are interested in the proposed resolution.

Your Directors recommend the above resolution.

The above information may kindly be considered as an abstract u/s 302 of the Companies Act, 1956.

The Draft Agreement to be entered into with the Jt. Managing Director is open for inspection by Members on any working day between 3.00 p.m. to 5.00 p.m. at the Registered Office of the Company.

ITEM NO.6:

Under Section 314(1) of the Companies Act, 1956 an approval by way of Special Resolution is required for enabling any relative of a Director of the Company to hold any office or place of profit under the company. M/s. Human Capital Management CA – a proprietorship concern of Ms. Aanal Bhagwati will be appointed as Human Resources Consultant of the Company with effect from 1st October, 2005. She is the relative of Dr.P.N. Bhagwati, Mrs.M. P. Bhagwati and Ms. Reena P. Bhagwati, the Directors of the Company.

The letter of appointment, appointing Ms.Aanal Bhagwati as Consultant is open for inspection by Members on any working day between 3.00 p.m. to 5.00 p.m. at the Registered Office of the Company.

In terms of Section 314(1) the members are requested to grant their consent to her to hold an office or place of profit in the Company, on the terms and conditions as set out in the letter of appointment. Her appointment has been considered as in the interests of the Company.

Dr.P.N.Bhagwati, Mrs. M.P.Bhagwati and Ms.Reena P.Bhagwati are concerned or interested in the above proposed resolution as being relatives of Ms.Aanal Bhagwati.

ITEM NO.7:

Item No.7 of the Notice relates to the increase in remuneration of Dr.Pravin N. Bhagwati, Managing Director of the Company with effect from 01/10/2005 for the remaining tenure of his office ending on 30th September, 2006. Dr.P.N.Bhagwati will be paid Rs. 1,20,000/- per month as salary and other perquisites so as not to exceed Rs.2 Lacs per month. The Company may pay above remuneration by way of salary, perquisites and any other allowances as approved by the Board of Directors. The Board in its meeting held on 27.07.2005 has modified the remuneration of Dr.P.N. Bhagwati, as set out below and also as specified in the Draft Supplementary Agreement to be executed with him, subject however to the consent of the members by way of a Special Resolution.

The remuneration of Dr.P.N. Bhagwati, the Managing Director of the Company will be such sum of money as not to exceed Rs.2,00,000/- PM. and as may be decided by the Board being in the form of Salary, perks and allowances from time to time.

All other terms and conditions of his appointment will remain unaltered.

The Managing Director shall be paid the remuneration as stated above as minimum remuneration in the event of inadequacy of profit or losses and further subject to the ceiling of minimum remuneration as stated in Part II, Section 1(B) of Schedule XIII of the Companies Act, 1956 and further subject to such modifications as may be made thereon from time to time by the Government.

BHAGWATI AUTOCAST LIMITED

Information required to be disclosed in terms of Notification No. G.S.R. 36(E) dated 16th January 2002 issued by Government of India under the provisions of the schedule XIII of the Companies Act, 1956.

I. GENERAL INFORMATION:**1) NATURE OF INDUSTRY:**

The Company is engaged in manufacturing of highly specialised castings for the automobile, tractor, compressor and hydraulic industries. The Company was incorporated in the year 1982 and the commercial production began in respect of all items since 1984. Presently the Company is supplying castings to the OEM industries in the Country.

2) DATE OR EXPECTED DATE OF COMMENCEMENT OF COMMERCIAL PRODUCTION:

Unit is already in production.

3) INCASE OF NEW COMPANIES, EXPECTED DATE OF COMMENCEMENT OF ACTIVITIES AS PER PROJECT APPROVED BY FINANCIAL INSTITUTIONS APPEARING IN THE PROSPECTUS:

Not Applicable.

4) FINANCIAL PERFORMANCE BASED ON GIVEN INDICATORS:

	2002-2003	2003-2004	(Rs. In Lacs) 2004-2005
1. Net Sales	1032.87	1976.80	3237.76
2. Other Income	2.27	2.28	8.18
3. Total Expenses	1086.75	1979.08	3245.94
4. Interest	73.48	98.95	127.88
5. Depreciation	46.90	54.29	56.84
6. Profit/(Loss)	(233.27)	(67.73)	61.09
7. Provision for Taxation	2.80	3.27	(1.64)
8. Net Profit	(236.07)	(71.00)	62.74
9. Paid-up Share Capital (Rs. 10/- each)	160.04	160.04	160.04
10. Reserve & Surplus	142.77	142.77	121.72

5) EXPORT PERFORMANCE:

Not Applicable

6) FOREIGN INVESTMENTS OR COLLABORATORS, IF ANY:

No Foreign investments or collaborations.

II. INFORMATION ABOUT THE APPOINTEE:**1) BACKGROUND DETAILS:**

Dr. P. N. Bhagwati, the Managing Director of the Company is associated with the Company since 1982. He is incharge of entire unit as a whole and all managerial functions of the Company. The Company has performed very consistently with a steady growth under his esteemed leadership.

2) PAST REMUNERATION:

The details of the remuneration presently paid to the Director are Rs. 2 lacs per month. An agreement will be executed with the Managing Director in September 2005.

3) RECOGNITION OR AWARDS:

Dr. P. N. Bhagwati is associated with various organisation at state, National and international level. He is the Ex-president of Institute of Indian Foundrymen and Ex-chairman of CII (Western region). Presently he is Co-Ordinator and chairman of WFO's International commission on vocational training. Chairman of Academic advisory committee of Nirma Institute of Diploma Studies, Ahmedabad and also a member of Executive council of AMA Chairman of activity centre committee.

4) JOB PROFILE & HIS SUITABILITY:

Dr. P. N. Bhagwati, the Managing Director of the Company has been appointed by the Board of Directors to look after the day to day affairs of the Company under their guidance and control and further subject to the powers entrusted to him as per the agreement entered in to with him. The Managing Director looks after the day to day affairs of the Company, which includes financial, administration, marketing, production and human resource development with the help of the senior experts and professionals in their respective fields.

5) REMUNERATION PROPOSED:

The details of the proposed remuneration is mentioned here in above.

6) COMPARATIVE REMUNERATION PROFILE WITH RESPECT TO INDUSTRY, SIZE OF THE COMPANY, PROFILE OF THE POSITION AND PERSON (IN CASE OF EXPATRIATES THE RELEVANT DETAILS WOULD BE WITH RESPECT TO THE COUNTRY OF HIS ORIGIN):

The remuneration committee and the Board of Directors of the Company have recognised the profile and rich, diversified experience in the industry of Dr. P. N. Bhagwati and the increased job responsibilities. Accordingly the remuneration committee and the Board of Director have approved the remuneration of Dr. P. N. Bhagwati. His remuneration is comparable and in level with similar in the industry.

7) PECUNIARY RELATIONSHIP DIRECTLY OR INDIRECTLY WITH THE COMPANY, OR RELATIONSHIP WITH THE MANAGERIAL PERSONAL, IF ANY:

The Company had not entered into any transaction of a material nature with any of the related parties, which were in conflict with the interest of the Company. Further all transactions with the related parties were in the ordinary course of business and at arms length. Ms. Reena P. Bhagwati, the Jt. Managing Director of the Company is related to Dr. P. N. Bhagwati.

Dr. Pravin N. Bhagwati is interested in the above resolution to the extent that the remuneration is receivable by him. Ms. Reena P. Bhagwati and Mrs. M. P. Bhagwati are concerned or interested in the above resolution as being relatives of Dr. P. N. Bhagwati.

No other Directors are interested in the proposed resolution.

Your Directors recommend the above resolution.

The Draft Supplementary Agreement to be entered into with the Managing Director is open for inspection by Members on any working day between 3.00 p.m. to 5.00 p.m. at the Registered Office of the Company.

The above information may kindly be considered as an abstract u/s 302 of the Companies Act, 1956.

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

Place : Ahmedabad
Date : 27/07/2005

By order of the
Board of Directors

Dr. P. N. Bhagwati
Chairman



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DIRECTORS' REPORT

To
The Members,

Your Directors have pleasure in placing before you **TWENTY THIRD ANNUAL REPORT** and Audited Accounts for the year ended 31st March 2005.

1. FINANCIAL RESULTS :	For the year Ended 31/03/2005 [RS]	For the year Ended 31/03/2004 [RS]
Profit before Interest, Depreciation and Taxation	24,580,980	8,551,101
Less / (Add) : Interest & Finance Charges	12,787,992	9,894,674
Profit/(Loss) before Depreciation & Taxation	11,792,988	(1,343,573)
Less/(Add) : Depreciation	5,683,518	(5,429,142)
Profit/(Loss) before Tax	6,109,470	(6,772,715)
Less/(Add) : Provision for Deferred Tax	164,477	(327,450)
Profit/(Loss) After Tax	6,273,947	(7,100,165)
(Add)/Less : Prior Year Adjustments	42,000	15,588
(Add)/Less : Short Provision for Sales Tax	(332,191)	(623,715)
Add : (Deficit) / Surplus of Last Year		
Brought forward	(37,168,657)	(29,460,365)
Balance Carried to Balance Sheet (31,268,901)		(37,168,657)

02. DIVIDEND:

Considering the present financial position of the Company, no dividend could be declared for the year.

03. OPERATIONS:

During the year under review, your Company has performed well in terms of capacity utilisation and sales revenue. Your Company achieved total gross sales of Rs. 3920.02 lacs as compared to earlier years gross sales of Rs. 2377.04 lacs. Also during the year raw material prices remained stable, except last quarter of the year. Thus, increased volume and stable material prices yielded reasonable profit. Company's Hand Moulding division is working well and new products / customers are added during the year. We are focusing more on production of this division and trying to reach to the satisfactory level of production.

Proposed Right Issue

To part finance expansion cum modernisation project as well as to strengthen working capital requirement the Company has proposed Right Issue in the ratio of 4 Equity Shares of Rs.10/- each at a premium of Rs.10/- for every 5 Equity Shares held on record date. The Company plans to mobilise Rs. 256.00 Lacs by way of proposed Right Issue.

04. DIRECTORS:

Mr. M N Shah, Director of the Company retire by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment. Ms. Reena P. Bhagwati was appointed as an additional Director by the Board of Directors pursuant to section 260 of the Companies Act, 1956. She holds the office of Director till the date of ensuing Annual general meeting and a notice under section 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 her appointment as a Director. The Board of Directors accord their hearty welcome to her.

05. AUDITORS:

You are requested to appoint Auditors for the current year to hold office from the conclusion of this Annual General meeting till the conclusion of next Annual General Meeting and to fix their remuneration.

06. FIXED DEPOSITS:

There are no unclaimed / unpaid deposits as on 31/03/2005.

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

Additional Information on Conservation of energy, Technology Absorption, Foreign Exchange earnings and out go, 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:

There is no employee who is in receipt of a remuneration in excess of limits specified u/s. 217, (2A) read with Companies (Particulars of Employees) Rules, 1975.

09. COMPLIANCE CERTIFICATE U/S. 383A OF THE COMPANIES ACT, 1956:

As per the provision of the section 383A of the Companies Act, 1956 a compliance Certificate obtained from a practicing Company Secretary is attached herewith. It is self-explanatory and forms part of the report.

10. DIRECTORS RESPONSIBILITY STATEMENT:

As required u/s 217(2AA) of the Companies Act, 1956 the Directors confirm:

- That in the preparation of the annual accounts, the applicable Accounting Standards have been followed and that no material departures have been made from the same;
- That they have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the State of affairs of the Company as on 31st March, 2005 and of the profit of the Company for the accounting year ended on that date;
- That they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safe guarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- That they have prepared the annual accounts on a going concern basis.

11. 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 IDBI, from time to time. 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.

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

Place : Ahmedabad
Date : 27/07/2005

By order of the
Board of Directors

Dr. P. N. Bhagwati
Chairman

BHAGWATI AUTOCAST LIMITED**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 2005.

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] Additional L.T. Capacitors are installed to improve power factor to 0.985 to 0.998
- [2] Contract demand with GEB has been reduced from 2400 KVA to 2200 KVA and maximum demand is controlled through maximum demand controller.
- [3] Transformer Tap reduced from 3 to 2 to prevent extra power consumption during off load hours due to high voltage.
- [4] Compressed air leakage is plugged to reduce losses due to air leakage.
- [5] 7 Nos. A.C. drives are introduced for induction motors to optimise power consumption.
- [6] Increasing size of cables for plant distribution system reduces Cable losses.
- [7] Plant operation is optimised by preventing third shift operation as far as possible.
- [8] Extensive energy audit conducted by independent expert agency.
- [9] Awareness brought to switch off lights, fans & Machinery during idle running period.
- [10] Energy meters are provided in Air Compressors, Sand Plant, and Core shooters to monitor and control power consumption.

FURTHER STEPS TO BE IMPLEMENTED

- [1] APFC is planned to install to achieve power factor near to unity. This will help in getting maximum benefit for power factor rebate in GEB Bills.
- [2] Energy efficient motors to be used where power intensive equipment are installed.
- [3] Muffle furnace to be lined with ceramic fiber insulation.
- [4] Automatic thermostat controllers are to be provided to reduce consumption of furnace auxiliaries.

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

- [1] Induction motors between 10 to 20 HP will be replaced in pleased manner.
- [2] Distribution transformer insulation will be replaced during reconditioning of transformer, which will bring down losses to optimum 6% to 3%.

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

Satisfactory impact of measures taken as above has been observed during the current year inspite of low output however, further improvement may be possible when we reach to higher output.

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

		2004-2005	2003-2004
[A] Particulars			
Power & Fuels consumption :			
1. Electricity			
[a] Purchased			
- Units	9824760	7372440	
- Total Amount [Rs. Lacs]	493.30	378.01	
- Rate / Unit [Rs.]	5.04	5.13	
[b] Own Generation			
(i) Through Diesel Generator			
- Units	2716	1280	
- Units per liter of diesel oil	2.20	1.50	
- Cost per unit [Rs.]	28.14	19.45	
(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	1210	1215	
(ii) S G I Castings	1513	1572	

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 introduced and increased the use of certain new technologies with a view to improve the quality of the products.

Cold Box Process: -

The Cold Box technology was introduced to have better utilities resulting in low power consumption, better out-put and greater dimensional consistency. All new cores for new castings under development were made with this process and many of the shell cores were converted into Cold Box.

A second fully automated machine with higher out-puts and higher core weight capacity was commissioned resulting in over all improvement in the core quality and reduction in core cost and saving of power.



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RESEARCH & DEVELOPMENT:

- (i) Specific areas in which R & D are carried out by the Company :-
- (a) Improvement in production process and waste control being continuously carried out by the company.
 - (b) Total Quality Management is being introduced with more involvement resulting in improvement in work culture.
 - (c) Upgradation of computerisation in various Monitoring systems and introduction of Board Information System [BIS] to monitor and evaluate the overall performance. Analysis of Rejection and Monitoring of Energy Consumption.
- (ii) Benefits derived as a result of above R & D :-
- The quality of the product manufactured by the Company has further improved and the rejections both internal and after machining have been reduced.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

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

	2004-2005	2003-2004
	[Rs]	[Rs]
Total Foreign Exchange used	0	2,074,622
Total Foreign Exchange earned	Nil	Nil

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

By order of the
Board of Directors

Place : Ahmedabad
Date : 27/07/2005

Dr. P. N. Bhagwati
Chairman

Compliance Certificate

Registration No. of the Company :04-4718
Nominal Capital: Rs. 3,00,00,000/-

To,
The Members
Bhagwati Autocast Ltd.
Survey No. 816
Village Rajoda
Nr. Bavla
Dist. Ahmedabad

I have examined the registers, records, books and papers of Bhagwati Autocast Ltd.. (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2005 (financial year). In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the company, its officers and agents, I certify that in respect of the aforesaid financial year:

- The company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions of the Act and the rules made there under and all entries therein have been duly recorded.
- The company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities.
- The Company being a Public Limited Company, comments are not required.
- The Board of Directors duly met 4 times respectively on 30th April, 2004, 29th July, 2004, 29th October, 2004 and 29th January, 2005 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed including the circular resolutions passed in the Minutes Book maintained for the purpose.
- The company has closed its Register of Members from 16th September, 2004 to 30th September 2004 (both days inclusive) during the financial year and the necessary compliance has been made under section 154 of the Act.
- The annual general meeting for the financial year ended on 31st March, 2004 was held on 30th September 2004 after giving due notice to the members of the company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
- No extra ordinary general meeting was held during the financial year.
- The company has not advanced any loans to its directors or persons or firms or companies referred to under the Section 295 of the Act.
- The company has duly complied with the provisions of section 297 of the Act in respect of contracts specified in that section.

BHAGWATI AUTOCAST LIMITED

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| <p>10. The company has made necessary entries in the register maintained under section 301 of the Act.</p> <p>11. As there were no instances falling within the purview of Section 314 of the Act, the company has not obtained any approvals from the Board of directors, members or Central Government.</p> <p>12. The Board of Directors or duly constituted committee of Directors has approved the issue of duplicate share certificates.</p> <p>13. The Company has</p> <ul style="list-style-type: none"> • Delivered all the certificates on lodgment thereof for transfer/transmission in accordance with the provisions of the Act. • Not deposited any amount in a separate Bank Account as no dividend was declared during the financial year. • Was not required to post warrants to any member of the company as no dividend was declared during the financial year. • Transferred the amounts in unpaid dividend account, which have remained unclaimed or unpaid for period of seven years to Investor Education & Protection fund. • Duly complied with the requirements of Section 217 of the Act. <p>14. The Board of directors of the company is duly constituted. The appointment of additional director was duly made.</p> <p>15. The appointment of Managing Director has been made in compliance with the provisions of section 269 and schedule XIII of the Act</p> <p>16. The company has not appointed any sole selling agents during the financial year.</p> <p>17. The company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar and/or such authorities prescribed under the various provisions of the Act during the financial year.</p> <p>18. The directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.</p> <p>19. The company has not issued any shares during the financial year</p> <p>20. The company has not bought back any shares during the financial year.</p> <p>21. There was no redemption of preference shares or debentures during the financial year.</p> | <p>22. There were no transactions necessitating the company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.</p> <p>23. The company has complied with the provisions of section 58A and 58AA read with Companies (Acceptance of Deposit) Rules, 1975/ the applicable directions issued by the Reserve Bank of India/ any other authority in respect of deposits accepted by the Company during the year and the Company has filed Statement in Lieu of Advertisement / necessary particulars as required with the Registrar of Companies, Gujarat. The company has also filed Return of Deposit with the Registrar of Companies, Gujarat.</p> <p>24. The amount borrowed by the Company is within the borrowing limits of the Company and that the necessary resolutions have been passed.</p> <p>25. The company has not made any loans or advances or given guarantees or provided securities to other bodies corporate and consequently no entries have been made in the register kept for the purpose.</p> <p>26. The company has not altered the provisions of the Memorandum with respect to situation of the company's registered office from One State to another during the year under scrutiny.</p> <p>27. The company has not altered the provisions of the Memorandum with respect to the objects of the company during the year under scrutiny.</p> <p>28. The company has not altered the provisions of the Memorandum with respect to name of the company during the year under scrutiny.</p> <p>29. The company has not altered the provisions of the Memorandum with respect to share capital of the company during the year under scrutiny.</p> <p>30. The company has not altered its Articles of Association.</p> <p>31. There was/were no prosecution initiated against or show cause notices received by the company and no fines or penalties or any other punishment was imposed on the company during the financial year, for offences under the Act.</p> <p>32. The company has not received any money as security from its employees during the financial year.</p> <p>33. The Company has deposited both employer's and employee's contribution to provident fund with prescribed authorities pursuant to section 418 of the Act.</p> |
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Place: Ahmedabad
Date : 26/07/2005

Chirag B. Shah
Company Secretary
C.P.No. 3498