

24th Annual Report 2005-06

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BHAGWATI
AUTOCAST LIMITED

BHAGWATI AUTOCAST LIMITED



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Board of Directors	:	Dr P N Bhagwati	Chairman & Managing Director
		Ms Reena P Bhagwati	Jt Managing Director
		Mrs M P Bhagwati	} Directors
		Mr M N Shah	
		Mr B L Dalal	
Remuneration Committee	:	Mrs M P Bhagwati	Chair Person
		Mr M N Shah	} Members
		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	
Share Registrars	:	M/s M C S Limited 101, Shatdal Complex Opp. BATA Showroom, Ashram Road, Ahmedabad Tele No. 079 30070671 Fax No. 079 30070678	

FINANCIAL STATISTICS

[Rs. Lacs]

PARTICULARS	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01	99-2000	1998-99	1997-98	1996-97	1995-96
Fixed Assets (Gross)	1267.32	1120.69	1101.30	986.80	896.44	868.71	859.62	681.48	670.95	642.36	557.21
Fixed Assets (Net)	593.37	492.68	504.31	441.31	458.95	481.14	510.18	371.85	398.02	416.43	366.11
Net Current Assets	389.89	(90.04)	(101.39)	(19.02)	180.71	188.21	213.52	198.44	237.84	260.75	277.44
Misc. Exps/Deferred Revenue Exps.	22.45	10.71	14.27	0.00	0.72	1.44	2.17	2.90	3.62	4.34	5.07
Profit & Loss Account	0.00	166.34	246.36	169.28	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL ASSETS (NET)	1005.71	579.69	663.55	591.57	640.38	670.79	725.87	573.19	639.48	681.52	648.62
Borrowings	308.50	208.89	270.06	201.35	178.97	231.37	197.87	120.99	215.07	270.66	247.83
Equity Share Capital	288.07	160.04	160.04	160.04	160.04	160.04	160.04	160.04	160.04	160.04	160.04
Reserves & Surplus	325.03	121.72	142.77	142.77	208.59	279.38	367.96	292.16	264.37	250.82	240.75
Deferred Tax	84.11	89.04	90.68	87.41	92.78	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL CAPITAL EMPLOYED	1005.71	579.69	663.55	591.57	640.38	670.79	725.87	573.19	639.48	681.52	648.62
DEBT EQUITY RATIO	0.20:1	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
SALES & OTHER INCOME	4383.29	3921.64	2443.08	1187.46	2160.71	2009.38	2567.54	2157.70	1962.57	1839.47	1469.27
Excise Duty	584.53	530.93	310.11	165.47	253.06	274.33	364.70	291.38	253.02	232.18	0.00
Sales Tax	166.49	151.33	90.14	48.13	76.89	0.00	0.00	0.00	0.00	0.00	0.00
Materials	2141.46	2080.82	1226.75	539.54	897.09	870.91	1069.10	924.92	882.47	879.45	817.49
Labour Cost	435.94	351.06	304.66	263.02	309.80	335.70	328.73	293.79	272.56	243.97	229.74
Power	528.57	493.30	378.01	239.68	414.30	433.17	452.35	385.52	348.75	307.32	257.69
Operation & Other Exps	75.86	68.42	47.91	44.51	56.71	63.43	79.35	62.01	45.76	38.69	33.70
Lease Rent	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3.47
Interest	135.19	127.88	98.94	73.48	84.23	73.64	64.59	81.22	95.78	88.54	71.95
GROSS PROFIT	315.25	117.90	(13.44)	(186.37)	68.63	(41.80)	208.72	118.86	64.23	49.32	55.23
Depreciation	58.51	56.84	54.29	46.90	54.82	46.79	43.14	41.20	33.31	30.16	33.80
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	256.74	61.06	(67.73)	(233.27)	13.81	(88.59)	165.58	77.66	30.92	19.16	21.43
Provision For Taxation	15.14	(1.64)	3.27	2.80	4.93	0.00	62.17	25.00	2.29	2.72	0.00
PROFIT AFTER TAX	241.60	62.70	(71.00)	(236.07)	8.88	(88.59)	103.41	52.66	28.63	16.44	21.43
Prior period adjustments	(0.01)	(3.74)	(6.08)	0.98	0.00	0.00	0.27	0.00	0.00	7.71	(0.61)
Dividends	0.00	0.00	0.00	0.00	0.00	0.00	22.41	22.41	12.80	12.80	19.20
Corporate Tax on Dividend	0.00	0.00	0.00	0.00	0.00	0.00	4.93	2.46	1.28	1.28	0.00
Retained Earnings	241.59	58.96	(77.08)	(235.09)	8.88	(88.59)	76.34	27.79	14.55	10.07	1.62
Earning per Eq. Share Rs.	15.10	3.92	(4.44)	(14.75)	0.55	(5.54)	6.46	3.29	1.79	1.03	1.34
Dividend per Eq. Share %	0.00	0.00	0.00	0.00	0.00	0.00	14.00	14.00	8.00	8.00	12.00
Net Worth	590.65	104.71	42.18	133.53	367.91	437.98	525.83	449.30	420.79	406.52	395.72
Book value per Eq.Share Rs	36.91	6.54	2.64	8.34	22.99	27.37	32.86	28.07	26.29	25.40	24.73

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BHAGWATI AUTOCAST LIMITED

NOTICE

NOTICE is hereby given that the **TWENTY FOURTH 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, 2006 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, 2006 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. B. L. Dalal, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Director in place of Mrs. Mandakini P. Bhagwati, who retires by rotation and being eligible offers herself for reappointment.
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 a "Special Resolution".**

SPECIAL RESOLUTION:

"RESOLVED THAT pursuant to the provisions of Securities and Exchange Board of India (Delisting of Securities) Guidelines 2003, the Companies Act, 1956, Securities Contract (Regulation) Act, 1956, (including any statutory amendments) and the rules framed there under, Listing Agreements with the Stock Exchanges, and all other applicable Laws, rules, regulations and guidelines and subject to such approval, permissions and sanctions as may be agreed by Board of Directors, the Equity Shares of The Company be voluntarily delisted from Ahmedabad Stock Exchange Limited, Ahmedabad (ASE)."

"RESOLVED FURTHER THAT Dr. Pravin N. Bhagwati, Managing Director or Ms. Reena P. Bhagwati, Jt. Managing Director, Mr. D. K. Sheth / Mr. Amish Shah, authorized signatories of the Company be and are hereby severally authorized to seek voluntary delisting at such time, to take all necessary steps in this regard and to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to delisting of the Equity shares from the said stock exchange and to execute all such deeds, documents, writing as may be necessary, desirable or expedient or as may be deemed fit."

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

SPECIAL RESOLUTION:

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309 and 310 of the Companies Act, 1956 read with Schedule XIII thereof as amended from time to time and other applicable provisions, if any, of the Companies Act, 1956 after the previous approval Central Government and the consent of members be and is hereby accorded to the terms and conditions of draft agreement Dr. Pravin N. Bhagwati, re-appointed as managing director of the Company with effect from 1st October, 2006 for the period of 3 years."

"RESOLVED FURTHER THAT the terms and conditions including the remuneration payable as contained in the agreement of the re-appointment of Dr. Pravin N. Bhagwati, Managing Director was approved by Remuneration Committee and the Board of Directors in its respective meetings held on 11/5/2006 and 12/7/2006."

"RESOLVED FURTHER THAT the Board of directors of the Company be and is hereby authorized to execute the agreement with the Managing Director subject to the approval of the Central Government and to do all such acts, deeds, matters and things as in its absolute discretion, it may consider necessary, expedient or desirable, and to settle any question, or doubt that may arise in relation thereto and the Board shall have absolute powers to accept any modification in the terms and conditions as may approved by the Central Government while according its approval and acceptable to Dr. Pravin N. Bhagwati, the Managing Director and to modify the same in accordance with the said approval of the Central Government and to give effect to the foregoing resolution, or as may be otherwise considered by it to be in the best interest of the Company."

"FURTHER RESOLVED THAT till the approval from Central Government is received, Dr. Pravin N. Bhagwati, shall be paid remuneration not exceeding Rs. 2,50,000/- p.m. as permitted in Part I B, Section II of Part II of Schedule XIII, duly approved by shareholders by passing Special Resolution and that after obtaining Central Government approval, he will be paid remuneration as proposed above effective from 1st October, 2006"

"RESOLVED FURTHER THAT Dr. Pravin N. Bhagwati Managing Director will also be entitled for the reimbursement of actual entertainment, traveling, boarding and lodging expenses incurred by him in connection with the Company's business and such other benefits/amenities and other privileges, as any from time to time, is available to other Senior Executives of the Company."

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.
2. 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.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, the 23rd September, 2006 to Saturday 30th September 2006 (both days inclusive).
4. Members are requested to sent the change of address, and other related correspondence to the Registrars and Share Transfer Agent, MCS Limited, 101, Shatdal Complex, Opp. Bata Show Room, Ashram Road, Ahmedabad 380 009, notify the change in their address immediately.
5. 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.
6. Members who have neither received nor encashed their Dividend Warrants for any of the financial years from 1998-99 and 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/revaluated dividend warrants.
7. 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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8. Accordingly, unclaimed dividend in respect of financial year 1998-99 is due for transfer to the said Fund in November 2006. 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.
9. 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 dematerialize their share may approach any Depository Participant (DP).
10. 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.
11. 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.
12. Members who hold shares in dematerialized form are requested to bring their depository account number for identification.
13. Members are requested to bring their copies of the annual report to the meeting.
14. The Draft Agreement of reappointment of the Managing Director is available for inspection at the registered office of the company during business hours on any working day.

ANNEXURE TO NOTICE

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

ITEM NO. 5:

Presently the equity shares of the Company are listed on the Bombay Stock Exchange Limited (BSE) and Ahmedabad stock Exchange Limited (ASE).

Consequent to technological developments, the shares of the Company are traded all over India through on-line trading terminals provided by Bombay Stock Exchange Limited, in view of this, it is proposed to delist the Company's shares from the Ahmedabad Stock Exchange Limited as stated in the resolution. No inconvenience will be caused to those shareholders residing in the respective regions, since on-line trading terminals are provided by BSE at this region. Further, listing of the company's shares in regional stock exchange is now not mandatory, and ASE having no on-line trading system. Hence, it is not adding any value to the shareholders, results in avoidable cost, administrative work, delay and inconvenience.

The proposed delisting in the interest of the Company, and the Board recommended the resolution for acceptance by the members.

None of the Director of the Company is concerned or interested in the resolution.

ITEM NO. 6:

Item No.6 of the Notice relates to the re-appointment of Dr. Pravin N. Bhagwati as a Managing Director of the Company, whose tenure will expire on 30th September, 2006. The new terms of appointment of M.D. will be effective for 3 years from 1 October 2006 to 30th September, 2009. The new proposed remuneration is outside the limits fixed by the Central Government under Schedule XIII of the Companies Act, 1956. The proposed remuneration will be effective, subject to the approval of the Central Government and members in the 24th Annual General Meeting of the Company.

The terms and conditions of re-appointment of Dr. Pravin N. Bhagwati, as a Managing Director of the Company are as under:-

REMUNERATION:

a) Salary

Rs. 2,30,000/- per month.

b) Perquisites

Maximum up to Rs. 1,20,000 per annum which shall include perquisites of Categories 'A' 'B' and 'C' as below:

CATEGORY 'A'

i) House Rent allowance

a) The expenditure by the Company on hiring furnished accommodation will be subject to ceiling of 50% of the Salary over and above 10% payable by the Managing Director.

b) In case the accommodation is owned by the Company, 10% of the Salary of the Managing Director shall be deducted by the Company.

c) In case no accommodation is provided by the Company, the Managing Director shall be entitled to house rent allowance @ 50% of the Salary.

d) The expenditure incurred by the Company on Gas, Electricity, Water etc. will be valued as per Rule No. 3(d) (ii) of the Income Tax Rules, 1962.

e) The perquisites for Furnishings shall be worked out at the rate of ten percent of the actual cost of the furnishings.

ii) Medical Reimbursement:

Expenses incurred for self and his family subject to a ceiling of one month's salary in a year or three months' Salary over a period of three years. He shall also be entitled to the benefit of Medical Treatment referred to in Proviso to Section 17(2) of the Income Tax Act, 1961 or to such modifications as may be made therein from time to time.

iii) Leave Travel Concession:

For self and family once in a year incurred in accordance with any rules specified by the Company.

iv) Club Fees:

Fees of clubs subject to a maximum of two clubs. This will not include admission and life membership fees.

v) Personal Accident Insurance:

Premium not to exceed Rs. 40,000 - per annum.

vi) Mediclaim Insurance:

Premium not to exceed Rs. 15,000 - per annum.

CATEGORY 'B'

i) Contribution to Provident Fund & Other Funds:

Contribution to the Provident Fund, Superannuation or Annuity Fund shall not be included in computation of the ceiling on perquisites and shall be payable to the extent these either singly or put together are not taxable under the Income-tax Act.

ii) Gratuity:

As per the rules not exceeding half a month's salary for each completed year of service, and shall not be included in the computation of ceiling on perquisites as specified above.

iii) Leave Encashment:

The Managing Director shall be entitled to fully paid leave as per the Company's Rules. Encashment of Leave at the end of the tenure is permitted and shall not be included in the computation of the ceiling on perquisites, specified above.

BHAGWATI AUTOCAST LIMITED**CATEGORY ' C '****i) Provision of a Car and Telephone:**

The Company shall provide a Car for use on Company's business and also for personal purposes and telephone at the residence of the Managing Director. The Managing Director shall be billed by the Company for personal long distance calls on telephone and perks for the use of car for personal purposes shall be evaluated as per I.T. Rules.

ii) Other Benefits:

Such other benefits, amenities and facilities as per the company rules.

The terms and conditions of the remuneration of the Managing Director, may be varied, altered, increased, enhanced or widened from time to time by the Remuneration Committee and the Board as it may in its discretion deem fit with in above limits and subject to limits laid down in Section 198, 309 and all other applicable provisions of the Companies Act, 1956 and Rules framed there under and subject to the requisite approvals from Central Government or any other authority, if any, being obtained.

Memorandum of Interest:-

Dr. Pravin N. Bhagwati, is interested in the above resolution to the extent that the remuneration received by him.

Ms. Reena P. Bhagwati and Mrs. Mandakini P. Bhagwati, are concerned or interested in the above resolution as being relatives of Dr. Pravin N. Bhagwati, none of other Directors is concerned or interested in the above resolution.

Information required to be disclosed in terms of Notification No. GSR 36(E) stated 16th January, 2002 issued by Government of India under the provisions of Schedule XIII of the Companies Act, 1956.

1. General Information:**1) Nature Of Industry:**

The Company is engaged in manufacturing of highly specialized casting 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.

2) Date or expected date of commencement of commercial production:

Unit is already in production since the year 1982.

3) Incase of new Companies, Expected date of commencement activities as per project approved by financial institution appearing in the prospectus:

Not applicable.

4) Financial performance based on given indicators

No. Particulars	2003-04	2004-05	2005-06
1 Net Sales	1976.80	3237.76	3602.77
2 Other Income	2.28	8.18	29.51
3 Total Expenses	1979.08	3245.94	3181.84
4 Interest	98.95	127.88	135.19
5 Depreciation	54.29	56.84	58.51
6 Profit / (Loss)	(67.73)	61.09	256.74
7 Provision for Taxation	3.27	(1.64)	15.14
8 Net Profit	(71.00)	62.74	241.60
9 Paid up Share Capital			
(Rs. 10/- each)	160.04	160.04	288.07
10 Reserve & Surplus	142.77	121.72	325.03

5) Export Performance:

Not applicable.

6) Foreign Investments or collaborations if any:

No foreign investments or collaborations.

II. Information about appointee:**1) BACKGROUND DETAILS**

Dr. P. N. Bhagwati, Managing director of the company is a key promoter of the Company. He is qualified technocrat and Ph. D. in Foundry Engineering from Aachen, Germany. He is associated with the Company since 1982. He is in-charge of entire unit. The company is continuously performing well and achieving new goal under his esteemed supervision and leadership.

2) PAST REMUNERATION:

Remuneration Paid to Dr. Pravin N. Bhagwati, as a Managing Director during the last three Years:-

No. Particulars	2003-04	2004-05	2005-06
1. Salary	9,60,000	9,60,000	12,00,000
2. House Rent Allowance	4,32,000	4,32,000	5,40,000
3. P.F. Contribution	1,15,200	1,15,200	1,44,000
4. Superannuation Fund Contribution	1,44,000	1,44,000	1,80,000
5. Perquisites	28,790	51,221	2,01,232
TOTAL	16,79,990	17,02,421	2,265,232

Last remuneration was revised in the 23rd Annual General Meeting of the Company.

3) RECOGNITION OR AWARDS:

Dr. P.N. Bhagwati, is associated with various organizations at state, national and international level. Presently he is the president of World Foundrymen Organization (WFO), Co-coordinator and Chairman of WFO - International Commission on Vocational Training, and Ex-Chairman of Confederation of Indian Industry (CII) (Western region)

He is on the Board of various institutions like:-

Governing Council of Indo German Tool Room, Ahmedabad, Chairman, Academic Advisory Committee of NIRMIA Institute of Diploma Studies, Ahmedabad.

Member, Board of Governance Nirma University, Ahmedabad and Member, Governing Council, Nirma Institute of Management, Ahmedabad.

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. He looks after the affairs of Finance, Administration, Marketing, Production and human resource development with the help of Ms. Reena P. Bhagwati, Jt. Managing Director, senior experts and professionals in their respective fields. Under his direction and supervision Company has increased its sales and profitability.

5) REMUNERATION PROPOSED:

The details of the proposed remuneration are mentioned in Explanatory Statement as required under Section 173 (2) of Companies Act, 1956 as item No 7.



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6) Comparative Remuneration Profile With Respect To Industry, Size of the Company, Profile Of The Position And Person (In case of expatriates the revenant details would be with respect to the country of his origin)

The remuneration committee and the Board of Directors of the company have recognized the profit 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 level with similar in the industry.

7) Pecuniary Relationship Directly Or Indirectly With The Company, Or Relationship With The Managerial Personal, If Any:

The Managing Director is also the promoters of the Company and he along with his family Members holds 38.83% Equity Share Capital of the Company.

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 the business and arms length. Ms. Reena P. Bhagwati, The Jt. Managing Director of the Company and Mrs. Mandakini P. Bhagwati are related to Dr. P.N. Bhagwati.

III. OTHER INFORMATION

1. Reasons of Loss or Inadequate Profits:

- The Company is largely dependent on demand of Tractor. The demand of tractors were reduced due to poor monsoon in the country from the year 1999 to 2004, that recession was badly effected Company's performance in that respective years.
- The project of the Company is located in Gujarat, having a high cost of production due to higher electricity tariff and higher cost of labors.
- The main raw materials for the Company are Pig iron and mild steel scrap, since last five years the price of these material shown very upward movement, it was badly affected the financial condition of the Company.
- The operation of plant was heavily affected in last 5 years by natural calamities like, communal riot, earth quack, flood and technical failures including manufacturing or breakdown of equipment etc.
- Due to financial constraint no technological up gradation either in the machinery or in the process could be inducted in last 5 years.
- Inadequate funds for long term requirement of fund decrease the full utilization of installed capacity.

2. Steps taken for improvement:

- The Company has collected Rs. 256 lacs from the Rights Issue and that funds will be utilized for modernization of plant and machinery, research laboratory, factory building and to fulfill the requirements of long terms working capital.
- Till 2003, the Company was largely depend on tractor industry but now it has diversified into new range of products i.e. "Hand Moulding Castings" division. Hand moulded casting, which are high margin product has its applications in general engineering industry which would eventually reduce the dependency on the tractor industry.
- Company has generally maintained cordial and amicable relationship with its labours and employees.

- Out of total production, almost 75% of the casting production of the Company is normally sold to 2 companies, now your Management wants reduce dependency on few customers, to implement this planning company has increase the strength of its marketing and R&D department, which will help in the search of new market, innovation of new design and maintenance of international standards quality of products.

3. Expected increase in the productivity.

Bhagwati Autocast Limited, is one of Certified ISO 9001 company, which itself denoted its quality and reliability of products.

The productivity and profits are likely to increase well over the period of next 2-3 years. The expectations of increase of productivities in forthcoming three financial years are as under:-

	Rs. In Lacs		
No. Particulars	2005-06	2006-07	2007-08
1. Net Sales	3602.77	4992.28	5406.40
2. Other income (including effect of stock)	29.51	5.16	6.63
3. Total expenses	3181.84	4392.90	4715.48
4. Interest	135.19	185.00	200.00
5. Depreciation	58.51	72.00	79.00
6. Profit (Loss)	256.74	347.54	418.55
7. Provision for taxation	15.14	100.00	154.00
8. Net profit	241.60	247.54	264.55
9. Paid-up share capital @ Rs. 10 each	288.07	288.07	288.07
10. Reserve & surplus	325.03	572.58	837.13

4. DISCLOSURE:

(1) The remuneration package of Dr. Pravin N. Bhagwati, Managing Director is given in the Notice of 24th Annual General Meeting of the Company.

(2) (i) Element of remuneration package

(ii) Details of fixed components and performance linked incentive

(iii) Service contract, Notice period, Severance fees etc.

(iv) Stock option details.

The above details are given along with details of his remuneration in the Notice to the extent they are applicable.

Your directors recommend the resolutions as they consider the same as in the interests of the Company.

Dr. Pravin N. Bhagwati is interested in the above resolution to the extent that the remuneration is received 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.

The Draft new Agreement to be entered in to 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.

Registered Office

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

Place : Ahmedabad
Date : 12/07/2006

By order of the
Board of Directors

Dr.P.N.Bhagwati
Chairman & Managing Director

BHAGWATI AUTOCAST LIMITED

DIRECTORS' REPORT

To

The Members,

Your Directors have pleasure in placing before you **TWENTY FOURTH ANNUAL REPORT** and Audited Accounts for the year ended 31st March 2006.

1. FINANCIAL RESULTS :	For the year Ended 31/03/2006 [RS]	For the year Ended 31/03/2005 [RS]
Profit before Interest, Depreciation and Taxation	45,244,449	24,580,980
Less: Interest & Finance Charges	13,718,524	12,787,992
Profit before Depreciation & Taxation	31,525,925	11,792,988
Less: Depreciation	5,851,481	5,683,518
Profit before Tax	25,674,444	6,109,470
Less: Provision for Income Tax	2,007,580	0
Add: Provision for Deferred Tax	493,153	164,477
Profit After Tax	24,160,017	6,273,947
Less: Prior Year Adjustments	1,141	42,000
Less: Short Provision for Sales Tax	0	332,191
Add : (Deficit) / Surplus of Last Year Brought forward	(31,268,901)	(37,168,657)
Balance of Loss Carried to Balance Sheet	(7,110,025)	(31,268,901)

02. DIVIDEND:

To conserve the profit and maintain adequate reserves & surplus for the future contingency your directors decided, not to declare dividend 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. 4353.79 lacs as compared to earlier years gross sales of Rs. 3920.02 lacs. Also during the year raw material prices remained stable. 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.

04. RIGHTS ISSUE:

Company has successfully completed its rights issue of Rs. 256.00 lacs in the month of March 2006. The Company has received overwhelming response from the investors due to its excellent performance and it was oversubscribed by 1.33 times.

The main objective of the said issue was to part finance for [A] Expansion of Hand Moulding Division [B] Modernization of Machine Moulding as well as Hand Moulding divisions [C] To meet with the requirement of long term working capital. The Rights issue proceeds were utilized as per the objects decided in Rights issue prospectus under the control of Board of Directors.

05. DIRECTORS:

Mr. B.L.Dalal and Mrs M.P.Bhagwati, Directors of the Company retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

06. 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.

07. FIXED DEPOSITS:

There are no unclaimed / unpaid deposits as on 31/03/2006.

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

Additional Information on Conservation of energy, Technology Absorption, Foreign Exchange earnings 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.

09. 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.

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, 2006 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 safeguarding 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 : 12/07/2006

By order of the
Board of Directors

Dr. P. N. Bhagwati
Chairman



24th Annual Report 2005-2006

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 2006.

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 there to.

FORM - A

Particulars	2005-06	2004-05
[A] Power & Fuels consumption :		
1. Electricity		
[a] Purchased		
- Units	10714780	9824760
- Total Amount [Rs. Lacs]	528.57	493.30
- Rate / Unit [Rs.]	4.93	5.04
[b] Own Generation		
(i) Through Diesel Generator		
- Units	3212	2716
- Units per liter of diesel oil	1.95	2.20
- Cost per unit [Rs.]	14.91	28.14
(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	1209	1210
[ii] S G I Castings	1397	1513

FORM - B

A. 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.

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.

	2005-06	2004-05
	[Rs]	[Rs]
Total Foreign Exchange used	31,412	0
Total Foreign Exchange earned	Nil	Nil

For and on behalf of the Board of Directors

Place : Ahmedabad
Date : 12/07/2006

Dr. P. N. Bhagwati
Chairman

BHAGWATI AUTOCAST LIMITED**AUDITORS' REPORT**

To,

The Members,

BHAGWATI AUTOCAST LIMITED

1. We have audited the attached balance sheet of **BHAGWATI AUTOCAST LIMITED** as at 31st March 2006 and also the profit and loss account and the cash flow statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the Auditing Standards generally accepted in India. Those standards require that we plan & perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 (referred to as "the Act") we enclose in the Annexure, a statement on the matters specified in the paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to above, we report that :-
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - ii. Subject to Note no. 14 of notes to accounts in schedule 18 regarding non-availability of Qualified Company secretary resulting in to noncompliance of sections 215, 383A and other provisions of the Companies Act, In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.

- iii. The Balance Sheet, Profit & Loss account and Cash Flow statement dealt with by this report are in agreement with the books of account.
- iv. In our opinion, the Balance Sheet, Profit & Loss account and Cash Flow statement dealt with by this report complies with the Accounting Standards referred to in sub-section (3C) of section 211 of the Act.
- v. Based on the representations made by all the directors of the Company and according to the information and explanations as made available and taken on record by Board of Directors. We report that none of the Directors is disqualified as on 31st March, 2006 from being appointed as a Director in terms of clause (g) of section 274 (1) of the Act.
- vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with note No. 05 regarding non payment of Gratuity contribution of Rs. 22.76 lacs and Superannuation contribution of Rs. 7.45 lacs and other notes thereon give the information required by the Act in the manner so required and give a true and fair view, in conformity with the accounting principles generally accepted in India:
 - a.) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2006.
 - b.) in the case of the Profit and Loss Account of the Profit of the Company for the year ended on that date and,
 - c.) in the case of the Cash Flow statement of the cash flows for the year on that date.

Place : Ahmedabad
Date : 12/07/2006

For K D Parekh & Co.
Chartered Accountants

K D Parekh
Proprietor
Membership No. 12615