

# **21<sup>st</sup> Annual Report 2002-2003**



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## **BHAGWATI AUTOCAST LIMITED**

## BHAGWATI AUTOCAST LIMITED



BHAGWATI

### 21<sup>st</sup> Annual Report 2002-2003

**Board of Directors** : Dr P N Bhagwati Chairman & Managing Director  
Mrs M P Bhagwati  
Mr M N Shah  
Mr B L Dalal

**Auditors** : M/s R D Patel & Co.  
Chartered Accountants  
Ahmedabad

**Bankers** : Bank of Baroda  
Ashram Road  
Ahmedabad

**Registrars and Transfer Agent** : M/s. MCS Limited  
101, Subh Shatdal Complex,  
Opp. Bata Show Room, Ashram Road,  
Ahmedabad-380 009.  
Tele : 079-6582878 Fax : 079-6584027

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

## FINANCIAL STATISTICS

[Rs. Lacs]

PARTICULARS	2002-03	2001-02	2000-01	99-2000	1998-99	1997-98	1996-97	1995-96	1994-95	1993-94	1992-93
Fixed Assets (Gross)	986.80	896.44	868.71	859.62	681.48	670.95	642.36	557.21	525.74	417.64	375.63
Fixed Assets (Net)	441.31	458.95	481.14	510.18	371.85	398.02	416.43	366.11	343.42	262.06	241.26
Net Current Assets	(19.02)	180.71	188.21	213.52	198.44	237.84	260.75	277.44	257.64	288.56	234.56
Misc.Exps.(Not W/off)	0.00	0.72	1.44	2.17	2.90	3.62	4.34	5.07	5.81	6.59	7.89
Profit & Loss Account	169.28	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>TOTAL ASSETS (NET)</b>	<b>591.57</b>	<b>640.38</b>	<b>670.79</b>	<b>725.87</b>	<b>573.19</b>	<b>639.48</b>	<b>681.52</b>	<b>648.62</b>	<b>606.87</b>	<b>557.21</b>	<b>483.71</b>
Borrowings	201.35	178.97	231.37	197.87	120.99	215.07	270.66	247.83	207.69	164.01	90.44
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	142.77	208.59	279.38	367.96	292.16	264.37	250.82	240.75	239.14	233.16	233.23
Deferred Tax	87.41	92.78	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>TOTAL CAPITAL EMPLOYED</b>	<b>591.57</b>	<b>640.38</b>	<b>670.79</b>	<b>725.87</b>	<b>573.19</b>	<b>639.48</b>	<b>681.52</b>	<b>648.62</b>	<b>606.87</b>	<b>557.21</b>	<b>483.71</b>
<b>DEBT EQUITY RATIO</b>	<b>0.66:1</b>	<b>0.48:1</b>	<b>0.53:1</b>	<b>0.37:1</b>	<b>0.27:1</b>	<b>0.51:1</b>	<b>0.67:1</b>	<b>0.62:1</b>	<b>0.52:1</b>	<b>0.42:1</b>	<b>0.23:1</b>
<b>Sales &amp; Other Income</b>	<b>1187.46</b>	<b>2160.71</b>	<b>2009.38</b>	<b>2567.54</b>	<b>2157.70</b>	<b>1962.57</b>	<b>1839.47</b>	<b>1469.27</b>	<b>1293.45</b>	<b>1123.58</b>	<b>1010.85</b>
Excise Duty	165.47	253.06	274.33	364.70	291.38	253.02	232.18	0.00	0.00	0.00	0.00
Sales Tax	48.13	76.89	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Materials	539.54	897.09	870.91	1069.10	924.92	882.47	879.45	817.49	711.05	597.24	545.62
Labour Cost	263.02	309.80	335.70	328.73	293.79	272.56	243.97	229.74	202.49	179.79	146.00
Power	239.68	414.30	433.17	452.35	385.52	348.75	307.32	257.69	238.52	205.32	175.26
Operation & Other Exps	44.51	56.71	63.43	79.35	62.01	45.76	38.69	33.70	31.47	37.98	30.59
Lease Rent	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3.47	3.95	4.41	5.11
Interest	73.48	84.23	73.64	64.59	81.22	95.78	88.54	71.95	47.98	30.55	60.05
<b>GROSS PROFIT</b>	<b>(186.37)</b>	<b>68.63</b>	<b>(41.80)</b>	<b>208.72</b>	<b>118.86</b>	<b>64.23</b>	<b>49.32</b>	<b>55.23</b>	<b>57.99</b>	<b>68.29</b>	<b>48.22</b>
Depreciation	46.90	54.82	46.79	43.14	41.20	33.31	30.16	33.80	27.76	22.50	18.57
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
<b>PROFIT BEFORE TAX</b>	<b>(233.27)</b>	<b>13.81</b>	<b>(88.59)</b>	<b>165.58</b>	<b>77.66</b>	<b>30.92</b>	<b>19.16</b>	<b>21.43</b>	<b>30.23</b>	<b>45.79</b>	<b>29.65</b>
Provision For Taxation	2.80	4.93	0.00	62.17	25.00	2.29	2.72	0.00	0.00	22.00	5.60
<b>PROFIT AFTER TAX</b>	<b>(236.07)</b>	<b>8.88</b>	<b>(88.59)</b>	<b>103.41</b>	<b>52.66</b>	<b>28.63</b>	<b>16.44</b>	<b>21.43</b>	<b>30.23</b>	<b>23.79</b>	<b>24.05</b>
Prior period adjustments	0.98	0.00	0.00	0.27	0.00	0.00	7.71	(0.61)	(0.24)	0.15	1.85
Dividends	0.00	0.00	0.00	22.41	22.41	12.80	12.80	19.20	24.01	24.01	16.00
Corporate Tax on Dividend	0.00	0.00	0.00	4.93	2.46	1.28	1.28	0.00	0.00	0.00	0.00
<b>Retained Earnings</b>	<b>(235.09)</b>	<b>8.88</b>	<b>(88.59)</b>	<b>76.34</b>	<b>27.79</b>	<b>14.55</b>	<b>10.07</b>	<b>1.62</b>	<b>5.98</b>	<b>(0.07)</b>	<b>9.90</b>
<b>Earning per Eq. Share Rs.</b>	<b>(14.75)</b>	<b>0.55</b>	<b>(5.54)</b>	<b>6.46</b>	<b>3.29</b>	<b>1.79</b>	<b>1.03</b>	<b>1.34</b>	<b>1.89</b>	<b>1.49</b>	<b>1.50</b>
Dividend per Eq. Share %	0.00	0.00	0.00	14.00	14.00	8.00	8.00	12.00	15.00	15.00	10.00
<b>Net Worth</b>	<b>133.53</b>	<b>367.91</b>	<b>437.98</b>	<b>525.83</b>	<b>449.30</b>	<b>420.79</b>	<b>406.52</b>	<b>395.72</b>	<b>393.37</b>	<b>386.61</b>	<b>385.38</b>
<b>Book value per Eq.Share Rs</b>	<b>8.34</b>	<b>22.99</b>	<b>27.37</b>	<b>32.86</b>	<b>28.07</b>	<b>26.29</b>	<b>25.40</b>	<b>24.73</b>	<b>24.58</b>	<b>24.16</b>	<b>24.08</b>

**BHAGWATI AUTOCAST LIMITED****NOTICE**

**NOTICE** is hereby given that the **TWENTY FIRST 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 Tuesday, the 30th September, 2003 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, 2003 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 Mrs. M. P. Bhagwati who retires by rotation and being eligible offer herself for re-appointment.
3. To appoint Auditors and to fix their remuneration.
4. To consider and if thought fit, to pass with or without modifications the following Resolution as an Special Resolution.

**SPECIAL RESOLUTION**

"RESOLVED THAT pursuant to the provisions of section 198, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 read with schedule XIII thereto as amended and subject to the approvals as may be necessary the consent of the members be and is hereby accorded to the reappointment as sanctioned by Remuneration Committee and approved by the Board of Directors of the Company from 1st September, 2003 for the further period of 3 years as set out in the Agreement between the Company and Dr. P N Bhagwati produced at the meeting and for the purpose of identification, initialled by the Chairman thereof."

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

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

Place : Ahmedabad  
Date : 31/07/2003

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 Saturday, the 20th September, 2003 to Tuesday the 30th September, 2003 (both days inclusive).
3. Members are requested to notify the change in their address immediately.
4. Pursuant to Section 205A of the Companies Act, 1956, all unclaimed dividends up to the financial year ended on 31st March, 1995 (Paid in 1995) have been transferred to the General revenue account of the Central Government.

As per section 205A and 205C of the amended Companies Act, 1956, the amount of dividend for the Financial year 1995-96 and subsequent years remained unclaimed over a period of seven years from the date they became due for payment, shall be transferred to the " Investor Education and protection Fund " established by Government of India and that no claim shall lie against the Fund or Company in respect of the amounts so transferred.

Those shareholders who have so far not claimed their dividend up to financial year 1995-96 and onwards are requested to claim the dividend from the Company.

5. Equity shares of the Company have been activated for dematerialisation 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).
6. 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, Subh Shatdal Complex, Opp. Bata Show Room, Ashram Road, Ahmedabad-380 009.
7. 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.

**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 Dr. P.N. Bhagwati, Managing Director of the Company with effect from 01-09-2003 for further period of 3 years. Dr. P.N. Bhagwati will be paid Rs. 80,000/- per month as salary and other perquisites so as not exceeds Rs. 1,25,000/- per month. The Company may pay remuneration by way of salary, perquisites and any other allowances as recommended by the remuneration committee and approved by the Board of Directors. The said committee in its meeting held on 14-06-2003 provided the remuneration of Dr. P.N. Bhagwati, the Managing Director as set out below and also as specified in the draft agreement to be executed between them, subject however to the consent of the members by way of special Resolution.

The remuneration of Dr. P.N. Bhagwati, Managing Director of the Company will be as under effective from 01-09-2003.

1. **SALARY** : Rs. 80,000/- per month. (Rupees Eighty Thousand only)
2. **COMMISSION** : Commission will be paid in addition to the salary and perquisites based on the "net profit" of the Company in a particular year subject to the overall ceiling laid down in section 198 and 309 of the Companies Act, 1956 so as not to exceed aggregate amount of salary and perquisites.
3. **PERQUISITES AS FOLLOWS** :
  - (i) **HOUSING** : House Rent Allowance as may be determined by the Company.
  - (ii) **MEDICAL EXPENSES** : Managing Director shall be entitled for reimbursement of medical expenses incurred for self and family.
  - (iii) **LEAVE TRAVEL CONCESSION** : Leave Travel Concession for the Managing Director and his family will be allowed once a year.
  - (iv) **FEES OF CLUBS** : This will not include admission and their membership fees.
  - (v) **INSURANCE** : Personal accident, Insurance and mediclaim policy premium as per Income Tax rules.
  - (vi) **PROVIDENT FUND** : Contribution to provident fund to the extent the same is not taxable under the Income Tax Act.
  - (vii) **GRATUITY** : Gratuity contribution at the rate not exceeding half a month's salary for each completed year of service.

**(viii) SUPER ANNUATION :**

Superannuation contribution at the rate not exceeding 15% of month's basic salary for each completed year of service.

**(ix) USE OF CAR & TELEPHONE :**

Provision of car with driver for use on Company's business and also for personal use and telephone at the residence.

**(x) LEAVE :**

Leave availed of to be allowed to be encashed as per rules of the Company.

**(xi) OTHERS :**

Any other payment as may be decided by the Board from time to time.

Subject to the overall ceiling on remuneration the Managing Director may be given any other allowances, benefits and perquisites as the Board of Directors may from time to time, decide, which together with perquisites mentioned above will not exceeds Rs. 1,25,000/- per month but excluding items at serial nos. (vi), (vii) and (viii) which will not be counted in the said ceiling.

**4. MINIMUM REMUNERATION:**

The Managing Director shall be paid the remuneration as stated above as minimum remuneration in the event of inadequacy of profit and further subject to the ceiling of minimum remuneration as stated in part II, Section II of Schedule XIII of the Companies Act, 1956 with such modifications as may be made thereon from time to time, being in force.

While calculating the limit, contribution to provident fund, superannuation fund and gratuity fund shall not be considered.

Dr. Pravin N. Bhagwati is interested in the above resolution to the extent of remuneration receivable by him.

Mrs. M. P. Bhagwati is concerned or interested in the above resolution as being relative of Dr. P. N. Bhagwati.

No other Directors are interested in the proposed resolution.

Your Directors recommend the above Resolution.

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

6. The Draft agreement to be entered in to with the Managing Director is open for inspection by members on any working day between 3 p.m. and 5 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 : 31/07/2003

By order of the  
Board of Directors

**Dr. P. N. Bhagwati**  
Chairman

## 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 the manufacturing of highly specialised castings for the automobiles, tractor, compressor and hydraulic industries. The Company has incorporated in the year 1982 and the commercial production begun in respect of all items. Presently the Company is supplying castings to the OEM industries in the country.

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

Unit already in production.

#### 3) IN CASE 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 :

Particulars	(Rs. In Lacs)		
	2000-2001	2001-2002	2002-2003
1 Net Sales	1721.41	1667.42	1032.87
2 Other Income	11.61	169.10	2.27
3 Total Expenses	1703.22	1677.89	1086.75
4 Interest	73.64	84.23	73.48
5 Depreciation	46.79	54.83	46.90
6 Profit/(Loss)	(88.89)	13.81	(233.27)
7 Provision for Taxation	0	4.93	2.80
8 Net profit	(88.89)	8.88	(236.07)
9 Paid up Share Capital			
@ Rs. 10/- each	160.04	160.04	160.04
10 Reserves & Surplus	279.38	208.58	142.77

#### 5) EXPORT PERFORMANCE :

Not applicable

#### 6) FOREIGN INVESTMENTS OR COLLABORATORS, IF ANY:

No Foreign investments or collaborators.

### 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 is Rs. 1,25,000 per month. An agreement was executed with the Managing Director in September, 1998.

#### 3) RECOGNITION OR AWARDS :

Dr. P.N. Bhagwati is associated with various organisations at State, National and international level. He is the Ex-President of Institute of Indian Foundrymen and Ex-Chairman of CIIL (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 the Member of Executive council of AMA & Chairman of Activities centre committee.

#### 4) JOB PROFILE & 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 his guidance and control and further subject to the power entrusted to him as per the agreement entered into with him. The managing Director looks after the day to day affairs of the Company, which includes financial, administrative, marketing, production and Human Resources Development with the help of the senior experts and professionals in their respective fields.

#### 5) REMUNERATION PROPOSED :

The details of the remuneration proposed has already been given in special resolution proposed earlier.

#### 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 Directors have approved the remuneration of Dr. P. N. Bhagwati. His remuneration is comparable and in level with similar job in the industry.

#### 7) PECUNIARY RELATIONSHIP DIRECTLY OR INDIRECTLY WITH THE COMPANY, OR RELATIONSHIP WITH THE MANAGERIAL PERSONNEL, 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. Mrs. M. P. Bhagwati, the Director of the Company is related to Dr. P. N. Bhagwati.

### III. OTHER INFORMATION:

#### 1) REASONS FOR LOSS OR INADEQUATE PROFITS:

As already discussed in the Director's Report, our Company have major problem of demand from tractor industries who is our major customer which affected our production. As a result, our production went down by 50 % of normal capacity leaving fixed cost like salaries, wages, interest and depreciation uncovered.

#### 2) STEPS TAKEN OR PROPOSED TO BE TAKEN FOR IMPROVEMENT:

Our Company is planning to develop new customers in a big way and to add new items of different segments so as to maintain minimum volume of production at any point of time.

Apart from this our Company has set up new Hand Moulding Project which is very specialised filed and there is a good demand of such castings. When this project start production, it will give good sales volume and increase our profitability

#### 3) EXPECTED INCREASE IN PRODUCTIVITY AND PROFITS IN MEASURABLE TERMS:

Not possible to quantify.

Dr. P. N. Bhagwati himself and Mrs. M. P. Bhagwati being the relative of Dr. P. N. Bhagwati, are concerned or interested in considering or passing the above said special resolution mentioned in item no. 4 of the Notice.

Registered Office :  
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Dist. Ahmedabad - 382 220

Place : Ahmedabad  
Date : 31/07/2003

By order of the  
Board of Directors

**Dr. P. N. Bhagwati**  
Chairman





BHAGWATI

## 21st Annual Report 2002-2003

## DIRECTORS' REPORT

To

The Members,

Your Directors have pleasure in placing before you TWENTY FIRST ANNUAL REPORT and Audited Accounts for the year ended 31st March 2003.

## 01. FINANCIAL RESULTS :

	For the year Ended 31/03/2003 [Rs]	For the year Ended 31/03/2002 [Rs]
(Loss) / Profit before Interest, Depreciation and Taxation	(11,289,085)	15,286,633
(Add)/Less : Interest & Finance Charges	7,347,995	8,422,502
<b>(Loss)/Profit before Depreciation &amp; Taxation</b>	<b>(18,637,080)</b>	6,864,131
(Add)/Less : Depreciation	4,689,660	5,482,656
<b>(Loss)/Profit before Tax</b>	<b>(23,326,740)</b>	1,381,475
(Add)/Less : Provision for Current Tax	0	0
(Add)/Less : Provision for Deferred Tax	280,383	4,93,187
<b>(Loss)/Profit After Tax</b>	<b>(23,607,123)</b>	888,288
(Add)/Less : Prior Year Adjustments	97,910	0
Add : (Deficit) / Surplus of Last Year Brought forward	(5,951,152)	(6,839,440)
<b>Balance Carried to Balance Sheet</b>	<b>(29,460,365)</b>	(5,951,152)

## 02. DIVIDEND :

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

## 03. OPERATIONS :

Due to prolonged continued fall in demand of castings from our major customer, your Company has to offer lay off and keep manufacturing operations suspended on an average for about 50% of the effective working days. This has affected the operations resulting in to a steep fall in sales. Fixed and semi fixed overheads remaining constant, the Company has incurred a loss of 2.36 Crores by the end of the year.

Most of the tractor OEM decided to reduce their inventory at year end, Their Production substantially went down due to stock adjustments. This affected demands in castings from Companies like us. In addition to this, steep increase in the prices of all types of scraps, pig iron and other basic material in the last quarter of the year. Our cost of production has increased and could not be controlled till the end of the year.

How-ever demands and production in the 1st quarter has increased and reached to a satisfactory level. The Company has got a price increase also from major customers. We hope to achieve better results during the current year.

## 04. EXPANSION : [ HAND MOULDING PROJECT]

Since last two years, the management is planning to enter an additional segment of production. The reliance only one segment of industry is not helpful to the Company from the view point of volume and profitability. Your Company has decided to go for a very specialised field of "Hand Moulding Project", which are being used by plastic moulding machines OEM. It has got very potential export market also. Being a vary specialised job, rates are also quite satisfactory. It will increase Company's total production, and add to the volume of conventional production & contribute in the reduction of overheads.

## 05. DIRECTORS :

Mrs. M. P. Bhagwati a Director of the Company retire by rotation at the ensuing Annual General Meeting and being eligible offers herself for re-appointment.

Mr. Sunil Parekh who joined our Board only last year, resigned because of his technical constraints. The Company puts on record his most dynamic & valuable services rendered to the Company during his short span of association.

## 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 31/03/2003.

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

As per the provision of the section 383 A 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.

## 11. 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, 2003 and of the loss 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.

## 12. 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.

For and on behalf of the  
Board of Directors

**Dr. P. N. Bhagwati**  
Chairman

Place : Ahmedabad

Date : 31/07/2003

**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 2003.

**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 0.995.
- [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 are 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] Reactive power & Harmonic measurement are being planned during Energy Audit to minimise electrical losses & reactive power.
- [2] 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.
- [3] Energy efficient motors to be used where power intensive equipment are installed.
- [4] Muffle furnace to be lined with ceramic fiber insulation.
- [5] Automatic thermostat controller 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 which are 10 years or more older and rewound more than 10 times to reduce losses in motors.
- [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**

Particulars	2002-2003	2001-2002
<b>[A] Power &amp; Fuels consumption :</b>		
1. Electricity		
<b>[a] Purchased</b>		
- Units	4310610	7706400
- Total Amount [Rs. Lacs]	239.41	414.00
- Rate / Unit [Rs.]	5.55	5.37
<b>[b] Own Generation</b>		
(i) Through Diesel Generator		
- Units	1732	3124
- Units per liter of diesel oil	1.56	1.80
- Cost per unit [Rs.]	15.68	9.58
(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>[B] Consumption per unit of Production</b>	<b>Electricity per MT of Castings</b>	<b>Electricity per MT of Castings</b>
(i) C I Castings	1261	1307
(ii) S G I Castings	1599	1724

**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.



**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.

	2002-2003 (Rs)	2001-2002 (Rs)
Total Foreign Exchange used	54,398	106,703
Total Foreign Exchange earned	Nil	Nil

For and on behalf of the  
Board of Directors

Place : Ahmedabad  
Date : 31/07/2003

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.  
Ahmedabad.

I have examined the registers, records, books and papers of Bhagwati Autocast Limited (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 of 31<sup>st</sup> March, 2003 (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:

1. 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.
2. 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 within the time prescribed under the Act and the rules made there under.
3. The Company, being a public limited Company, comments are not required.

4. The Board of Directors duly met Five times respectively on 29<sup>th</sup> April, 2002, 31<sup>st</sup> July, 2002, 29<sup>th</sup> October, 2002, 15<sup>th</sup> January, 2003 and 31<sup>st</sup> January, 2003, 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.
5. The Company has closed its Register of Members from 16<sup>th</sup> September, 2002 to 28<sup>th</sup> September, 2002 (both days inclusive) during the financial year and the necessary compliance has been made under section 154 of the Act.
6. The annual general meeting for the financial year ended on 31<sup>st</sup> March, 2002 was held on 28<sup>th</sup> September, 2002 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.
7. No extra ordinary general meeting was held during the financial year.
8. 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.
9. The Company has not entered into any contracts falling within the purview of section 297 of the Act.
10. The Company has made necessary entries in the register maintained under section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act, the Company was not required to obtain any approvals from the Board of directors, members or Central Government.
12. The Company has not issued any duplicate share certificates during the financial year.
13. The Company has
  - delivered all the certificates on lodgment thereof for transfer/transmission or any other purpose in accordance with the provisions of the Act.
  - Not deposited the amount of dividend as no dividend has been declared during the year.
  - Duly complied with the requirement of Section 217 of the Act.
14. The Board of directors of the Company is duly constituted. There was no appointment of additional directors alternate directors and directors to fill casual vacancy during the financial year.
15. The Company has not appointed any Managing Director/Whole time Director / Manager during the financial year.
16. The Company has not appointed any sole selling agents during the financial year.
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.
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.
19. The Company has not issued any shares, debentures or other securities during the financial year.
20. The Company has not bought back any shares during the financial year.
21. There was no redemption of preference shares or debentures during the financial year.

**BHAGWATI AUTOCAST LIMITED**

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.
23. The Company has complied with the provisions of sections 58A and 58AA read with the provisions of (Acceptance of Deposit) Rules, 1975 / the applicable directions issued by the Reserve Bank of India / any other authority in respect of deposits accepted including unsecured loans taken amounting to Rs. 65,65,000 raised by the company during the year and the company has filed the statement in lieu of advertisement necessary particulars as required with the Registrar of Companies on 21-8-2002. The Company has also filed return of deposit with the Registrar of Companies/Reserve Bank of India / other authorities.
24. The amount borrowed by the Company from directors, members, public, financial institutions, banks and others during the financial year ending 31st March, 2002 is within the borrowing limits of the company and that the necessary resolutions as per section 293 (1) (d) of the Act have been passed in the duly convened general meeting.
25. The Company has not made any loan 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.
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.
27. The Company has not altered the provisions of the Memorandum with respect to the objects of the company during the year under scrutiny.
28. The Company has not altered the provisions of the Memorandum with respect to name of the company during the year under scrutiny.
29. The Company has not altered the provisions of the Memorandum with respect to share capital of the company during the year under scrutiny.
30. The Company has not altered its Articles of Association during the financial year.
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.
32. The Company has not received any money as security from its employees during the financial year.
33. The Company has deposited both employer's and employees' contribution to Provident fund with prescribed authorities pursuant to Section 418 of the Act.

Place : Ahmedabad

Date : 31-7-2003

Signature

Name of the Company Secretary : Chirag B. Shah (C.P. No.3498)

**Annexure A****Registers as maintained by the Company****Statutory Registers**

Registers of Members u/s 150

Registers and Returns u/s 163

Minutes book of Meeting.

Books of account u/s, 209

Register of directors, Managing Director/Manager and Secretary u/s. 303

Register of Director's Shareholding u/s. 307

Register of charges

Register of Contract U/s. 301

**Other Registers**

Register of transfers

Register of Director's Attendance

Register of Shareholder's attendance

Register of proxies

**Annexure B**

**Forms and Returns as filed by the Company with the Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ending 31st march, 2003**

Sr. No.	Form No. Return	Filed U/s.	For	Date of Filing	Whether filed within presc. Time Yes/No.	If delay in filing Whether requisite additional fee paid
1.	Return of Deposit	58A	Year 2002	01-07-2002	Yes	
2.	SLA	58A	Year 2002	21-08-2002	Yes	
3.	Form 32	302(2)	Change in Directors	21-08-2002	Yes	
4.	Balance Sheet	220(1)	Year 2002	21-10-2002	Yes	
5.	Compliance Certificate	383 A	Year 2002	21-10-2002	Yes	
6.	Annual Return	159(1)	Year 2002	29-10-2002	Yes	
7.	Form 32	302(2)	Change in Directors	28-03-2003	Yes	