

BHAGWATI AUTOCAST LIMITED



30th Annual Report 2011-2012

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 Padmin H Buch	} Additional Director
		Mr R. J. Shah	
Remuneration Committee	:	Mrs M P Bhagwati	Chair Person
		Mr M N Shah	} Members
		Mr Padmin H. Buch	
Auditors	:	M/s Milin J. Jani & 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 - 380 009. Tele No. 079 26582878	Fax No. 079 26581296

NOTICE

NOTICE is hereby given that the **THIRTIETH 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 Thursday, the 20th September, 2012 at 11.00 AM to transact the following business.

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Statement of profit and Loss for the year ended on 31st March, 2012 and Balance Sheet as at the same date and consider the Directors' Report and Auditor's Report thereon.
2. To declare dividend for the financial year ended 31st March, 2012.
3. To appoint director in place of Mrs. M. P. Bhagwati and Mr. Padmin Buch, who retires by rotation and being eligible offers themselves for re-appointment.
4. To appoint Statutory Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS :

5. To consider and if thought fit to pass with or without modification(s), the following Resolution as an Ordinary Resolution:-

"RESOLVED THAT Mr. Rajendraprasad J. Shah, who has been appointed as an Additional Director of the Company by Board of Directors under the provisions of Section 260 of the Companies Act, 1956 and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing proposing his candidature for the office of Director under Section 257 of the Companies Act, 1956, be and is hereby appointed as Director of the Company liable to retire by rotation.

6. To consider and if thought fit to pass with or without modification(s), the following Resolution as a Special Resolution:-

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309 and 310 of the Companies Act, 1956 (hereinafter referred to as the Act) read with Schedule XIII thereof as amended from time to time and other applicable provisions, if any, of the Act, subject to the approval of Central Government, the consent of members be and is hereby accorded to the terms and conditions as contained in Draft Agreement of reappointment of Dr. Pravin N. Bhagwati, as Managing Director of the Company with effect from 1st October 2012 for the period of 3 years ending on 30th September 2015.

"RESOLVED FURTHER THAT the terms and conditions including the remuneration payable as contained in the draft 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 06/06/2012 and 27/7/2012."

"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."

"RESOLVED FURTHER 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, 2012"

"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."

Place : Ahmedabad
Date : 27/07/2012

By order of the Board of Directors

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

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. Proxies in order to be effective must reach the Registered Office of 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 Thursday, the 6th September, 2012 to Thursday 20th September 2012 (both days inclusive).
3. The Explanatory Statements pursuant to Section 173 of the Companies Act, 1956, in respect of the Special Businesses mentioned above are annexed hereto and forms part of the Notice.
4. The payment of dividend upon declaration by the shareholders at the forthcoming annual general meeting will be made on or before 20.10.2012 as under:
 - (a) To all those beneficial owners holding shares in electronic form as per the beneficial ownership data as may be made available to the Company by National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) as of the end of the day on Wednesday 5th September, 2012. and
 - (b) To all those shareholders holding shares in physical form after the effect to all the valid share transfers lodged with the Company before the closing hours on Wednesday 5th September, 2012.

BHAGWATI AUTOCAST LIMITED

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

5. Members holding shares in physical form, are advised to furnish on or before 5th September 2012, particulars of their bank account, if changed, to share Transfer Agent (MCS Limited) to incorporate the same in the dividend warrant / payment instruments.

Incase where payments to the shareholders holding shares in dematerialized form are made by dividend warrants / payment instruments, particulars of bank account registered with their depository participant will be considered by the Company for printing the same on dividend warrants / payment instruments.

6. Members, holding shares in physical form, are requested to notify change of address, if any, to the Registrars and Share Transfer Agent (MCS Limited), preferably along-with their bank / National Electronic Clearing Services (NECS) details on or before 5th September, 2012.

Beneficial owner holding shares in electronic form are requested to notify any change in address, bank particulars, NECS particulars etc to their respective depository participants and make sure that such changes are recorded by them correctly on or before 5th September 2012.

Dividend will be preferably paid through NECS, wherever the facility is available. Where dividend payments are made through NECS, intimation regarding such remittances would be sent separately to the share holders. In cases where the dividend can not be paid through NECS the same will be paid by account payee / not negotiable instruments.

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.
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. All documents referred to the accompanying Notice and the Explanatory Statement(s) are open for inspection at the Registered Office of the Company during office hours on all working days except Saturday and Sunday between 11.00 a.m. to 1.00 p.m. up to the date of Annual General Meeting.
10. 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 (MCS Limited).
11. Members who hold shares in dematerialized form are requested to bring their depository account number for identification.
12. Members are requested to bring their copies of the annual report to the meeting.

Place : Ahmedabad
Date : 27/07/2012

By order of the Board of Directors

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

Dr. P. N. Bhagwati
Chairman

ITEM NO. 5 :

The Board of Directors of the Company had appointed Mr. Rajendraprasad J. Shah as Additional Director (Independent Director) of the Company with effect from 22nd October 2011. As per the provisions of Section 260 of the Companies Act, 1956, Mr. Rajendraprasad J. Shah will hold office only upto the date of forthcoming Annual General Meeting of the Company, and is eligible for appointment as Director.

The Company has received notice in writing from a member along with deposit of Rs. 500/- for proposing the candidature of Mr. Rajendraprasad J. Shah for the office of Director of the Company under the provisions of Section 257 of the Companies Act, 1956.

Rajendraprasad J. Shah is not disqualified from being appointed as Director in terms of Section 274 (1)(g) of the Act. The Company has received the requisite Form 'DD-A' from Rajendraprasad J. Shah in terms of the Companies (Disqualification of Directors under Section 274(1)(g) of the Companies Act, 1956) Rules, 2003, confirming his eligibility for such appointment.

Mr. Rajendraprasad J. Shah, aged about 62 years. He is CEO of Dahej SEZ Ltd. He is post-graduate in Mechanical Engineering and having 38 years of experience out of which 30 years in promotion of industries in Gujarat. He was Principal Chief Industrial Advisor to Government of Gujarat from 1991 to 2009. As part of his activities in various capacities, he was associated in preparing Industrial Policy of Gujarat for 1990, 1995, 2000, 2003 and 2009. Five Years Plan Programmes, introduction of specific programmes like monitoring of industrial approvals for implementation of projects; promoting innovations, R & D Projects, and R & D institutions; Cluster Development Programmes for SMEs; promotion of Special Economic Zones and bringing out legislation for SEZs; organizing Vibrant Gujarat – Global Investment Summits – 2003, 2005, 2007 and 2009 and promotion of large number of industrial projects in the State.

His technical experience and expertise will help the company.

Your Directors recommend the above Resolution for your approval.

Except Mr. Rajendraprasad J. Shah none of the Directors of the Company are in any way concerned or interested in the said 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 present tenure will expire on 30th September, 2012. The new terms of appointment of Managing Director will be effective for 3 years from 1 October 2012 to 30th September, 2015. The new proposed remuneration is as per the limits fixed by the Central Government under Schedule XIII of the Act. The proposed remuneration will be effective, subject to the approval of the Central Government and members in the 30th 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. 4,00,000/- per month. (However restricted to Rs. 1,50,000/- per month till the Central Government approval received)

b) Perquisites

Maximum up to Rs.2,00,000 per month (However restricted to Rs. 1,00,000/- per month till the Central Government approval received) which shall include perquisites of Categories 'A', 'B' and 'C' as below:

CATEGORY 'A'
i) House Rent allowance

- 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.
- In case the accommodation is owned by the Company, 10% of the Salary of the Managing Director shall be deducted by the Company.
- In case no accommodation is provided by the Company, the Managing Director shall be entitled to house rent allowance not exceeding 50% of the Salary.
- 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.
- 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. 20,000/- per annum or such amount as may be prescribed in Section 80D of the Income Tax Act, 1961.

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.

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 Income Tax 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.

I. 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 1981 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 1984.

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

Not applicable.

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4) Financial performance based on given indicators

Sr. No.	Particulars	2009-10 (Rs. In Lacs)	2010-11 (Rs. In Lacs)	2011-12 (Rs. In Lacs)
1	Net Sales	5237.20	6290.07	5800.64
2	Other Income	10.38	24.72	5.26
3	Effect of Closing stock	31.83	135.77	1.91
4	Total Expenses	4785.08	5824.13	5476.66
5	Interest	77.73	131.27	61.24
6	Depreciation	68.82	125.22	143.56
7	Profit / (Loss)	347.78	369.94	126.33
8	Provision for Taxation	120.28	102.00	25.27
9	Net Profit	216.99	250.79	77.95
10	Paid up Share Capital @ Rs. 10/- each.	288.07	288.07	288.07
11	Reserve & Surplus	1033.44	1250.75	1311.97

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. Pravin 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 Company. The company is continuously performing well despite Global adverse & recessionary situation, the Company has performed exceptionally well and achieved new heights 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:-

Particulars	2009-10	2010-11	2011-12
Salary	3180000	3240000	3360000
House Rent Allowance	1221000	1920000	1860000
P. F. Contribution	273600	496800	403200
Contribution to Superannuation Fund	342000	621000	504000
Perquisites	56244	84679	87677
TOTAL	5072844	6362479	6214877

Last remuneration was revised in the 27th Annual General Meeting of the Company.

3) Recognition Or Awards:

Dr. Pravin N. Bhagwati, is associated with various organizations at State, National and International levels. He is past International President of Institute of Indian Foundrymen Organization, Past President of World Foundrymen Organization (WFO), Past Coordinator and Chairman of WFO's International Commission

on Vocational Training, past National Chairman of Technical Education & Training of Confederation of Indian Industry (CII), Past Chairman of Confederation of Indian Industry (CII) (Western Region)

He is recipient of life time achievement award presented by The Institute of Indian Foundry men at the world foundry congress held in Chennai in February 2008.

He is on the Board of various institutions like:-

- * Governing Council of MSME - Indo German Tool Room (IGTR), Ahmedabad.
- * Chairman, Academic Advisory Committee of NIRMA Institute of Diploma Studies, Ahmedabad.
- * Member, Board of Governance Nirma University, Ahmedabad and Member, Governing Council, Nirma Institute of Management, Ahmedabad.
- * Founder President of Society for Promotion of Foundry Education and Research Ahmedabad.

4) Job Profile & His Suitability:

Dr. Pravin 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 Production, Finance, Administration, Marketing 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 is able to enhance 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 6.

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 recognized the profit and rich, diversified experience of Dr. Pravin N. Bhagwati, and the increased job responsibilities, accordingly the remuneration committee and the Board of Director have approved the remuneration of Dr. Pravin 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 51% 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. Pravin N. Bhagwati.

III. OTHER INFORMATION
1. Reasons of Loss or Inadequate Profits:

- Foundry industry is working in extreme competitive market with paper thin profit margin.
- Operational costs of products of the foundries located in Gujarat are substantially higher than other foundries located in other parts of the country.
- Our customers are big & OEM, and hence sales rates are governed by market. There is very limited scope to enhance sales rate on the basis of cost plus margin formula.
- We are utilizing full installed capacity and hence volume can not increase, our sales are solely dependent on growth of tractor & other general automobile & engineering industries, where we operate.

In view of the above position, our profit is optimum.

2. Steps taken for improvement:

- Company has increased its installed capacity from 11000 MTA to 18000 MTA by installing new high pressure molding line and high capacity furnaces. With increased capacity company's sales turnover will increase.
- 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 to 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)

Particulars	2011-12 (actual)	2012-13 (projected)	2013-14 (projected)	2014-15 (projected)
Net Sales	5800.64	6800	8500	12500
Other income	5.26	72	3.20	3.00
Effect of closing stock	1.91	9.81	6.96	-
Total expenses	5476.66	6299.81	7841.16	11600
Interest	61.24	65	70	95
Depreciation	143.56	142	149	155
Profit (Loss)	126.33	375	450	653
Provision for taxation	25.27	125	148	190
Net profit	77.95	250	302	463
Paid-up share capital @ Rs. 10 each	288.07	288.07	288.07	288.07
Reserve & surplus	1311.97	1528.49	1797.01	2056.00

4. DISCLOSURE:

- The remuneration package of Dr. Pravin N. Bhagwati, Managing Director is given in the Notice of 30th Annual General Meeting of the Company.
- Element of remuneration package
 - Details of fixed components and performance linked incentive
 - Service contract, Notice period Severance fees etc.

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

Your directors recommend the resolution as they consider the same is in the interest of the Company.

This may be treated as an Abstract of Terms of Contract for the re-appointment of the Managing Director under the provisions of Sec. 302(2) of the Companies Act, 1956.

Dr. Pravin N. Bhagwati is interested in the above resolution to the extent that the appointment pertains to 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.

No other Directors are interested in the proposed resolution.

The Draft 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.

Place : Ahmedabad
Date : 27/07/2012

By order of the Board of Directors

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

Dr. P. N. Bhagwati
Chairman

BHAGWATI AUTOCAST LIMITED

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the **THIRTIETH ANNUAL REPORT** and audited accounts for the year ended 31st March 2012. The performance of the Company for the year ended on March 31, 2012 is summarized below.

01. FINANCIAL HIGHLIGHTS :

	For the year Ended 31/03/2012 (Rs.)	For the year Ended 31/03/2011 (Rs.)
Profit before interest, depreciation and taxation	33,111,978	61,137,677
Less: Interest & finance charges	6,123,719	11,620,770
Profit before depreciation & taxation	26,988,259	49,516,907
Less: Depreciation	14,355,633	12,522,306
Profit before tax	12,632,626	36,994,601
Less: Provision for income tax		
[1] Current Tax [MAT]	2,527,205	10,200,000
[2] Deferred Tax	4,426,687	1,715,068
[3] MAT Entitlement	(2,116,697)	0
Profit after tax	7,795,431	25,079,533
Less : Short Provision for Taxation	0	0
Profit for the Year	7,795,431	25,079,533
Add : Surplus of last year brought forward	20,580,152	18,848,622
Surplus available for appropriation	28,375,583	43,928,155
APPROPRIATIONS :		
Proposed equity dividend	1,440,342	2,880,684
Tax on dividend	233,659	467,319
Transfer to general reserve	0	20,000,000
Balance of profit carried to balance sheet	26,701,582	20,580,152

02. DIVIDEND :

Your Directors recommend a dividend of 5% i.e. Rs.0.50 per Equity Share of Rs. 10/- each for the year 2011-2012 (Previous year 10% i.e. Rs. 1.00/- per Equity Share) Subject to approval of shareholders at the 30th Annual General Meeting.

03. REVIEW OF OPERATIONS :

During the year under review, Your Company's sales decreased by 7.78 % and operating profit decreased by 53 %. This was mainly due to prolong labour strike during September and October 2011. Further during the later part of the year cost of materials increased but the corresponding price was not given by customers which have affected our profitability.

During the year company has successfully replaced the old furnaces with new Inductotherm make Tri Trak Furnaces which are energy efficient and high capacity. By installing this furnace company's production capacity will increase from 12000 MTA to 18000 MTA.

04. DIRECTORS :

The Board appointed Mr. Rajendraprasad J. Shah as Additional Director; we seek your support in his appointment as Director.

Mrs. M. P. Bhagwati and Mr. Padmin Buch retires by rotation in the forthcoming Annual General Meeting and being eligible offers themselves for re-appointment.

05. AUDITORS :

The Statutory Auditors of the Company M/s. Milin J Jani & Co., Chartered Accountants, Ahmedabad (Firm Registration No.106396W) will retire at conclusion of ensuing Annual General Meeting and being eligible, have offered themselves for reappointment for the year 2012-2013. 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. APPOINTMENT OF COST AUDITOR

As per the requirements of the provisions of Section 233 B of the Companies Act, 1956, Company has appointed M/s. Kiran J. Mehta & Co. Cost Accountant Firm, Ahmedabad to audit the cost accounts for the year 2011-12 from 1st April 2011 to 31st March 2012 for which company has applied for the approval of Central Government and same is pending with the Central Government. The Cost Audit Report in respect of Financial Year 2011-12 will be filled on or before the due date. i.e. 27th September, 2012.

07. COMPLIANCE CERTIFICATE :

The Compliance Certificate received in accordance with the provisions of Section 383A read with the Companies (Compliance Certificate) Rules, 2001 being annexed to the Director's Report. The said Compliance Certificate is self-explanatory and needs no comments.

The Board has appointed M/s. Chirag Shah & Associates, Company Secretaries for the issuance of the Compliance Certificate in terms of the provisions of section 383A(1) of the Companies Act, 1956 and to hold the office until the conclusion of the forthcoming annual general meeting on such remuneration as may be determined by the Board and agreeable to them. Your directors recommend to re-appoint them for the above said work and to hold office till the date of the next annual general meeting.

08. FIXED DEPOSITS :

There are no unclaimed / unpaid deposits as on 31/03/2012.

09. 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.

10. PARTICULARS OF EMPLOYEES:

The Details of the employees, who were in receipt of remuneration of not less than Rs. 60,00,000/- during the year ended 31st March, 2012 or not less than Rs. 5,00,000/- per month during any part of the said year is annexed herewith as part of the Directors report.

11. 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 judgments 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, 2012 and of the Profit of the Company for the accounting year ended on that date;

- c) 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;
- d) 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 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 : 29/05/ 2012

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 2012.

A. Employed for whole of the year and was in receipt of remuneration aggregating to Rs. 60,00,000/-or more per annum.

Sr. No.	Name of the Employee	Designation	Gross Remuneration Rupees	Qualification/ Experience	Date of Commencement of Employment	Age Year	Last Employment held/ Organisation
1	Dr. P. N. Bhagwati	Managing Director	6,214,877	Ph.D. (Germany) 45 Years	01/04/1984	76	Managing Director- Bhagwati SpheroCast Pvt. Ltd.

Notes :

1. Dr. Pravin N Bhagwati Managing Director of the Company is a relative of Ms. Reena P Bhagwati Jt. Managing Director and Mrs. Mandakini P Bhagwati, a director of the company. No other employees are related to any other Directors.
2. Remuneration includes salary, house rent allowance, contribution towards provident fund, Contribution to superannuation fund and perquisites.

B. 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] Old power consumption /Tonne of melting reduced from 651 KW to 633 KW by better melting practice and optimization of power.
- [2] In Last Quarter of the year Furnace is replaced by new one having lower losses so as to achieve 600 KWH/Tonne of melting.
- [3] Compressed Air leakages are arrested and operations are optimized to achieve average power consumption per tonne of melting to 86 KWH which was 97 KWH average.
- [4] CFL to use in offices in place of tube lights.
- [5] Transformer Losses are reduced from 3.5% to 2.5% by installing new transformer & by better voltage Regulation.
- [6] Power factor is being maintained above 0.997.
- [7] Maximum demand controller is fine tuned to achieve better load factor.
- [8] Idle Running of Equipments are reduced to optimum.

FURTHER STEPS TO BE IMPLEMENTED

- [1] To start using cooling tower saver.
- [2] Automatic star to delta & delta to star converter for heavy motors to be introduced.
- [3] Sizing of motors as per the actual average load condition (Adhoc 10 HP) optimization of sizes of motors to be done.
- [4] Load factor and power factor both to be improved to the maximum level.
- [5] Centralized lighting energy saver to be installed.

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 phased 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 in spite 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	2011-12	2010-11
[A] Power & Fuels consumption :		
1. Electricity		
[a] Purchased		
- Units	10474160	13694880
- Total Amount [Rs. Lacs]	665.57	790.10
- Rate / Unit [Rs.]	6.35	5.77
[b] Own Generation		
[I] Through Diesel Generator		
- Units	10224	6232
- Units per liter of diesel oil	3.22	3.38
- Cost per unit [Rs.]	16.79	16.23
[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	1220	1292
[ii] S G I Castings	1091	1313

FORM : B

A. DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION, RESEARCH AND DEVELOPMENT (R & D) :

TECHNOLOGY ABSORPTION:

RESEARCH & DEVELOPMENT :

- [i] Specific areas in which R & D are carried out by the Company: -
 - [a] study and improvement in the production process parameters of ductile iron and gray iron castings (on going work).
 - [b] After successful recertification of ISO-9001:2000 Evolving System approach to Total Quality Management (on going work).
- [ii] Benefits derived as a result of above R & D: -
 - [a] Quality improvement
 - [b] Cost Control
 - [c] Energy saving by controlling grade 500/7 in as cast condition.

B. FOREIGN EXCHANGE EARNINGS AND OUTGO:

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

	2011-12	2010-11
	[Rs]	[Rs]
Total Foreign Exchange used	204,538	92,749
Total Foreign Exchange earned	Nil	Nil

For and on behalf of the
Board of Directors

Place : Ahmedabad
Date : 29/05/2012

Dr. P N Bhagwati
Chairman