

# BHAGWATI AUTOCAST LIMITED



## 28<sup>th</sup> Annual Report 2009-2010

<b>Board of Directors</b>	:	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	
<b>Remuneration Committee</b>	:	Mrs M P Bhagwati	Chair Person
		Mr M N Shah	} Members
		Mr B L Dalal	
<b>Auditors</b>	:	M/s Milin J. Jani & Co.	
		Chartered Accountants	
		Ahmedabad	
<b>Bankers</b>	:	Bank of Baroda	
		Ashram Road	
		Ahmedabad	
<b>Registered Office &amp; Works</b>	:	Survey No 816,	
		Village Rajoda,	
		Near Bavla,	
		Dist. Ahmedabad 382 220	
<b>Share Registrars</b>	:	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

**Financial Highlights**

	[Rs. in Lacs]										
Particulars	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01	99-2000
Fixed Assets (Gross)	2317.48	1439.75	1430.75	1368.84	1267.32	1120.69	1101.30	986.80	896.44	868.71	859.62
Fixed Assets (Net)	1394.99	560.53	619.95	627.15	593.37	492.68	504.31	441.31	458.95	481.14	510.18
Net Current Assets	738.80	1077.41	703.28	577.37	389.89	(90.04)	(101.39)	(19.02)	180.71	188.21	213.52
Misc. Exps./Deferred Revenue Exps.	0.49	4.81	9.13	17.01	22.45	10.71	14.27	0.00	0.72	1.44	2.17
Profit & Loss Account	0.00	0.00	0.00	0.00	0.00	166.34	246.36	169.28	0.00	0.00	0.00
<b>TOTAL ASSETS (NET)</b>	<b>2134.28</b>	<b>1642.75</b>	<b>1332.36</b>	<b>1221.53</b>	<b>1,005.71</b>	<b>579.69</b>	<b>663.55</b>	<b>591.57</b>	<b>640.38</b>	<b>670.79</b>	<b>725.87</b>
Borrowings	711.51	465.13	295.56	309.41	308.50	208.89	270.06	201.35	178.97	231.37	197.87
Equity Share Capital	288.07	288.07	288.07	288.07	288.07	160.04	160.04	160.04	160.04	160.04	160.04
Reserves & Surplus	1033.44	843.32	693.83	560.06	325.03	121.72	142.77	142.77	208.59	279.38	367.96
Deferred Tax	101.26	46.23	54.90	63.99	84.11	89.04	90.68	87.41	92.78	0.00	0.00
<b>TOTAL CAPITAL EMPLOYED</b>	<b>2134.28</b>	<b>1642.75</b>	<b>1332.36</b>	<b>1221.53</b>	<b>1005.71</b>	<b>579.69</b>	<b>663.55</b>	<b>591.57</b>	<b>640.38</b>	<b>670.79</b>	<b>725.87</b>
<b>DEBT EQUITY RATIO</b>	<b>0.52:1</b>	<b>0.12:1</b>	<b>0.14:1</b>	<b>0.17:1</b>	<b>0.20:1</b>	<b>0.82:1</b>	<b>0.89:1</b>	<b>0.66:1</b>	<b>0.48:1</b>	<b>0.53:1</b>	<b>0.37:1</b>
<b>Sales &amp; Other Income</b>	<b>5840.73</b>	<b>6567.31</b>	<b>5898.05</b>	<b>5994.64</b>	<b>4383.29</b>	<b>3921.64</b>	<b>2443.08</b>	<b>1187.46</b>	<b>2160.71</b>	<b>2009.38</b>	<b>2567.54</b>
Excise Duty & Cess	443.21	775.70	810.19	814.25	584.53	530.93	310.11	165.47	253.06	274.33	364.70
Sales Tax	118.10	146.72	173.68	229.97	166.49	151.33	90.14	48.13	76.89	0.00	0.00
Materials	3151.12	3686.96	3121.76	3108.11	2141.46	2080.82	1226.75	539.54	897.09	870.91	1069.10
Labour Cost	789.33	703.53	684.99	593.42	435.94	351.06	304.66	263.02	309.80	335.70	328.73
Power	736.80	671.11	623.63	695.27	528.57	493.30	378.01	239.68	414.30	433.17	452.35
Operation & Other Exps	107.83	131.80	112.85	107.15	75.86	68.42	47.91	44.51	56.71	63.43	79.35
Interest	77.73	103.77	92.63	92.00	135.19	127.88	98.94	73.48	84.23	73.64	64.59
<b>GROSS PROFIT</b>	<b>416.61</b>	<b>347.72</b>	<b>273.35</b>	<b>354.47</b>	<b>315.25</b>	<b>117.90</b>	<b>(13.44)</b>	<b>(186.37)</b>	<b>68.63</b>	<b>(41.80)</b>	<b>208.72</b>
Depreciation	68.83	72.31	69.55	72.40	58.51	56.84	54.29	46.90	54.82	46.79	43.14
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>347.78</b>	<b>275.41</b>	<b>203.80</b>	<b>282.07</b>	<b>256.74</b>	<b>61.06</b>	<b>(67.73)</b>	<b>(233.27)</b>	<b>13.81</b>	<b>(88.59)</b>	<b>165.58</b>
Provision For Taxation	120.29	98.96	68.85	47.04	15.14	(1.64)	3.27	2.80	4.93	0.00	62.17
<b>PROFIT AFTER TAX</b>	<b>227.49</b>	<b>176.45</b>	<b>134.95</b>	<b>235.03</b>	<b>241.60</b>	<b>62.70</b>	<b>(71.00)</b>	<b>(236.07)</b>	<b>8.88</b>	<b>(88.59)</b>	<b>103.41</b>
Prior period adjustments	10.50	0.00	0.00	0.00	(0.01)	(3.74)	(6.08)	0.98	0.00	0.00	0.27
Dividends	23.04	23.04	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	22.41
Corporate Tax on Dividend	3.83	3.92	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4.93
<b>Retained Earnings</b>	<b>190.12</b>	<b>149.49</b>	<b>134.95</b>	<b>235.03</b>	<b>241.59</b>	<b>58.96</b>	<b>(77.08)</b>	<b>(235.09)</b>	<b>8.88</b>	<b>(88.59)</b>	<b>76.34</b>
<b>Earning per Eq. Share Rs.</b>	<b>6.60</b>	<b>6.13</b>	<b>4.68</b>	<b>8.16</b>	<b>8.39</b>	<b>3.92</b>	<b>(4.44)</b>	<b>(14.75)</b>	<b>0.55</b>	<b>(5.54)</b>	<b>6.46</b>
Dividend per Eq. Share %	8.00	8.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	14.00
<b>Net Worth</b>	<b>1321.02</b>	<b>1126.58</b>	<b>972.77</b>	<b>831.12</b>	<b>590.65</b>	<b>104.71</b>	<b>42.18</b>	<b>133.53</b>	<b>367.91</b>	<b>437.98</b>	<b>525.83</b>
<b>Book value per Eq. Share Rs.</b>	<b>45.86</b>	<b>39.11</b>	<b>33.77</b>	<b>28.85</b>	<b>20.50</b>	<b>6.54</b>	<b>2.64</b>	<b>8.34</b>	<b>22.99</b>	<b>27.37</b>	<b>32.86</b>

## BHAGWATI AUTOCAST LIMITED

### NOTICE

**NOTICE** is hereby given that the **TWENTY EIGHTH 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 Monday, the 27th September, 2010 at 11.00 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, 2010 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, 2010.
3. To appoint director in place of Mr. B L Dalal, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint director in place of Mrs. M P Bhagwati, who retires by rotation and being eligible offers herself for re-appointment.
5. To appoint Auditors and to fix their remuneration.  
"RESOLVED THAT M/s. Milin J Jani & Co., Chartered Accountants, Ahmedabad (Firm Registration No.106396W) be and are hereby appointed as Statutory Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting on a remuneration to be fixed by the Board of Directors of the Company."

#### SPECIAL BUSINESS:

6. To Consider and if thought fit, to pass with or without modifications the following Resolution as an "Ordinary Resolution."

"RESOLVED THAT M/s. Chirag Shah & Associates, Practicing Company Secretaries, be and is hereby appointed for issuance of Compliance Certificate in terms of the provisions of Section 383A(1) of the Companies Act, 1956 and to hold the office till the conclusion of the next annual general meeting on such remuneration as may be determined by the Board and agreeable to them.

Place : Ahmedabad  
Date : 29/07/2010

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 Monday, the 13th September, 2010 to Monday 27th September 2010 (both days inclusive).
3. The Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of the Special Business mentioned above is 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 27.10.2010 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 Saturday 11th September, 2010. 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 Saturday 11th September, 2010.
5. Members holding shares in physical form, are advised to furnish on or before 11th September 2010, particulars of their bank account, if changed, to share Transfer Agent (MCS Limited) to incorporate the same in the dividend warrant / payment instruments.  
  
In case 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 / ECS / National Electronic Clearing Services (NECS) details on or before 11th September, 2010.  
  
Beneficial owner holding shares in electronic form are requested to notify any change in address, bank particulars, ECS/NECS particulars etc to their respective depository participants and make sure that such changes are recorded by them correctly on or before 11th September 2010.  
  
Dividend will be preferably paid through ECS/NECS, wherever the facility is available. Where dividend payments are made through ECS/NECS, intimation regarding such remittances would be sent separately to the share holders. In cases where the dividend can not be paid through NECS/ECS 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. 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).
10. Members who hold shares in dematerialized form are requested to bring their depository account number for identification.
11. Members are requested to bring their copies of the annual report to the meeting.

Place : Ahmedabad  
Date : 29/07/2010

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

### EXPLANATORY STATEMENT

#### ITEM NO. 6 :

As per section 383A of the Companies Act, 1956 Every company having a paid-up capital of rupees five crores or more shall appoint a "**whole time company secretary**" possessing requisite qualification to perform the duties of a "secretary" under the Companies Act, 1956.

Every company not required to appoint a "**whole time company secretary**" and having a paid-up capital of rupees ten Lakhs or more shall file with the Registrar of Companies a "compliance certificate" received from a "**company secretary in whole time practice**".

As our Company is not required to appoint a "**whole time company secretary**" since the present paid-up share capital of the Company is **Rs. 2,88,06,840/-** only. Hence your directors recommend M/s. Chirag Shah & Associates Company Secretaries, Ahmedabad for the above purpose.

None of the directors are interested in the proposed resolution.

Place : Ahmedabad  
Date : 29/07/2010

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 **TWENTY EIGHTH ANNUAL REPORT** and audited accounts for the year ended 31<sup>st</sup> March 2010. The performance of the Company for the year ended on March 31, 2010 is summarized below.

#### 01. FINANCIAL HIGHLIGHTS :

	For the year Ended <b>31/03/2010</b> (Rs.)	For the year Ended 31/03/2009 (Rs.)
Profit before interest, depreciation and taxation	<b>49,434,313</b>	45,149,083
Less: Interest & finance charges	<b>7,773,295</b>	10,377,173
<b>Profit before depreciation &amp; taxation</b>	<b>41,661,018</b>	34,771,910
Less: Depreciation	<b>6,882,763</b>	7,230,896
<b>Profit before tax</b>	<b>34,778,255</b>	27,541,014
Less: Provision for income tax & Fringe Benefit Tax	<b>6,525,500</b>	10,763,000
Less (Add): Reversal of deferred tax liability	<b>5,503,215</b>	(866,857)
<b>Profit after tax</b>	<b>22,749,540</b>	17,644,871
Less : Short Provision for Taxation	<b>1,049,995</b>	0
<b>Profit for the Year</b>	<b>21,699,545</b>	17,644,871
Add : Surplus of last year brought forward	<b>14,836,380</b>	14,887,790
Surplus available for appropriation	<b>36,535,925</b>	32,532,661
<b>APPROPRIATIONS :</b>		
Proposed equity dividend	<b>23,04,547</b>	23,04,547
Tax on dividend	<b>382,756</b>	3,91,734
Transfer to general reserve	<b>15,000,000</b>	15,000,000
<b>Balance of profit carried to balance sheet</b>	<b>18,848,622</b>	14,836,380

#### 02. DIVIDEND :

Your Directors recommend a dividend of 8% i.e. Rs.0.80/- per Equity Share of Rs. 10/- each for the year 2009-2010 (Previous year 8% i.e. Rs. 0.80/- per Equity Share) Subject to approval of shareholders at the 28th Annual General Meeting.

#### 03. REVIEW OF OPERATIONS :

During the year under review, Your Company has achieved sales of Rs. 57.98 crores as against Rs. 65.97 crores in the preceding year (i.e. marginal decrease in value of 12.10%). However, the Company has been able to increase the sales in terms of quantity. Due to reduction in prices of our products i.e. CI Castings, sales in terms of value has decreased. Despite adverse factors like volatile raw material price, increase in labour and power cost, the Company has been able to improve profitability with strict control over borrowing cost as well as better working capital management.

During the year, the Company has successfully implemented high pressure moulding line "DISAFLEX 70" project within estimated time. By modernising the existing moulding line with high pressure moulding line, your Company will not only able to provide high quality casting products but will also reduce manpower cost and also increase productivity.

#### 04. 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 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 2010-2011. 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. 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.

#### 07. FIXED DEPOSITS :

There are no unclaimed / unpaid deposits as on 31/03/2010.

#### 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 :

The Details of the employees, who were in receipt of remuneration of not less than Rs. 2,400,000/- during the year ended 31st March, 2010 or not less than Rs. 200,000/- per month during any part of the said year is annexed herewith as part of the Directors report.

#### 10. DIRECTORS RESPONSIBILITY STATEMENT :

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

- a) 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;
- b) 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, 2010 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.

**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 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 : 29/07/2010

## 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 31<sup>st</sup> March 2010.

**A. Employed for whole of the year and was in receipt of remuneration aggregating to Rs. 2,400,000/- or more per annum.**

Sl. 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	5,072,844	Ph.D. (Germany) 43 Years	01/04/1984	74	Managing Director- Bhagwati Spherocast Pvt. Ltd.

#### Notes :

- Dr. P N Bhagwati Managing Director of the Company is a relative of Miss R P Bhagwati Jt. Managing Director and Mrs. Mandakini P. Bhagwati, a director of the company. No other employees are related to any other Directors.
- 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: -

- 60w-300w GLS lamps are replaced by tube lights with electronic choke, started using mercury lamps & LED type lamps wherever possible throughout the plant.
- Air compressor pressure regulation made further stringent, Air leakages stopped, corroded air lines replaced, extra lines are removed.
- Extra running hours cut down in respect of furnace cooling tower & coil cooling pump.
- Furnace operation is optimized to reduce holding & extra running.
- Ceramic fiber lining are provided in muffle furnace for insulation.
- Inefficient motors replaced by new high efficient motors and the same being monitored on continuous basis.
- As far as possible, capacitors are being operated to maintain power factor near to 0.997.

#### FURTHER STEPS TO BE IMPLEMENTED

- To start using cooling tower saver.
- Automatic star to delta & delta to star converter for heavy motors to be introduced.
- Sizing of motors as per the actual average load condition (Ad hoc 10 HP) optimization of sizes of motors to be done.
- A.C. drives to introduce wherever pay back period is below 3 years.
- CFL to use in offices in place of tube lights.
- Required capacitors to install exclusively for induction furnace sintering to achieve power factor level above 0.997.

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

- Induction motors between 10 to 20 HP will be replaced in phased manner.
- 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	2009-10	2008-09
<b>[A] Power &amp; Fuels consumption :</b>		
1. Electricity		
<b>[a] Purchased</b>		
- Units	12488880	11325400
- Total Amount [Rs. Lacs]	736.80	671.11
- Rate / Unit [Rs.]	5.90	5.93
<b>[b] Own Generation</b>		
[i] Through Diesel Generator		
- Units	4564	4394
- Units per liter of diesel oil	2.83	3.00
- Cost per unit [Rs.]	38.53	39.47
[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</b>	<b>Electricity per</b>
	<b>perMT</b>	<b>MT of</b>
	<b>of Castings</b>	<b>Castings</b>
[i] C I Castings	1161	1153
[ii] S G I Castings	1312	1309

#### 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 :

- Specific areas in which R & D are carried out by the Company: -
  - Improvement in production process and waste control being continuously carried out by the company.
  - Total Quality Management is being introduced with more involvement resulting in improvement in work culture.
  - Upgradation of computerization 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.
- 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.

#### B. FOREIGN EXCHANGE EARNINGS AND OUTGO:

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

	2009-10	2008-09
	[Rs]	[Rs]
Total Foreign Exchange used	234,236	152,458
Total Foreign Exchange earned	Nil	Nil

For and on behalf of the  
Board of Directors

Place : Ahmedabad  
Date : 29/07/2010

**Dr. P N Bhagwati**  
Chairman

**COMPLIANCE CERTIFICATE**

**Authorised Capital : 30,000,000/-**

To,  
The Members,  
**M/s. Bhagwati Autocast Limited**  
Survey No 816  
Village Rajoda, Near Bavla,  
Dist. Ahmedabad

I/ We have examined the registers, records, books and papers of Messrs Bhagwati Autocast Limited (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31.03.2010 (financial year). In my/our opinion and to the best of my/our information and according to the examinations carried out by me/us and explanations furnished to me/us by the company, its officers and agents, I/we 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 thereunder 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 thereunder.
3. The company, being a public limited company, the Comments are not required.
4. The Board of Directors duly met 5 (five) times respectively on 28.04.2009, 27.07.2009, 30.10.2009, 16.11.2009 and 30.01.2010, 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 closed its Registrar of Members, from 11.09.2009 to 25.09.2009 and necessary compliance of section 154 of the Act has been made.
6. The annual general meeting for the financial year ended on 31.03.2009 was held on 25.09.2009 after giving due notice to the members of the company and the resolutions passed there at were duly recorded in Minutes Book maintained for the purpose.
7. No Extra Ordinary General Meeting(s) was/were held during the financial year.
8. The company has not advanced any loans to its directors or persons of firms or companies referred to under Section 295 of the Act.
9. The company has entered into the Agreement 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 has not obtained any approvals from the Board of directors, members or Central Government, as the case may be.
12. The Share Transfer Committee of directors approved the issue duplicate certificates during the financial year.
13. The Company has:
  - (A) delivered all the certificates on allotment of securities and on lodgment thereof for transfer/ transmission or any other purpose in accordance with the provisions of the Act.
  - (B) deposited the amount of dividend declared in a separate Bank Account on 14.09.2009, which is within five days from the date of declaration of such dividend.
  - (C) paid / posted warrants for dividends to all the members within a period of 30 (Thirty) days from the date of declaration and that all unclaimed / unpaid dividend has been transferred to Unpaid Dividend Account of the Company with HDFC Bank Ltd.
  - (D) transferred the amounts in unpaid dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years to Investor Education and Protection Fund – Not Applicable.
  - (E) duly complied with the requirements 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 re-appointment of Managing Director has been made in compliance with the provisions of section 269 read with Schedule XIII to the Act and application for approval of the Central Government has been made in respect of re-appointment of Managing Director not being in terms of Schedule XIII.
16. The company has not appointed any sole selling agents during the financial year.
17. The company has applied to the Central Government u/s. 269 of the Companies Act, 1956. However the application is pending with the Central Government.
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 thereunder.
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 preferences share or debentures during the financial year.
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 section 58A and 58AA read with Companies (Acceptance of Deposits) Rules, 1975/ the applicable directions issued by the Reserve Bank of India / any other authority in respect of deposits accepted including

## BHAGWATI AUTOCAST LIMITED

unsecured loans taken, amounting to Rs 8,16,593/- raised by the company during the year and the company and has filed the Statement in lieu of Advertisement with the Registrar of Companies, Gujarat on 20.08.2009. The company has also filed return of deposits with the Registrar of Companies.

24. The amount borrowed by the Company from directors, member, public, financial institutions, banks and other during the financial year ending 31.03.2010 is / are within the borrowing limits of the company and that necessary resolutions as per section 293(1)(d) of the Act have been passed in duly convened annual / extraordinary general meeting.
25. The company has not made any loans or advances or given guarantee or provided securities to other bodies corporate and consequently no entries have been made in the register 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. The Company has received a show cause notices dated 17.08.2009 for the violation of section 297 and 211 of the Companies Act, 1956, company has filed the reply on 19.07.2009 to Ministry of Corporate Affairs, RoC, Gujarat. The Company has again received letter dated 21.01.2010 for compounding the offence under section 211 and 297. Company has filed the compounding applications on 10.03.2010.
32. The company has not received any money as security from its employees during the financial year.
33. The Company has not constituted provident fund for its employees under the provisions of Section 418 of the Act.

**Chirag Shah**

Place : Ahmedabad  
Date : 29/07/2010

Name of Company Secretary:  
**Chirag Shah**  
C. P.No. : 3498

### Registers as maintained by the Company.

1. Register of Deposits under Rule 7 of the Companies (Acceptance of Deposits) Rules, 1975.
2. Register of Charges under section 143/ Copies of instruments creating charge under section 136.
3. Register of Members under section 150 and Index of Members under section 151.
4. Register of Transfer.
5. Register and Return under section 163.
6. Books of accounts and other cost records under section 209.
7. Register of particulars of contracts in which directors are interested under section 301.
8. Register of Directors, Managing Director, Manager and Secretary under section 303.
9. Register of Directors' Shareholdings under section 307.
10. Register of Investments or loans made, guarantee given or security provided under section 372 A (w.e.f 31/10/98)
11. Register of Renewed and Duplicate Certificates under Rule 7 of the Companies (Issue of Share Certificates) Rules, 1960.
12. Register of Director's attendance.

### ANNEXURE-B List of Forms>Returns filed

#### Si.No. Form No./Returns

- (1) Form 62 - Return of deposit was filed on 26.06.2009
- (2) Form 62 - St. in lieu of Advertisement was filed on 20.08.2009
- (3) Form 23 AC and Form 23 ACA were filed on 17.12.2009 for the year 2008-09.
- (4) Form 66 were filed on 17.12.2009 for the year 2008-09
- (5) Form 20 B -Annual Return was filed for the year 2008-09 on 29.11.2009
- (6) Form 23 was filed on 17.12.2009
- (7) Form 25 A was filed on 23.12.2009
- (8) Form 8 was filed on 11.01.2010
- (9) Form 8 was filed on 13.01.2010
- (10) Form 61 was filed on 10.03.2010
- (11) Form 61 was filed on 10.03.2010
- (12) Form 61 was filed on 10.03.2010

**Chirag Shah**

Place : Ahmedabad  
Date : 29/07/2010

Name of Company Secretary:  
**Chirag Shah**  
C. P.No. : 3498

**AUDITORS' REPORT**

To,  
The Members,  
BHAGWATI AUTOCAST LIMITED

1. We have audited the attached balance sheet of BHAGWATI AUTOCAST LIMITED as at 31st March 2010 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. 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 written representations made by all the directors of the Company as on 31st March 2010 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, 2010 from being appointed as a Director in terms of clause (g) of section 274 (1) of the Act.
    - a. In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010
    - 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 ended on that date.

**For Milin J Jani & Co.**  
Chartered Accountants  
Firm Regn. No. 106396W

**Milin J Jani**  
Proprietor  
Membership No. 44077

Place : Ahmedabad  
Date : 29/07/2010

**ANNEXURE TO AUDITORS' REPORT**

Re: Bhagwati Autocast Limited

Referred to in paragraph 3 of our report of even date

- i.) a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b) The Fixed Assets have been physically verified by the Management during the year ended 31.03.2010 in a phased periodical manner, which in our opinion, is reasonable having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on verification.
- c) During the year, the Company has not disposed of major part of the fixed assets.
- ii.) a) The inventory (except stock lying with the third parties for which confirmation received from them) have been physically verified by the management. In our opinion, the frequency of verification is reasonable.
- b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
- c) The company is maintaining proper records of inventory. No material discrepancies were noticed on verification of stocks as compared to book records.
- iii.) a) The Company has not granted any loans, secured or unsecured to Companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Consequently, requirement of clauses (iii,b), (iii,c), (iii,d), of paragraph 4 of the order are not applicable.
- b) The Company has taken loans/deposits from companies, firms or other parties listed in the register maintained under Section 301 of the Act. The maximum amount outstanding during the year was Rs. 64,50,000/- and the year-end Balance of loans taken from such parties was Rs. 64,50,000/-.
- c) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions are not prima-facie prejudicial to the interest of the company.
- d) The company is regular in repaying the principal amounts as stipulated and has been regular in the payment of interests.

## BHAGWATI AUTOCAST LIMITED

- iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedure commensurate with the size of the Company and the nature of its business with regard to purchase of Inventory, fixed assets and with regard to sale of goods. Further on the basis of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, We have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control procedures.
- v) a) According to the information and the explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Act, have been so entered.
- b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts, arrangements entered in the register maintained under Section 301 of the Act, and exceeding the value of Rs. 5.00 (Five) Lacs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- vi) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 58A and 58AA of the Companies (Acceptance of Deposits) Rules 1975 with regard to the deposits accepted from the public. According to information and explanations given to us no order under the aforesaid sections has been passed by the Company Law Board on the Company.
- vii) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- viii) We have been informed by the management that the maintenance of cost records has not been prescribed by the Central Government under Section 209(1) (d) of the Act, for the products of the Company.
- ix) a) The company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues applicable to it.
- b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess were in arrears.
- x) The Company does not have accumulated loss at the end of the year and the Company has not incurred cash loss during the current & preceding year.
- xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.
- xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) The Company is not a chit fund or a nidhi / mutual benefit fund/ society. Therefore, the provisions of clause (xiii) of paragraph 4 of the order are not applicable.
- xiv) The Company is not dealing in or trading in shares, securities, debentures and other investments. Therefore, the provisions of clause (xiv) of paragraph 4 of the order are not applicable.
- xv) In our opinion and according to the information and explanations given to us the Company has not given any guarantee for loans taken by others from banks/financial institutions. Therefore. The provisions of clause (xv) of paragraph 4 of the order are not applicable.
- xvi) In our opinion, the term loans obtained have been applied for the purpose for which they were taken.
- xvii) According to the information and explanations given to us, on an overall basis, funds raised on shot term basis have not, prima facie, been used during the year for long-term investments.
- xviii) The Company has not made any preferential allotment of shares to parties and Companies covered in the register under section 301 of the Companies Act, 1956.
- xix) According to the information and explanations given to us the Company had not issued any Secured Debentures during the year.
- xx) During the year, the Company has not raised money by public issue(s).
- xxi) To the best of our knowledge and belief and according to the information and explanation given to us, no fraud on or by the Company, was noticed or reported during the year.

For **Milin J Jani & Co.**  
Chartered Accountants  
Firm Regn. No. 106396W

**Milin J Jani**  
Proprietor  
Membership No. 44077

Place : Ahmedabad  
Date : 29/07/2010

**BALANCE SHEET AS AT 31<sup>st</sup> MARCH, 2010**

	Schedule No.	As at		As at	
		31 <sup>st</sup> March, 2010 Rs.	31 <sup>st</sup> March, 2010 Rs.	31 <sup>st</sup> March, 2009 Rs.	31 <sup>st</sup> March, 2009 Rs.
<b>SOURCES OF FUNDS</b>					
i) Shareholders' Funds					
- Share Capital	1	<b>28,806,840</b>		28,806,840	
- Reserves & Surplus	2	<b>103,344,081</b>		84,331,839	
			<b>132,150,921</b>		113,138,679
ii) Loan Funds					
- Secured Loans	3	<b>57,607,780</b>		33,786,653	
- Unsecured Loans	4	<b>13,543,013</b>		12,726,420	
			<b>71,150,793</b>		46,513,073
iii) Deferred Tax Liabilities	5		<b>10,126,083</b>		4,622,868
<b>T O T A L ...</b>			<b><u>213,427,797</u></b>		<u>164,274,620</u>
<b>APPLICATION OF FUNDS</b>					
i) Fixed Assets	6				
- Gross Block		<b>231,747,988</b>		143,974,546	
- Less : Depreciation		<b>92,248,750</b>		87,921,986	
Net Block			<b>139,499,238</b>		56,052,560
ii) Current Assets, Loans & Advances					
- Inventories	7	<b>26,263,160</b>		17,556,369	
- Sundry Debtors	8	<b>143,918,352</b>		172,794,459	
- Cash & Bank Balances	9	<b>9,182,024</b>		5,001,167	
- Loans & Advances	10	<b>46,263,074</b>		39,160,272	
		<b>225,626,610</b>		234,512,267	
Less : Current Liabilities & Provisions	11	<b>151,747,123</b>		126,771,086	
Net Current Assets			<b>73,879,487</b>		107,741,181
iii) Miscellaneous Expenditure	12		<b>49,072</b>		480,879
<b>T O T A L ...</b>			<b><u>213,427,797</u></b>		<u>164,274,620</u>
Significant Accounting Policies and Notes Forming part of the accounts	18				

As per our separate report of even date attached

**For Milin J. Jani & Co.**  
Chartered Accountants  
Firm Regn. No. 106396W

**Milin J Jani**  
Proprietor  
**Membership No. 44077**

**Dr. P. N. Bhagwati**  
Chairman & Managing Director

**Ms. Reena P. Bhagwati**  
Jt. Managing Director

**D.K. Sheth**  
Financial Controller

**Mrs. M. P. Bhagwati**  
Director

**M. N. Shah**  
Director

Place : Ahmedabad  
Dated : 29/07/2010

Place : Ahmedabad  
Dated : 29/07/2010

**BHAGWATI AUTOCAST LIMITED****PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2010**

	Schedule No.	Rs.	2009-10 Rs.	Rs.	2008-09 Rs.
<b>INCOME</b>					
Sales : [ Gross ]		<b>579,851,485</b>		659,703,716	
Less : Excise Duty		<b>44,320,686</b>		77,570,154	
Less : Sales Tax		<b>11,810,060</b>		14,672,361	
			<b>523,720,739</b>		567,461,201
Miscellaneous Income	13	<b>1,038,419</b>			144,395
Increase / (Decrease) in stocks	14	<b>3,183,204</b>			(3,116,819)
			<b>527,942,362</b>		564,488,777
<b>EXPENDITURE</b>					
Purchase of Materials for resale		<b>1,057,196</b>		631,071	
Raw Materials consumed	15	<b>247,276,487</b>		298,621,471	
Manufacturing, Administrative, Selling and Distribution Expenses	16	<b>230,174,366</b>		220,087,152	
Interest & Finance Charges	17	<b>7,773,295</b>		10,377,173	
Depreciation		<b>6,882,763</b>		7,230,896	
			<b>493,164,107</b>		536,947,763
<b>PROFIT BEFORE TAX</b>			<b>34,778,255</b>		27,541,014
<b>Provision for Taxation</b>					
Less : Income Tax		<b>6,525,500</b>		10,500,000	
Less : Fringe Benefit Tax		<b>0</b>		263,000	
Less / (Add) : Deferred Tax Credit		<b>5,503,215</b>		(866,857)	
			<b>12,028,715</b>		9,896,143
Less : Short Provision for Taxation		<b>1,049,995</b>			0
<b>PROFIT FOR THE YEAR</b>			<b>21,699,545</b>		17,644,871
Add : Balance of profit brought forward from previous year			<b>14,836,380</b>		14,887,790
<b>PROFIT AVAILABLE FOR APPROPRIATION</b>			<b>36,535,925</b>		32,532,661
<b>APPROPRIATIONS:</b>					
Proposed Equity Dividend			<b>2,304,547</b>		2,304,547
Corporate Tax on Dividend			<b>382,756</b>		391,734
Transfer to General Reserve			<b>15,000,000</b>		15,000,000
Balance carried to Balance sheet			<b>18,848,622</b>		14,836,380
			<b>36,535,925</b>		32,532,661
Basic & Diluted Earning per share			<b>7.53</b>		6.13
Significant Accounting Policies and Notes Forming part of the accounts	18				

As per our separate report of even date attached to the Balance Sheet

**For Milin J. Jani & Co.**  
Chartered Accountants  
Firm Regn. No. 106396W

**Dr. P. N. Bhagwati**  
Chairman & Managing Director

**Mrs. M. P. Bhagwati**  
Director

**Milin J Jani**  
Proprietor  
**Membership No. 44077**

**Ms. Reena P. Bhagwati**  
Jt. Managing Director

**M. N. Shah**  
Director

**D.K. Sheth**  
Financial Controller

Place : Ahmedabad  
Dated : 29/07/2010

Place : Ahmedabad  
Dated : 29/07/2010

**SCHEDULES FORMING PART OF THE ACCOUNTS**

	As at 31 <sup>st</sup> March, 2010	As at 31 <sup>st</sup> March, 2009
	Rs.	Rs.
<b>SCHEDULE - 1</b>		
<b>SHARE CAPITAL</b>		
<b>AUTHORISED :-</b>		
3,000,000 ( previous year 3,000,000 ) Equity shares of Rs. 10/- each	<u>30,000,000</u>	<u>30,000,000</u>
<b>ISSUED :-</b>		
2,933,637 ( previous year 2,933,637 ) Equity shares of Rs. 10/- each	<u>29,336,370</u>	29,336,370
<b>SUBSCRIBED &amp; PAID UP :-</b>		
2,880,684 ( previous year 2,880,684 ) Equity shares of Rs. 10/- each fully paid up	<u>28,806,840</u>	28,806,840
<b>T O T A L . . .</b>	<u><b>28,806,840</b></u>	<u>28,806,840</u>
 <b>SCHEDULE - 2</b>		
<b>RESERVES &amp; SURPLUS</b>		
<b>Capital reserves</b>		
On re-issue of forfeited shares	<u>4,500</u>	4,500
<b>Share premium account</b>	<u>24,970,640</u>	24,970,640
<b>General reserve</b>		
Balance as per last Year	<u>44,520,319</u>	29,520,319
Add : Transfer from Profit & Loss Account	<u>15,000,000</u>	<u>15,000,000</u>
	<u>59,520,319</u>	44,520,319
<b>Profit &amp; Loss Account</b>	<u>18,848,622</u>	14,836,380
<b>T O T A L . . .</b>	<u><b>103,344,081</b></u>	<u>84,331,839</u>

**BHAGWATI AUTOCAST LIMITED****SCHEDULES FORMING PART OF THE ACCOUNTS**

	As at 31 <sup>st</sup> March, 2010 Rs.	As at 31 <sup>st</sup> March, 2009 Rs.
<b>SCHEDULE - 3</b>		
<b>SECURED LOANS</b>		
(i) From Bank of Baroda		
- Term Loan	<b>56,983,217</b>	1,200,000
( Repayable within one years Rs. 13,333,332 )		
- Cash Credit Facilities	<b>624,563</b>	32,410,903
( Both are Secured against hypothecation of stock of raw materials, consumable stores, stock in process, finished goods & book debts, plant & machinery and equitable mortgage of the land [ bearing survey No. 816 ] & factory building and further guaranteed by Managing Director and partly guaranteed up to Rs. 225.00 Lacs by the promoter Company )		
(ii) From Others	<b>0</b>	175,750
(Secured by hypothecation of a vehicle)		
<b>T O T A L . . .</b>	<b><u>57,607,780</u></b>	<u>33,786,653</u>
<b>SCHEDULE - 4</b>		
<b>UNSECURED LOANS</b>		
<b>Deposits :-</b>		
- From Directors	<b>4,070,000</b>	3,570,000
- From Company	<b>6,450,000</b>	6,450,000
[ in which directors are interested as Directors]		
- From others	<b>2,250,000</b>	2,000,000
- Interest accrued & due on deposits	<b>773,013</b>	706,420
<b>T O T A L . . .</b>	<b><u>13,543,013</u></b>	<u>12,726,420</u>
<b>SCHEDULE - 5</b>		
<b>DEFERRED TAX LIABILITIES</b>		
Opening Balance	<b>4,622,868</b>	5,489,725
Add/(Less) : Debit / (Credit) for the current year	<b>5,503,215</b>	(866,857)
<b>Balance Carried Forward...</b>	<b><u>10,126,083</u></b>	<u>4,622,868</u>

**SCHEDULES FORMING PART OF THE ACCOUNTS**  
**SCHEDULE 6**  
**FIXED ASSETS**

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on 01-04-09	Additions during the year	Deductions during the year	As on 31-03-10	Provided up to 31-03-09	Provided during the year	Deductions during the year	Provided up to 31-03-10	As on 31-03-10	As on 31-03-09
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Land (Free hold)	1,354,143	0	0	<b>1,354,143</b>	0	0	0	<b>0</b>	<b>1,354,143</b>	1,354,143
Office Building	3,245,779	0	0	<b>3,245,779</b>	471,879	52,906	0	<b>524,785</b>	<b>2,720,994</b>	2,773,900
Factory Building	18,699,143	0	0	<b>18,699,143</b>	9,326,286	627,631	0	<b>9,953,917</b>	<b>8,745,226</b>	9,372,857
Plant & Machineries	94,053,403	73,940,750	1,545,843	<b>166,448,310</b>	60,291,370	4,307,997	1,468,551	<b>63,130,816</b>	<b>103,317,494</b>	33,762,033
Electrical Installations	2,396,946	2,134,548	0	<b>4,531,494</b>	2,002,802	36,583	0	<b>2,039,385</b>	<b>2,492,109</b>	394,144
Laboratory Equipments	1,024,970	0	0	<b>1,024,970</b>	228,998	48,482	0	<b>277,480</b>	<b>747,490</b>	795,972
Furniture & Fixtures	1,943,760	232,144	0	<b>2,175,904</b>	1,146,713	87,111	0	<b>1,233,824</b>	<b>942,080</b>	797,047
Vehicles	2,039,054	1,450,980	1,131,763	<b>2,358,271</b>	1,330,558	139,222	1,075,175	<b>394,605</b>	<b>1,963,666</b>	708,496
Office Equipments	1,031,986	95,150	25,000	<b>1,102,136</b>	452,661	46,613	12,273	<b>487,001</b>	<b>615,135</b>	579,325
Computers	3,210,048	132,147	0	<b>3,342,195</b>	2,095,669	318,522	0	<b>2,414,191</b>	<b>928,004</b>	1,114,379
Moulding Boxes, Patterns & Pattern Plates	14,975,314	12,490,329	0	<b>27,465,643</b>	10,575,050	1,217,696	0	<b>11,792,746</b>	<b>15,672,897</b>	4,400,264
<b>TOTAL .....</b>	<b>143,974,546</b>	<b>90,476,048</b>	<b>2,702,606</b>	<b>231,747,988</b>	<b>87,921,986</b>	<b>6,882,763</b>	<b>2,555,999</b>	<b>92,248,750</b>	<b>139,499,238</b>	<b>56,052,560</b>
PREVIOUS YEAR ....	143,074,633	1,309,329	409,416	143,974,546	81,080,036	7,230,896	388,946	87,921,986	56,052,560	61,994,597



**BHAGWATI AUTOCAST LIMITED****SCHEDULES FORMING PART OF THE ACCOUNTS**

	Rs.	As at 31 <sup>st</sup> March, 2010 Rs.	Rs.	As at 31 <sup>st</sup> March, 2009 Rs.
<b>SCHEDULE - 7</b>				
<b>INVENTORIES</b>				
[As taken, valued & certified by the management]				
(i) Stores, spares etc.		<b>8,260,748</b>		7,049,503
(ii) Raw materials		<b>7,413,915</b>		3,101,573
(iii) Trading Goods [ Patterns & Moulding Boxes ]		<b>0</b>		46,000
(iv) Work in process		<b>2,247,675</b>		3,582,273
(v) Finished goods		<b>8,340,822</b>		3,777,020
<b>TOTAL . . .</b>		<b><u>26,263,160</u></b>		<u>17,556,369</u>
 <b>SCHEDULE - 8</b>				
<b>SUNDRY DEBTORS</b>				
[Unsecured, considered good]				
(i) Debts outstanding for a period exceeding six months		<b>7,864,366</b>		18,795,457
(ii) Other debts		<b>136,053,986</b>		153,999,002
<b>TOTAL . . .</b>		<b><u>143,918,352</u></b>		<u>172,794,459</u>
 <b>SCHEDULE - 9</b>				
<b>CASH AND BANK BALANCES</b>				
(i) Cash on hand		<b>229,771</b>		147,642
(ii) Balance with scheduled banks				
- In current accounts	<b>5,095,524</b>		2,085,054	
- In deposits/margin accounts	<b>350,000</b>		532,758	
		<b>5,445,524</b>		2,617,812
(iii) Balance in Current Account with The Bavla Nagrik Sahakari Co-Operative Bank Ltd. [Maximum Balance during the year Rs. 15,268,253/- (Previous Year Rs. 9,380,245)]		<b>3,506,729</b>		2,235,713
<b>TOTAL . . .</b>		<b><u>9,182,024</u></b>		<u>5,001,167</u>

**SCHEDULES FORMING PART OF THE ACCOUNTS**

	As at 31 <sup>st</sup> March, 2010	As at 31 <sup>st</sup> March, 2009
	Rs.	Rs.
<b>SCHEDULE - 10</b>		
<b>LOANS AND ADVANCES</b>		
[Unsecured, considered good]		
(i) Advances recoverable in cash or in kind or for value to be received [including Rs. 58,610/- from a employee of the Company (Previous year Rs. 26,000)]	<b>8,117,532</b>	4,946,448
(ii) Advance Payment of Taxes	<b>26,768,638</b>	24,055,640
(iii) Balance with Excise Department	<b>3,113,080</b>	1,733,995
(iv) Sundry deposits	<b>8,263,824</b>	8,424,189
<b>TOTAL . . .</b>	<b><u>46,263,074</u></b>	<u>39,160,272</u>

**SCHEDULE - 11**
**CURRENT LIABILITIES & PROVISIONS**
**[A] Current Liabilities :**

(i) Sundry creditors for Materials	<b>89,450,918</b>	67,727,218	
(ii) Sundry creditors for Expenses	<b>10,780,375</b>	11,132,941	
(iii) Sundry creditors for Capital Goods	<b>5,339,175</b>	11,730	
(iv) Other liabilities	<b>6,759,340</b>	5,581,244	
(v) Bills Payable	<b>7,347,647</b>	2,553,027	
	<b><u>119,677,455</u></b>	<u>87,006,160</u>	

**[B] Provisions:**

(i) Proposed Dividend	<b>2,304,547</b>	2,304,547	
(ii) Corporate Tax on Dividend	<b>382,756</b>	391,734	
(iii) Provision for Income Tax	<b>25,083,500</b>	27,280,580	
(iv) Provision for accrued leave salary	<b>2,793,739</b>	2,739,843	
(v) Provision for Bonus	<b>1,505,126</b>	1,506,964	
(vi) Provision for Gratuity Contribution	<b>0</b>	4,652,058	
(vii) Provision for Superannuation Contribution	<b>0</b>	889,200	
	<b><u>32,069,668</u></b>	<u>39,764,926</u>	

**TOTAL . . .**
**151,747,123**
126,771,086
**SCHEDULE - 12**
**MISCELLANEOUS EXPENDITURE**

[To the extent not written off or adjusted]

**Preliminary Expenses**

Rights Issue Expenses		912,686	
Balance as per Last Balance sheet	<b>480,879</b>		
Less: 1/5th Written off	<b>431,807</b>	431,807	
		<u>480,879</u>	

**TOTAL . . .**
**49,072**
480,879

## BHAGWATI AUTOCAST LIMITED

### SCHEDULES FORMING PART OF THE ACCOUNTS

	Rs.	2009-10 Rs.	Rs.	2008-09 Rs.
<b>SCHEDULE - 13</b>				
<b>MISCELLANEOUS INCOME</b>				
(i) Sundry Balances Written Back		2,276		96,866
(ii) Profit on sale of Fixed Assets		127,120		44,529
(iii) Sundry Income		909,023		3,000
<b>TOTAL . . .</b>		<u>1,038,419</u>		<u>144,395</u>

### SCHEDULE - 14

#### INCREASE / (DECREASE) IN STOCK

Opening Stock	- Finished goods	3,777,020		8,867,472
	- Work in process	3,582,273		1,407,312
	- Trading goods	46,000		46,000
	- In transit	<u>0</u>		<u>201,328</u>
			<b>7,405,293</b>	10,522,112
Less:				
Closing Stock	- Finished goods	8,340,822		3,777,020
	- Work in process	2,247,675		3,582,273
	- Trading goods	<u>0</u>		<u>46,000</u>
			<b>10,588,497</b>	7,405,293
<b>TOTAL . . .</b>			<u>3,183,204</u>	<u>(3,116,819)</u>

### SCHEDULE - 15

#### RAW MATERIALS CONSUMED

Opening Stock	3,101,573		9,695,304
Add: Purchases	251,588,829		292,027,740
Less: Closing Stock	<u>7,413,915</u>		<u>3,101,573</u>
		<b>247,276,487</b>	298,621,471
<b>TOTAL . . .</b>		<u>247,276,487</u>	<u>298,621,471</u>

**SCHEDULES FORMING PART OF THE ACCOUNTS**

	2009-10	2008-09
	Rs.	Rs.
<b>SCHEDULE - 16</b>		
<b>MANUFACTURING, ADMINISTRATIVE, SELLING &amp; DISTRIBUTION EXPENSES</b>		
Payments to & Provisions for Employees :		
Salary & Wages	<b>44,302,423</b>	39,897,165
Contribution to Provident & Other Funds	<b>2,127,668</b>	1,814,158
Staff Welfare	<b>1,114,665</b>	939,738
	<b>47,544,756</b>	42,651,061
Stores, Spares & Tools consumed	<b>66,778,094</b>	69,443,585
Power and fuel	<b>73,680,024</b>	67,110,786
Processing Charges	<b>25,115,276</b>	21,671,988
Repairs to :-		
Building	<b>1,647,780</b>	4,891,689
Machinery	<b>361,152</b>	411,759
Others	<b>1,440,269</b>	1,022,175
	<b>3,449,201</b>	6,325,623
Managerial Remuneration	<b>6,272,844</b>	6,030,467
Postage & Telephone	<b>488,740</b>	432,234
Stationery & Printing	<b>380,093</b>	350,770
Rent, Rates & Taxes	<b>19,293</b>	17,500
Insurance	<b>107,322</b>	121,523
Traveling & Conveyance [*]	<b>1,013,275</b>	855,203
Vehicle Expenses	<b>570,098</b>	532,791
Legal & Professional Charges	<b>1,200,093</b>	1,108,088
Selling Expenses	<b>1,524,260</b>	2,236,943
General Charges	<b>1,594,190</b>	764,283
Rights Issue Expenses Written Off	<b>431,807</b>	431,807
Donation	<b>5,000</b>	2,500
<b>T O T A L . . .</b>	<b>230,174,366</b>	220,087,152

[\*] Including Managing Director's Traveling expenses Rs. 185,410/- (Previous year Rs. 91,998/-) and Foreign Tour Expenses Rs. 311,734/- ( Previous Year Rs. 253,069/-).

**SCHEDULE - 17**
**INTEREST & FINANCE CHARGES**

Interest Paid		
On term loans to Bank	<b>157,398</b>	289,526
Bills discounting charges	<b>6,381,322</b>	7,360,229
Interest & Bank charges to Banks	<b>3,991</b>	1,547,520
Intrest others	<b>1,805,808</b>	1,796,473
	<b>8,348,519</b>	10,993,748
[Including Rs. 581,435/- (Previous Year Rs. 480,185/-) being interest paid to the Managing Director & Directors on Fixed Deposit ]		
Less : Interest received [Gross]		
From Banks	<b>26,145</b>	55,063
From Others	<b>549,079</b>	561,512
(TDS deducted Rs. 47,914/- previous year Rs. 108,573/-)	<b>575,224</b>	616,575
<b>T O T A L . . .</b>	<b>7,773,295</b>	10,377,173

**SCHEDULE – 18**

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS**

**[A] SIGNIFICANT ACCOUNTING POLICIES**

**01. Basis of accounting :**

The financial statements have been prepared on historical cost convention in accordance with the generally accepted accounting principles, the Accounting Standards issued by the Institute of Chartered Accountants of India to the extent they are applicable to the Company and the provisions of the Companies Act, 1956.

**02. Use of estimates :**

The presentation of financial statements in conformity with the generally accepted accounting principles requires, the management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets & liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual result and estimates are recognised in the period in which the results are known/materialised.

**03. Fixed assets :**

Fixed assets are stated at cost net of CENVAT / VAT to the extent applicable, less accumulated depreciation. Direct costs related to acquisition of fixed assets are capitalised when the assets are put to use. These costs include freight, installation cost, duties & taxes and other allocated expenses, including finance cost relating to specific borrowing incurred during the construction period. Moulding boxes, patterns / pattern plates & dies are considered as fixed assets.

**04. Depreciation :**

Depreciation on all the fixed assets installed and/or acquired up to 31st December, 1986 is provided on straight line method in accordance with section-205 (2)(b) of the Companies Act, 1956, read with circular No.1/86 CL.V.No.15 (50)-84 CL.VI dated 21/05/86 issued by the department of Company affairs.

Depreciation on all the fixed assets, installed and/or acquired, after 31st December, 1986 but up to 15th December, 1993 are provided on straight line method, at the rates prescribed in the schedule-XIV to the Companies (amendment) Act, 1988, and those installed and / or acquired after 15th December, 1993 are provided on straight line method at revised rates amended by notification No. 756 E Dated 16th December, 1993 to the schedule-XIV of the Companies Act, 1956. Depreciation is charged on a pro-rata basis for assets put to use/sold during the year. Individual assets costing less than Rs. 5000/- are depreciated in full in the year in which it is acquired. The management has estimated useful lives of following items of fixed assets and rates of depreciation are arrived at accordingly as follows which are more than prescribed rates.

<b>Category of assets</b>	<b>Rate of depreciation</b>
Moulding boxes, patterns/pattern plates & dies	15 %

**05. Inventories :**

[a] Stores & spares	:	At cost [on FIFO method]
[b] Raw materials	:	At cost or net realisable value, whichever is lower
[c] Work in process	:	At cost or net realisable value, whichever is lower
[d] Finished goods	:	At cost or net realisable value, whichever is lower
[e] Stock in Transit	:	At cost
[f] Trading Goods	:	At cost
[g] Sales returns & Runners / Risers	:	At estimated cost

**06. Employees Retirement benefit :**

Short term employee benefits (which are payable within 12 months after the end of the period in which the employees render service) are measured at cost.

Long term employee benefits (which are payable after the end of 12 months from the end of the period in which the employees render service) and post employment benefits (benefits which are payable after completion of employment) are measured on a discounted basis by the Projected Unit Credit method on the basis of actuarial valuation.

Contribution to provident fund a defined contribution plan are made in accordance with the statute.

The cost of providing leave encashment and gratuity defined benefit plans are determined using Projected Unit Credit method on the basis of actuarial valuation.

**07. Borrowing cost :**

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

**08. Revenue recognition:**

Income and Expenditure are recognized and accounted on Accrual Basis. Revenue from sale of goods is recognized on delivery of the goods, when all significant contractual obligations have been satisfied, the property in the goods is transferred for a price, significant risks and rewards of ownership are transferred to customers & no effective ownership is retained. However;

- [a] Revenue in respect of insurance / other claims etc., is recognised only when it is reasonably certain that the ultimate collection will be made.
- [b] Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable rate of interest.

**09. Research and development:**

Revenue expenditure on research and development is charged to profit and loss account in the year in which it is incurred. Capital expenditure on assets acquired for research and development is added to the fixed assets.

**10. Accounting of CENVAT:**

CENVAT credit of excise duty is accounted on the basis of materials including capital goods purchased. CENVAT credit on capital goods, spares etc is accounted on the basis of their date of purchase. CENVAT credit of service tax is accounted on the payment basis of services obtained.

**11. Excise duty:**

Excise duty payable on finished goods is being accounted for on basis of clearance of goods.

**12. Earning per share:**

The earnings considered in ascertaining the Company's EPS comprises the net profit after tax (and includes the post tax effect of extra ordinary items.) The number of shares used in computing basic EPS is the weighted average number of shares outstanding during the year.

**13. Taxation:**

Tax expense for the year, comprising current tax and deferred tax is included in determining the net profit for the year.

A Provision is made for the current tax based on tax liability computed in accordance with relevant tax rates and tax laws. A provision is made for deferred tax for all timing differences arising between taxable income and accounting income at currently enacted tax rates.

Deferred tax assets are recognised only if there is reasonable certainty that they will be realised and are reviewed for the appropriateness of their respective carrying values at each balance sheet date.

**14. Segment reporting:**

The Company deals in only one product segment i.e. "Manufacturing of castings" and hence requirements of AS-17 "segment reporting" issued by ICAI are not applicable.

**15. Contingent liabilities & Provisions:**

A provision is recognised when the Company has a legal & constructive obligations as results of a past event, for which it is probable that cash outflow will be required and a reliable estimate can be made of the amount of the obligation. A contingent liability is disclosed when the Company has a possible or present obligation where it is not possible that an outflow of resources will be required to settle it, contingent assets are neither recognised nor disclosed.

**16. Impairment of Assets:**

The Company on an annual basis make an assessment of any indicator that may lead to impairment of assets. If any such indication exists, the Company estimates recoverable amount of the assets. If such recoverable amount is less than the carrying amount, than the carrying amount is reduced to its recoverable amount by treating the difference between them as impairment loss and is charged to the profit & loss account.

**17. Foreign currency transactions:**

- [a] Initial recognition:

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency of the date of the transaction.

- [b] Conversion:

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate of the date of the transaction; and non-monetary items which are carried of fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

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[c] Exchange differences:

Exchange difference arising on the settlement of monetary items or on reporting Company's monetary items of rates different from those of which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

[d] Forward Exchange Contracts not intended for trading:

The premium or discount arising of the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognized in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or as expense for the year.

### 18. Preliminary Expenditure :

Rights issue expenses are written off over a period of Five years.

## [B] NOTES FORMING PART OF THE ACCOUNTS

### 01. Related party transaction:

Disclosures in respect of transaction with related parties, as defined in Accounting Standard 18 issued by the Institute of Chartered Accountants of India, which have taken place during the year under review are given below:

#### A List of related parties:

##### I) Parties where control Exists :

- i) Bhagwati Spherocast Pvt Ltd
- ii) Bhagwati Filters Pvt Ltd
- iii) Bhagwati Pyrotech Pvt Ltd
- iv) Bhagwati Human Capital Management Pvt Ltd

##### II) Other parties with whom Company entered in to transaction during the year

- i) Joint ventures : Nil
- ii) Associate : Nil
- iii) Firm in which Director is a Partner
  - a) Mahendra N Shah & Co.
- iv) Firms in which Director's relative is proprietor
  - a) Harish N Shah & Co.
  - b) Chirag M Shah & Co.

##### III) Key management personnel and enterprises having common key management personnel or their relative

###### Key management personnel

- 1) Dr. P N Bhagwati - Managing Director
- 2) Ms. R P Bhagwati - Jt. Managing Director

###### Relatives of key management personnel :

Mrs. M P Bhagwati, wife of Dr. P N Bhagwati

#### B During the year following transaction were carried out with related parties in the ordinary course of business and at arms length.

Sr. No.	Nature of Transaction	Associates	Key Management personnel	Enterprises/ Relatives of Key Management personnel
		(Rupees)	(Rupees)	(Rupees)
1	Managerial remuneration	0	6,272,844	0
2	Interest paid / Provided on fixed deposit	0	355,500	30,000
3	Fixed deposit received		2,370,000	8,150,000
4	Services obtained [Incl. of Service Tax]	189,382	0	0

Note : No amount has been provided as doubtful debt or advance/written off or written back in the year in respect of debts due from/to above related parties.

02. Previous year's figures have been regrouped/rearranged/recast wherever necessary so as to make them comparable with current year's figures.

03. Contingent liabilities not provided for :

	2009-10 (Rupees)	2008-09 (Rupees)
- Excise Duty in respect of which appeal have been filed	1,153,239	1,153,239
- Claims against the Company not acknowledged as Debts	76,500	76,500

04. Letters of balance confirmation have been sent to various parties, and are subject to confirmation and reconciliation if any.
05. In the opinion of the Board, the current assets, loans and advances are approximately of the value stated in the balance sheet, if realised in the ordinary course of the business. Provision for depreciation and all known liabilities have been made in accounts.
06. In terms of Accounting Standard 28 – Impairment of Assets issued by ICAI, the management has reviewed its fixed assets and arrived at the conclusion that impairment loss which is difference between the carrying amount and recoverable value of assets, was not material and hence no provision is required to be made.

07. Earnings per share:	<b>2009-10</b>	2008-09
- Net profit attributable to Shareholders (in Rupees)	<b>21,699,545</b>	17,644,871
- Weighted average number of equity shares	<b>2,880,684</b>	2,880,684
- Basic earnings per share of Rs.10/- each (in Rupees)	<b>7.53</b>	6.13

Note :- The company does not have any outstanding dilutive potential equity shares, Consequently the basic and diluted earning per share of the company remain the same.

08. Estimated amount of contracts remaining to be executed on capital account not provided for Rs. 8.50 lacs excluding taxes & levies [previous year Rs. 15.63 Lacs].
09. The Company has preferred appeal before sales tax authorities for claim of set-off on purchase of metal scrap in past several years, and it will account for the same in the year of actual receipt or when it is ascertained actionable claim.
10. The Company has received demand for excise duty on sale of patterns & moulding boxes for financial years 2001-02, 2002-03, 2003-04, 2004-05 & 2005-06 against which the Company has preferred appeals before Commissioner of excise as well as CESTAT and also paid Rs. 1,153,239 under protest which has been shown as balance with excise department in the accounts.
11. Employee defined benefits: Defined benefit plans-as per actuarial valuation on 31st March, 2010

<b>Particulars</b>	<b>Gratuity Plan (Rupees)</b>
<b>I. The amounts recognised in the balance sheet</b>	
1. Present value of funded obligations	13,963,994
2. Fair value of plan assets	13,963,994
3. Present value of unfunded obligations	1,329,926
4. Unrecognised past service cost	0
5. Net Liability	1,329,926
6. Amount in the balance sheet	1,329,926
<b>II. The amount recognised in the Statement of Profit &amp; Loss Account</b>	
1. Current service cost	744,407
2. Interest on obligation	1,113,662
3. Expected return on plan assets	(898,559)
4. Actuarial losses (gains) recognised	(1,218,300)
5. Total, included in “ employee benefit expense”	(258,790)
6. Actual return on plan assets	1,165,075
<b>III. Changes in the resent value of the defined benefit obligation representing reconciliation of opening and closing balances thereof</b>	
1. Opening defined benefit obligation	14,481,955
2. Service cost	744,407
3. Interest cost	1,113,662
4. Actuarial losses (gains)	(951,784)
5. Losses(gain) on curtailments	0
6. Liabilities extinguished on settlements	0
7. Liabilities assumed in an amalgamation in the nature of purchase	0
8. Exchange difference on foreign plans	0
9. Benefits paid	(94,320)
10. Closing defined benefit obligation	15,293,920

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### IV. Change in the fair value of plan assets representing reconciliation of the opening and closing balances thereof

1. Opening fair value of plan assets	8,499,971
2. Expected return	898,559
3. Actuarial gains and (losses)	266,516
4. Assets distributed on settlements	0
5. Contribution by employer	4,393,268
6. Assets acquired in an amalgamation in the nature of purchase	0
7. Exchange differences on foreign plans	0
8. Benefits paid	(94,320)
9. Closing balance of fair value of plan assets	13,963,994

### V. Principal actuarial assumption at the balance sheet date

1. Discount rate	7.69%
2. Expected return on plan assets	8.00%
3. Annual increase in salary cost	6.00%

#### General Description of the Defined Benefit plan:

The Company operates gratuity plan wherein every employee is entitled to the benefit equivalent to fifteen days salary last drawn for each completed year of service. The same is payable on termination of service, or retirement, whichever is earlier. The benefit vests after five years of continuous service.

12. Amount due to Micro and small Enterprises are disclosed on the basis of information available with the Company regarding status of the suppliers is as follows and No interest has been provided by the Company on the same.

Sr. No.	Particulars	2009-10		2008-09	
		Principal	Interest	Principal	Interest
1	Principal Amount and interest thereon due, remaining unpaid at the end of the year	<b>7,786,021</b>	NIL	5,969,127	NIL
2	Interest paid during the year	NIL	NIL	NIL	NIL
3	Interest due and payable (on the amount which have been paid beyond the appointed date during the year)	N.A.	NIL	N.A.	NIL
4	Interest remaining accrued and unpaid at the end of the year	N.A.	NIL	N.A.	NIL
5	Interest due of the previous year	N.A.	NIL	N.A.	NIL

13. Transit insurance are shown net after recovery of Rs. 91,135/- (Previous year Rs. 157,659).

14. (a) The computation of net profit for the purpose of Directors' remuneration under Section-349 of the Companies Act, 1956 is as under :-

Particulars	2009-10 (Rs.)	2008-09 (Rs.)
Balance as per Profit & Loss account	<b>21,699,545</b>	17,644,871
Add		
1) Managing Director's Remuneration	<b>6,272,844</b>	6,030,467
2) Depreciation as per Books	<b>6,882,763</b>	7,230,896
Sub Total	<b>34,855,152</b>	30,906,234
Less		
1) Depreciation u/s 350 of the Companies Act, 1956	<b>6,882,763</b>	7,230,896
2) Profit on sale of Fixed Assets	<b>127,120</b>	44,529
Net Profit for the purpose of Managerial Remuneration	<b>27,845,269</b>	23,630,809
10% of the Profit	<b>2,784,527</b>	2,363,081
Hence paid minimum	<b>6,272,844</b>	6,030,467

- (b) The Managing Director's Remuneration consists of:

Particulars	2009-10 (Rs.)	2008-09 (Rs.)
- Salary	<b>4,380,000</b>	3,960,000
- House rent allowance	<b>1,221,000</b>	1,242,000
- P F contribution	<b>273,600</b>	331,200
- Contribution to superannuation fund	<b>342,000</b>	414,000
- Perquisites	<b>56,244</b>	83,267
<b>Total :-</b>	<b>6,272,844</b>	6,030,467

**15. Payment made to auditors of the Company :-**

<b>Particulars</b>	<b>2009-10 (Rs.)</b>	<b>2008-09 (Rs.)</b>
- For Audit Fees	<b>10,000</b>	10,000
- For Tax Audit Fees	<b>2,500</b>	2,500
- Out of pocket Expenses	<b>4,810</b>	4,490
<b>Total :-</b>	<b>17,310</b>	16,990

**16. Additional information pursuant to the provisions of paragraphs 3, 4c & 4d of part-II of schedule VI to the Companies Act, 1956.**

<b>Particulars</b>	<b>Unit of Measurement</b>	<b>2009-10 Quantity</b>	<b>2008-09 Quantity</b>
<b>A Capacities &amp; Production</b>			
I) Licensed Capacity		<b>N.A.</b>	N.A.
II) Installed Capacity	MT	<b>14,400</b>	13,500
III) Actual Production			
a) S G iron Castings	MT	<b>404</b>	267
b) C I Castings	MT	<b>9,939</b>	9,462

Notes : - Installed Capacity is mentioned on the basis of melting capacity on 3 shift basis.  
- Licensed Capacity is not applicable in terms of Government of India's notification no. 477(e) dated 25/07/1991.  
- Out of above production 199 MT is used for captive use.

<b>Particulars</b>	<b>Unit of Measurement</b>	<b>Quantity</b>	<b>2009-10 (Rupees)</b>	<b>Quantity</b>	<b>2008-09 (Rupees)</b>
<b>B Sales</b>					
I) S G Iron Castings	MT	<b>400</b>	<b>30,801,949</b>	272	21,379,430
II) C I Castings	MT	<b>9,755</b>	<b>548,050,840</b>	9,560	635,850,822
Sub Total ... [A]	MT	<b>10,155</b>	<b>578,852,789</b>	9,832	657,230,252
<b>Less : Sales Returns [Re-used as raw materials]</b>					
I) S G Iron Castings	MT	<b>10</b>	<b>872,564</b>	0	0
II) C I Castings	MT	<b>198</b>	<b>11,239,236</b>	189	13,018,120
Sub Total ... [B]	MT	<b>208</b>	<b>12,111,800</b>	189	13,018,120
<b>Net Sales of Castings [A-B]</b>					
I) S G Iron Castings	MT	<b>390</b>	<b>29,929,385</b>	272	21,379,430
II) C I Castings	MT	<b>9,557</b>	<b>536,811,604</b>	9,371	622,832,702
Sub Total ... [C]	MT	<b>9,947</b>	<b>566,740,989</b>	9,643	644,212,132
<b>Add : Other Sales</b>					
III) Patterns & Moulding boxes	Nos.	<b>4</b>	<b>1,300,437</b>	6	819,223
<b>Total Net Sales</b>			<b>568,041,426</b>		645,031,355

- Sales includes Excise duty, Education cess & Higher Secondary Education cess.

**C Stocks of Finished Products**

[I] S G Iron Castings					
- Opening Stock	MT	<b>7</b>	<b>376,437</b>	13	555,730
- Closing Stock	MT	<b>30</b>	<b>1,437,532</b>	7	376,437
[II] C I Castings					
- Opening Stock	MT	<b>66</b>	<b>3,400,583</b>	199	8,311,742
- Closing Stock	MT	<b>154</b>	<b>6,903,290</b>	66	3,400,583

## BHAGWATI AUTOCAST LIMITED

	Unit of Measurement	Quantity	2009-10 (Rupees)	Quantity	2008-09 (Rupees)
<b>D. Trading Goods [Patterns &amp; Moulding Boxes]</b>					
Opening Stock	Nos.	1	46,000	1	46,000
Purchases	Nos.	4	1,057,196	6	631,071
Sales / Consumed	Nos.	5	1,300,437	6	819,223
Closing Stock	Nos.	0	0	1	46,000
<b>E Raw Materials Consumed</b>					
(i) Scraps	MT	8,591	181,942,778	8,252	224,772,436
(ii) Pig Iron	MT	1,718	36,592,200	1,566	43,670,237
(iii) Ferro Silicon Lumps/Granules, Ferro Silicon Mg Master and Ferro Manganese	MT	263	17,384,860	250	18,972,334
(iv) Others			11,356,649		11,206,464
<b>Total ...</b>			<b>247,276,487</b>		<b>298,621,471</b>
- All quantitative details are as certified by the Management and verified by internal Auditors, Quantity of sales are based on standard weight basis and further test checked by Internal Auditors.					
<b>F C.I.F. Value of Imports</b>			NIL		NIL
<b>G. Expenditure in Foreign Currency</b>					
- Foreign Travelling	Rs.		158,923		152,458
- Others	Rs.		0		0
<b>H F.O.B. Value of Goods Exported</b>			NIL		NIL
<b>I Remittances in foreign currencies for Dividend</b>					
i) Number of non resident Shareholders			33		33
ii) Number of shares held			49,441		49,441
iii) Net amount of Dividend - Current			39,552		N.A.
- Arrears			N.A.		N.A.
<b>J Value of Raw Materials, Stores &amp; Spares Consumed</b>					
			2009-10		2008-09
			[Rupees]		[Rupees]
			[%] of Total		[%] of Total
			Consumption		Consumption
a) Raw Materials					
i) Imported		0	NIL	0	NIL
ii) Indigenous		247,276,487	100%	298,621,471	100%
b) Stores & Spares					
i) Imported		75,313	NIL	0	NIL
ii) Indigenous		66,702,781	100%	69,443,585	100%

Signatures to Schedules 1 to 18

As per our separate report of even date attached to the Balance Sheet

**For Milin J. Jani & Co.**  
Chartered Accountants  
Firm Regn. No. 106396W

**Milin J Jani**  
Proprietor  
**Membership No. 44077**

**Dr. P. N. Bhagwati**  
Chairman & Managing Director

**Ms. Reena P. Bhagwati**  
Jt. Managing Director

**D.K. Sheth**  
Financial Controller

**Mrs. M. P. Bhagwati**  
Director

**M. N. Shah**  
Director

Place : Ahmedabad  
Dated : 29/07/2010

Place : Ahmedabad  
Dated : 29/07/2010

**CASHFLOW STATEMENT FOR THE YEAR ENDED ON 31<sup>st</sup> MARCH, 2010**

Particulars	[RS]	2009-10 [RS]	[RS]	2008-09 [RS]
<b>[A] CASH FLOW FROM OPERATING ACTIVITIES :</b>				
NET PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS		34,778,255		27,541,014
ADJUSTMENTS FOR :				
- Depreciation	6,882,763		7,230,896	
- Depreciation Reserve written back	(2,555,999)		(388,946)	
- Provision for Income Tax & Fringe benefit Tax	(6,525,500)		(10,763,000)	
- Interest / Dividend (Net)	7,773,295		10,377,173	
		<u>5,574,559</u>		<u>6,456,123</u>
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>		40,352,814		33,997,137
ADJUSTMENTS FOR :				
- Trade And Other Receivables	24,486,303		(14,783,610)	
- Inventories	(8,706,791)		9,898,889	
- Preliminary Deferred Expenses W/Off	431,807		431,807	
- Trade Payables	27,182,095		(32,874,960)	
		<u>43,393,414</u>		<u>(37,327,874)</u>
CASH GENERATED FROM OPERATIONS		83,746,228		(3,330,737)
- Interest Paid		(7,773,295)		(10,377,173)
- Direct Taxes Paid		(4,910,078)		29,468
CASH FLOW BEFORE EXTRAORDINARY ITEMS		71,062,855		(13,678,442)
EXTRAORDINARY ITEMS				
- Prior Period Adjustments		(1,049,995)		-
<b>NET CASH FROM OPERATING ACTIVITIES</b>		<b><u>70,012,860</u></b>		<b><u>(13,678,442)</u></b>
<b>[B] CASH FLOW FROM INVESTING ACTIVITIES :</b>				
- Purchase of Fixed Assets		(87,773,442)		(899,913)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<b><u>(87,773,442)</u></b>		<b><u>(899,913)</u></b>
<b>[C] CASH FLOW FROM FINANCING ACTIVITIES :</b>				
- Proceeds From Issue of Share Capital & Premium		-		-
- Proceeds From Long Term/Short Term Borrowings		56,599,810		18,258,240
- Repayment of Long Term/Short Term Borrowings		(31,962,090)		(1,300,524)
- Dividend Paid		(2,696,281)		-
<b>NET CASH USED IN FINANCING ACTIVITIES</b>		<b><u>21,941,439</u></b>		<b><u>16,957,716</u></b>
<b>NET CASH INCREASE IN CASH AND CASH EQUIVALENTS</b>		4,180,857		2,379,361
<b>CASH AND CASH EQUIVALENTS AT THE BEGINING OF THE YEAR</b>		5,001,167		2,621,806
<b>CASH AND CASH EQUIVALENTS AT THE CLOSE OF THE YEAR</b>		<b><u>9,182,024</u></b>		<b><u>5,001,167</u></b>

**Dr. P. N. Bhagwati**  
Chairman & Managing Director

**D. K. Sheth**  
Financial Controller

**Mrs. M. P. Bhagwati**  
Director

**Ms. Reena P. Bhagwati**  
Jt. Managing Director

Place : Ahmedabad  
Dated : 29/07/2009

**M. N. Shah**  
Director

## **BHAGWATI AUTOCAST LIMITED**

**MILIN J JANI & CO.**  
Chartered Accountants

306, Shital Varsha Arcade  
3rd Floor, Girish Cold Drink Cross Road  
C. G. Road, Ahmedabad – 380 009

### **AUDITOR'S CERTIFICATE**

We have verified the attached Cash Flow statement of M/s BHAGWATI AUTOCAST LIMITED for the year ended 31st March, 2010. The statement has been prepared by the Company in accordance with the requirements of clause 32 of the listing agreement with the Stock Exchanges, which is based on and in agreement with the corresponding Profit & Loss Account and Balance Sheet of the Company covered by our report of even date to the members of the Company.

**For Milin J Jani & Co.**  
Chartered Accountants  
Firm Regn. No. 106396W

**Milin J Jani**  
Proprietor  
Membership No. 44077

Place: Ahmedabad  
Date : 29/07/2010

**ADDITIONAL INFORMATION AS REQUIRED UNDER PART-IV OF  
SCHEDULE-VI TO THE COMPANIES ACT, 1956  
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

**[A] Registration Details**

- Registration No.  - State Code   
 - Balance Sheet Date  - CIN L27100GJ1981PLC004718

**[B] Capital Raised during the year [Amount Rupees in Thousand]**

- Public Issue  - Private Placement   
 - Right Issue  - Bonus Issue

**[C] Position of Mobilisation and Deployment of Funds [Amount Rupees in Thousand]**

Total Liabilities  Total Assets

**Sources of Funds**
**Applications of Funds**

Paid up Capital	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="8"/> <input type="text" value="8"/> <input type="text" value="0"/> <input type="text" value="7"/>	Net Fixed Assets	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="3"/> <input type="text" value="9"/> <input type="text" value="4"/> <input type="text" value="9"/> <input type="text" value="9"/>
Reserves & Surplus	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="3"/> <input type="text" value="3"/> <input type="text" value="4"/> <input type="text" value="4"/>	Net Current Assets	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="7"/> <input type="text" value="3"/> <input type="text" value="8"/> <input type="text" value="8"/> <input type="text" value="0"/>
Secured Loans	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="5"/> <input type="text" value="7"/> <input type="text" value="6"/> <input type="text" value="0"/> <input type="text" value="8"/>	Deferred Revenue Exps.	<input type="text" value=""/> <input type="text" value="4"/> <input type="text" value="9"/>
Unsecured Loans	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="3"/> <input type="text" value="5"/> <input type="text" value="4"/> <input type="text" value="3"/>		
Deferred Tax	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="1"/> <input type="text" value="2"/> <input type="text" value="6"/>		

**[D] Performance of the Company [Amount Rupees in Thousand]**

Turnover [Incl. Other Income]	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="5"/> <input type="text" value="2"/> <input type="text" value="4"/> <input type="text" value="7"/> <input type="text" value="5"/> <input type="text" value="9"/>	Total Expenditure	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="4"/> <input type="text" value="9"/> <input type="text" value="3"/> <input type="text" value="1"/> <input type="text" value="6"/> <input type="text" value="4"/>
Profit Before Tax	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="3"/> <input type="text" value="4"/> <input type="text" value="7"/> <input type="text" value="7"/> <input type="text" value="8"/>	Profit After Tax	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="1"/> <input type="text" value="7"/> <input type="text" value="0"/> <input type="text" value="0"/>
Earning per Share (Rs.)	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="7"/> <input text"="" type="text" value="5"/> <input type="text" value="3"/>	Dividend Rate [%]	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="8"/> <input text"="" type="text" value="0"/> <input type="text" value="0"/>

**[E] Generic Names of Principal Products/Services of the Company [As per Monetary Terms]**

<u>Item Code No.</u>	<u>Product Description</u>
<input type="text" value="7"/> <input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="1"/> <input type="text" value="3"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="1"/>	Ferrous Castings

