

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

- a) The expenditure by the Company on hiring furnished accommodation will be subject to ceiling of 50% of the Salary over and above 10% payable by the Managing Director.
- b) In case the accommodation is owned by the Company, 10% of the Salary of the Managing Director shall be deducted by the Company.
- c) In case no accommodation is provided by the Company, the Managing Director shall be entitled to house rent allowance not exceeding 50% of the Salary.
- d) The expenditure incurred by the Company on Gas, Electricity, Water etc. will be valued as per Rule No. 3(d) (ii) of the Income Tax Rules, 1962.
- e) The perquisites for Furnishings shall be worked out at the rate of ten percent of the actual cost of the furnishings.

ii) Medical Reimbursement:

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

iii) Leave Travel Concession:

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

iv) Club Fees:

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

v) Personal Accident Insurance:

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

vi) Mediclaim Insurance:

Premium not to exceed Rs. 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.

BHAGWATI AUTOCAST LIMITED

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 Co-ordinator 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 / unpaed 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 :

- 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.
- 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 :-

- Old power consumption /Tonne of melting reduced from 651 KW to 633 KW by better melting practice and optimization of power.
- In Last Quarter of the year Furnace is replaces by new one having lower losses so as to achieve 600 KWH/Tonne of melting.
- 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.
- CFL to use in offices in place of tube lights.
- Transformer Losses are reduced from 3.5% to 2.5% by installing new transformer & by better voltage Regulation.
- Power factor is being maintained above 0.997.
- Maximum demand controller is fine tuned to achieve better load factor.
- Idle Running of Equipments are reduced to optimum.

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 (Adhoc 10 HP) optimization of sizes of motors to be done.
- Load factor and power factor both to be improved to the maximum level.
- Centralized lighting energy saver to be installed.

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	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	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 :

- Specific areas in which R & D are carried out by the Company: -
 - study and improvement in the production process parameters of ductile iron and gray iron castings (on going work).
 - After successful recertification of ISO-9001:2000 Evolving System approach to Total Quality Management (on going work).
- Benefits derived as a result of above R & D: -
 - Quality improvement
 - Cost Control
 - 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

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 31.03.2012 (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 4 (four) times respectively on 04.05.2011, 29.07.2011, 22.10.2011 and 31.01.2012, 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 16.09.2011 to 30.09.2011 and necessary compliance of section 154 of the Act has been made.
6. The annual general meeting for the financial year ended on 31.03.2011 was held on 30.09.2011 after giving due notice to the members of the company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No Extra Ordinary General Meeting(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 not 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 01.10.2011, 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 and the appointment of Mr. Rajendraprasad J. Shah as additional director has complied with the provisions of the Act.
15. The Company has not appointed/re-appointed any Managing Director / Whole Time Director / Manager during the financial year.
16. The company has not appointed any sole selling agents during the financial year.
17. The company has applied for approval of Regional Director for Contract under section 297 for the period from 01.04.2012 to 31.03.2015.
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 unsecured loans taken, 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 17.08.2011. 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

BHAGWATI AUTOCAST LIMITED

- year ending 31.03.2012 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. There was no prosecution initiated against and no fines or penalties or any other punishment was imposed on the company during the financial year for offences under the Act.
 32. The company has not received any money as security from its employees during the financial year.
 33. The Company has not constituted provident fund for its employees under the provisions of Section 418 of the Act.

Chirag Shah

Place : Ahmedabad
Date : 29/05/2012

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

ANNEXURE-A

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 in electronic form with the Registrar and Transfer Agent of the Company.
4. Copies of Annual Returns u/s 159.
5. Books of accounts and other cost records under section 209.
6. Register of particulars of contracts in which directors are interested under section 301.
7. Register of Directors, Managing Director, Manager and Secretary under section 303.
8. Register of Directors' Shareholdings under section 307.
9. Register of Investments or loans made, guarantee given or security provided under section 372 A (w.e.f 31/10/98)
10. Register of Renewed and Duplicate Certificates under Rule 7 of the Companies (Issue of Share Certificates) Rules, 1960.
11. Register of Director's attendance.
12. Register of Dividend
13. Register of Fixed Assets
14. Minutes book of the meetings of the Board of Directors & General Meetings u/s 193.

ANNEXURE-B

List of Forms>Returns filed

Form Filed	Date of Filing	Particular	Filed Within Time
Form 62	29.06.2011	Return of Deposit	Yes
Form 62	17.08.2011	St. in lieu of Advertisement	Yes
Form 23 AC and Form 23 ACA-XBRL	26.12.2011	Balance Sheet and Profit and Loss Account in XBRL format	Yes
Form 66	10.10.2011	Compliance Certificate	Yes
Form 32	10.10.2011	Apt. of Mr. Padmin Buch as Director	Yes
Form 20 B	01.11.2011	Annual Return	Yes
Form 23B	16.11.2011	Appointment of Statutory Auditor	Yes
Form 32	18.11.2011	Appointment of Mr. R. J. Shah as an Additional Director	Yes
Form 8	12.05.2011	Modification of Charge - Hypothecation	Yes
Form 8	15.06.2011	Modification of Charge - Mortgage	No (filed with additional fees)
Form 24 A	16.03.2012	Application to R.D. for approval of contract under section 297	Yes

Chirag Shah

Place : Ahmedabad
Date : 29/05/2012

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 2012 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 2012 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, 2012 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, 2012,
 - 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

Place : Ahmedabad
Date : 29/05/2012

Membership No. 44077

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 31.03.2012 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 not taken any loans, secured or unsecured from Companies, firms or other parties covered in the register maintained under section 301 of the Companies Act. 1956. Consequently, requirement of clauses iii(f), iii(g) of paragraph 4 of the order are not applicable.
- 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.

BHAGWATI AUTOCAST LIMITED

- 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 broadly reviewed the books of account maintained by the Company in respect of products were, pursuant to the rule made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of section 209 of the Act, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- 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 except as under;
- 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 short 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.

Year	Act	Amount Rs.	Forum
2008-09	Income Tax	4,50,020/-	Before Commissioner of Income Tax (Appeals)

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

Milin J Jani
Proprietor
Membership No. 44077

Place : Ahmedabad
Date : 29/05/2012

BALANCE SHEET AS AT 31st MARCH, 2012

	Note No.	As at 31 st March, 2012 Rupees	As at 31 st March, 2011 Rupees
I EQUITY AND LIABILITIES			
1) Shareholders' Funds			
(a) Share Capital	1	28,806,840	28,806,840
(b) Reserves & Surplus	2	131,197,041	125,075,611
2) Non-current liabilities			
(a) Long-term borrowings	3	19,999,468	33,333,068
(b) Deferred tax liabilities (Net)		16,267,838	11,841,151
(c) Other Long term liabilities	4	1,150,000	600,000
(d) Long-term provisions	5	10,762,810	10,089,629
3) Current liabilities			
(a) Short-term borrowings	6	34,517,087	28,512,719
(b) Trade payables		138,070,986	137,730,342
(c) Other current liabilities	7	21,246,126	19,639,352
(d) Short-term provisions	8	34,810,067	35,000,512
T O T A L ...		<u>436,828,263</u>	<u>430,629,224</u>
II ASSETS			
1) Non-current Assets			
(a) Fixed Assets	9		
(i) Tangible assets		174,755,903	154,302,751
(ii) Capital work-in-progress		0	670,421
(b) Long-term loans and advances	10	9,293,195	19,119,955
2) Current Assets			
(a) Inventories	11	51,645,584	41,859,030
(b) Trade receivables	12	139,056,460	176,418,222
(c) Cash and cash equivalents	13	14,144,221	4,848,222
(d) Short-term loans and advances	14	47,932,900	33,410,623
T O T A L ...		<u>436,828,263</u>	<u>430,629,224</u>

Significant Accounting Policies 21
The notes are an integral part of these financial statements

As per our separate report of even date attached

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

Dr. P. N. Bhagwati
Chairman & Managing Director

Mrs. M. P. Bhagwati

Milin J Jani
Proprietor
Membership No. 44077

Ms. Reena P. Bhagwati
Jt. Managing Director

M. N. Shah

D. K. Sheth
Financial controller

P. H. Buch
Directors

Place : Ahmedabad
Dated : 29/05/2012

Place : Ahmedabad
Dated : 29/05/2012

BHAGWATI AUTOCAST LIMITED**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2012**

	Note No.	2011-12 Rupees	2010-11 Rupees
I INCOME			
Revenue from operations	15	580,064,281	629,007,314
II OTHER INCOME	16	525,636	2,471,594
III TOTAL REVENUE (I+II)		580,589,917	631,478,908
IV EXPENDITURE			
Cost of materials consumed	17	296,010,397	307,590,504
Purchases of Stock-in-Trade		1,020,243	401,893
Changes in inventories of finished goods work-in progress and Stock-in Trade		(191,027)	(13,577,801)
Employee benefits expense	18	53,217,475	55,222,712
Finance costs	19	6,123,719	13,127,155
Depreciation and amortization expense		14,355,633	12,522,306
Other expenses	20	197,420,851	219,197,538
TOTAL EXPENDITURE		567,957,291	594,484,307
V PROFIT BEFORE TAX (III-IV)		12,632,626	36,994,601
VI TAX EXPENSE :			
(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
VII PROFIT FOR THE YEAR (V-VI)		7,795,431	25,079,533
VIII Earnings per equity share of face value of Rs. 10/- each Basic & Diluted		2.71	8.71
Significant Accounting Policies	21		
The notes are an integral part of these financial statements			

As per our separate report of even date attached

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

Dr. P. N. Bhagwati
Chairman & Managing Director

Mrs. M. P. Bhagwati

Milin J Jani
Proprietor
Membership No. 44077

Ms. Reena P. Bhagwati
Jt. Managing Director

M. N. Shah

D. K. Sheth
Financial controller

P. H. Buch
Directors

Place : Ahmedabad
Dated : 29/05/2012

Place : Ahmedabad
Dated : 29/05/2012

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31ST MARCH 2012

NOTE NO. 1 SHARE CAPITAL	As at 31st March 2012		As at 31st March 2011	
	Number	Rupees	Number	Rupees
Authorised				
Equity shares of Rs. 10/- each	3,000,000	30,000,000	3,000,000	30,000,000
Issued				
Equity shares of Rs. 10/- each	2,933,637	29,336,370	2,933,637	29,336,370
Subscribed & Paid up				
Equity shares of Rs. 10/- each fully paid up	2,880,684	28,806,840	2,880,684	28,806,840
TOTAL . . .	<u>2,880,684</u>	<u>28,806,840</u>	<u>2,880,684</u>	<u>28,806,840</u>

NOTE NO. 1.1

Particulars	Equity Shares	
	Numbers	Rupees
Share outstanding at the beginning of the year	2,880,684	28,806,840
Shares Issued during the year	0	0
Shares bought back during the year	0	0
Shares outstanding at the end of the year	<u>2,880,684</u>	<u>28,806,840</u>

NOTE NO. 1.2

Name of Shareholder	As at 31st March 2012		As at 31st March 2011	
	No. of Share held	% of Holding	No. of Shares held	% of Holding
Ms. Reena P. Bhagwati	372,486	12.93	335,930	11.66
Mrs. Mandakini P. Bhagwati	289,004	10.03	258,299	8.97
M/s. Bhagwati Spherocast Pvt. Ltd.	611,246	21.22	611,246	21.22

NOTE NO. 1.3

During last 5 years the Company has not issued any shares as bonus shares or for payment received otherwise than cash or bought back any share.

NOTE NO. 1.4

There are no unpaid calls from Directors or officers.

NOTE NO. 2

RESERVES & SURPLUS	As at 31st March, 2012	As at 31st March, 2011
	Rupees	Rupees
(a) Capital reserves		
As per last Balance Sheet	4,500	4,500
(b) Securities premium account		
As per Last Balance Sheet	24,970,640	24,970,640
(c) General reserve		
Opening Balance	79,520,319	59,520,319
(+) Current year transfer	0	<u>20,000,000</u>
Closing Balance	<u>79,520,319</u>	<u>79,520,319</u>
(d) Adjustment of profit and loss		
Opening Balance	20,580,152	18,848,622
(+) Net Profit for the year	7,795,431	25,079,533
(-) Proposed dividends	1,674,001	3,348,003
(-) Transfer to reserves	0	<u>20,000,000</u>
	<u>26,701,582</u>	<u>20,580,152</u>
TOTAL . . .	<u>131,197,041</u>	<u>125,075,611</u>

BHAGWATI AUTOCAST LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31ST MARCH 2012

	As at 31 st March, 2012 Rupees	As at 31 st March, 2011 Rupees
NOTE NO. 3		
LONG TERM BORROWINGS		
SECURED		
Term Loan		
From Bank	19,999,468	33,333,068
(Secured against hypothecation of Plant & Machinery and equitable mortgage of the Land [being survey No. 816] & factory building and further guaranteed by Managing Director of the Company) (Repayable in 18 quarterly installments starting from 22-05-10) (There is no continuing default in repayment of loans and interest.)		
TOTAL . . .	<u>19,999,468</u>	<u>33,333,068</u>
NOTE NO. 4		
OTHER LONG TERM LIABILITIES		
Retention money	1,150,000	600,000
TOTAL . . .	<u>1,150,000</u>	<u>600,000</u>
NOTE NO. 5		
LONG TERM PROVISIONS		
(a) Provision for employee benefits		
Leave encashment (unfunded)	2,967,810	2,294,629
(b) Others		
Provision for income tax	7,795,000	7,795,000
TOTAL . . .	<u>10,762,810</u>	<u>10,089,629</u>
NOTE NO. 6		
SHORT TERM BORROWINGS		
Secured		
(a) Loan repayable on demand		
Working capital loans from bank	21,747,087	15,742,719
(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) (There is no default as on the balance sheet date in repayment of loans and interest.)		
TOTAL . . .	<u>21,747,087</u>	<u>15,742,719</u>

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31ST MARCH 2012

	As at 31 st March, 2012 Rupees	As at 31 st March, 2011 Rupees
NOTE NO. 6 (Contd.)		
Unsecured		
Loans and advances (fixed deposits)		
(a) From related parties		
From Directors	4,070,000	4,070,000
From Company	6,450,000	6,450,000
From relatives of Directors	1,250,000	1,250,000
(b) From others	1,000,000	1,000,000
(There is no default as on the balance sheet date in repayment of loans and interest.)	12,770,000	12,770,000
T O T A L . . .	<u>34,517,087</u>	<u>28,512,719</u>
 NOTE NO. 7		
OTHER CURRENT LIABILITIES		
(a) Current maturities of long-term debt	13,333,332	13,333,332
(b) Interest accrued and due on borrowings	822,762	774,387
(c) Unpaid dividends	309,759	191,004
(d) Application money received for allotment of securities and due for refund	34,555	34,683
(e) Other payables		
Advances from customers	940,000	14,000
Employees benefits	3,070,370	2,817,582
TDS payable	572,906	619,995
Others	2,162,442	1,854,369
T O T A L . . .	<u>21,246,126</u>	<u>19,639,352</u>
 NOTE NO. 8		
SHORT TERM PROVISIONS		
(a) Provision for employee benefits		
Salary & reimbursements	1,603,992	1,549,982
Gratuity (funded)	902,394	1,312,604
Leave encashment (funded)	613,975	680,423
Superannuation (funded)	0	621,000
(b) Provision for taxation	30,015,705	27,488,500
(c) Others		
Provision for dividend	1,440,342	2,880,684
Provision for corporate tax on dividend	233,659	467,319
T O T A L . . .	<u>34,810,067</u>	<u>35,000,512</u>

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31ST MARCH 2012
NOTE NO. 9
FIXED ASSETS

Particulars	GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK	
	Balance as at 1 April 2011 Rupees	Additions Rupees	Disposals Rupees	Balance as at 31 March 2012 Rupees	Balance as at 1 April 2011 Rupees	Depreciation charge for the year Rupees	On disposals Rupees	Balance as at 31 March 2012 Rupees	Balance as at 31 March 2012 Rupees	Balance as at 31 March 2011 Rupees
(a) Tangible Assets										
Land	1,354,143	300,000	0	1,654,143	0	0	0	0	1,654,143	1,354,143
Office buildings	3,245,779	2,372,093	0	5,617,872	577,690	74,558	0	652,248	4,965,624	2,668,089
Guest house building	0	1,072,000	0	1,072,000	0	4,395	0	4,395	1,067,605	0
Factory buildings	24,394,741	2,617,567	0	27,012,308	10,650,503	820,928	0	11,471,431	15,540,877	13,744,238
Plant and equipment	166,970,081	23,611,564	3,528,030	187,053,615	62,773,248	8,087,622	3,237,386	67,623,484	119,430,131	104,196,833
Electrical installations	4,782,562	1,621,596	32,046	6,372,112	2,119,786	151,533	32,046	2,239,273	4,132,839	2,662,776
Laboratory equipments	1,126,690	0	6,699	1,119,991	326,615	52,745	6,697	372,663	747,328	800,075
Furniture and fixtures	3,850,035	499,509	340,916	4,008,628	1,383,878	219,285	340,916	1,262,247	2,746,381	2,466,157
Vehicles	2,358,271	0	1,500	2,356,771	618,300	223,695	1,500	840,495	1,516,276	1,739,971
Office equipment	1,332,507	314,827	24,238	1,623,096	532,628	57,828	24,238	566,218	1,056,878	799,879
Computers	3,567,625	454,751	1,502,582	2,519,794	2,737,720	346,185	1,427,455	1,656,450	863,344	829,905
Moulding boxes, patterns & pattern plates	36,792,092	2,310,651	0	39,102,743	13,751,407	4,316,859	0	18,068,266	21,034,477	23,040,685
Total	249,774,526	35,174,558	5,436,011	279,513,073	95,471,775	14,355,633	5,070,238	104,757,170	174,755,903	154,302,751
(b) Capital work in progress										670,421
Total	249,774,526	35,174,558	5,436,011	279,513,073	95,471,775	14,355,633	5,070,238	104,757,170	174,755,903	154,973,172
PREVIOUS YEAR	231,747,988	29,420,609	11,394,071	249,774,526	92,248,750	12,522,306	9,299,281	95,471,775	154,973,172	139,499,238

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31ST MARCH 2012

	As at 31 st March, 2012 Rupees	As at 31 st March, 2011 Rupees
NOTE NO. 10		
LONG TERM LOANS AND ADVANCES		
(a) Capital Advances		
Considered good	20,000	605,000
(b) Security deposits		
Considered good	278,195	9,519,955
(b) Advance payment of taxes		
Advance income tax paid	8,995,000	8,995,000
T O T A L . . .	<u>9,293,195</u>	<u>19,119,955</u>

NOTE NO. 10.1

There is no advance or deposits due from Directors, officers or Company in which Directors are member.

NOTE NO. 11
INVENTORIES

(a) Raw materials	12,390,851	7,061,471
(b) Work-in progress	10,972,040	8,516,017
(c) Finished goods	13,385,285	15,570,633
(d) Stock-in-trade	0	79,648
(e) Stores and spares	14,897,408	10,631,261
T O T A L . . .	<u>51,645,584</u>	<u>41,859,030</u>

NOTE NO. 12
TRADE RECEIVABLES

(a) Trade receivables outstanding for a period less than six months from the date they are due for payment considered good	120,864,669	169,687,292
(b) Trade receivables outstanding for a period exceeding six months from the date they are due for payment considered good	18,191,791	6,730,930
T O T A L . . .	<u>139,056,460</u>	<u>176,418,222</u>

NOTE NO. 12.1

There is no trade receivable due from Directors, officers or Company in which Directors are member.

NOTE NO. 13
CASH AND CASH EQUIVALENTS

(a) Balances with banks		
Earmarked balances (unpaid dividend accounts)	345,314	227,119
Margin money	1,050,000	0
Balances in current accounts	12,351,989	4,280,427
	<u>13,747,303</u>	<u>4,507,546</u>
(b) Cash on hand	396,918	340,676
T O T A L . . .	<u>14,144,221</u>	<u>4,848,222</u>

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NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31ST MARCH 2012

	As at 31 st March, 2012 Rupees	As at 31 st March, 2011 Rupees
NOTE NO. 14		
SHORT-TERM LOANS AND ADVANCES		
(a) Others		
Unsecured, considered good		
Advances recoverable in cash or in kind	5,264,604	1,335,789
Advance payment of taxes	34,504,660	25,904,183
Balance with excise department	5,444,629	4,705,767
VAT receivable	2,719,007	1,464,884
TOTAL . . .	<u>47,932,900</u>	<u>33,410,623</u>
NOTE NO. 14.1		
There is no loans / advances due from Directors, officers or Company in which Directors are member.		
NOTE NO. 15		
REVENUE FROM OPERATIONS		
Sale of products	640,057,198	691,594,071
Less : Excise duty	59,992,917	62,586,757
TOTAL . . .	<u>580,064,281</u>	<u>629,007,314</u>
NOTE NO. 16		
OTHER INCOME		
Interest income	502,437	1,242,335
Other non-operating income (net of expenses directly attributable to such income)	23,199	1,229,259
TOTAL . . .	<u>525,636</u>	<u>2,471,594</u>
NOTE NO. 17		
COST OF MATERIAL CONSUMED		
Opening stock	7,061,471	7,413,915
Add : Purchases	301,339,777	307,238,060
Less : Closing stock	12,390,851	7,061,471
TOTAL . . .	<u>296,010,397</u>	<u>307,590,504</u>
NOTE NO. 17.1		
RAW MATERIAL CONSUMED		
(i) Scraps	226,799,030	226,854,513
(ii) Pig iron	35,917,993	42,436,327
(iii) Ferro silicon lumps/granules, ferro silicon mg. master and ferro manganese	19,424,960	23,371,976
(iv) Others	13,868,414	14,927,688
TOTAL . . .	<u>296,010,397</u>	<u>307,590,504</u>

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31ST MARCH 2012

NOTE NO. 17.2	2011-12	2010-11
VALUE OF RAW MATERIAL CONSUMED	Rupees	Rupees
i) Imported	0	0
% of total consumptions	0%	0%
ii) Indigenous	296,010,397	307,590,504
% of total consumptions	100%	100%

NOTE NO. 17.3

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.

NOTE NO. 18
EMPLOYEES BENEFIT EXPENSES

a) Salaries and incentives	46,808,845	50,108,621
b) Contributions to provident fund	2,336,024	2,352,012
c) Gratuity fund contributions	2,688,933	1,312,604
d) Staff welfare expenses	1,383,673	1,449,475
TOTAL . . .	<u>53,217,475</u>	<u>55,222,712</u>

NOTE NO. 18.1
Employee defined benefits: Defined benefit plans-as per actuarial valuation on 31st March, 2012
I The amounts recognised in the balance sheet

1 Present value of funded obligations	20,543,795	15,707,629
2 Fair value of plan assets	17,854,862	15,707,629
3 Present value of unfunded obligations	2,688,933	2,666,597
4 Net liability	2,688,933	2,666,597
5 Amount in the balance sheet	2,688,933	2,666,597

II The amount recognised in the statement of profit & loss account

1 Current service cost	892,930	799,684
2 Interest on obligation	1,515,874	1,241,866
3 Expected return on plan assets	(1,552,265)	(1,335,223)
4 Actuarial losses (gains) recognised	578,401	630,344
5 Total, included in " employee benefit expense"	1,334,940	1,336,671
6 Actual return on plan assets	941,137	2,216,277

III Changes in the recent value of the benefit obligation representing reconciliation of opening and closing balance thereof

1 Opening defined benefit obligation	18,374,226	15,293,920
2 Service cost	892,930	799,684
3 Interest cost	1,515,874	1,241,866
4 Actuarial losses (gains)	132,727	1,511,398
5 Benefits paid	(106,508)	(472,642)
6 Closing defined benefit obligation	20,543,795	18,374,236

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NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31ST MARCH 2012

	2011-12 Rupees	2010-11 Rupees
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	15,707,629	13,963,994
2 Expected return	1,552,265	1,335,223
3 Actuarial gains and (losses)	(611,128)	881,054
4 Contribution by employer	1,312,604	0
5 Benefits paid	(106,508)	(472,642)
6 Closing balance of fair value of plan assets	17,854,862	15,707,629
V Principal actuarial assumption at the balance sheet date		
1 Discount rate	8.12%	8.12%
2 Expected return on plan assets	9.00%	9.00%
3 Annual increase in salary cost	6.00%	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.

NOTE NO. 19

FINANCE COST

Interest expense	1,059,763	6,274,496
Other borrowing costs	5,063,956	6,852,659
TOTAL . . .	6,123,719	13,127,155

NOTE NO. 20

OTHER EXPENSES

Stores & spares consumed	78,669,577	89,608,007
Power & fuel	66,556,668	79,009,889
Processing charges	30,674,597	31,752,232
Repair to machinery	727,106	592,816
Repair to building	1,679,010	795,099
Managerial remuneration	7,414,877	7,562,479
Rates & taxes	59,021	2,500
Travelling & conveyance	1,328,083	1,050,986
Vehicle expenses	768,370	719,468
Legal & professional charges	2,582,270	1,293,993
Sales expenses	2,532,625	2,224,014
General charges	4,428,647	4,586,055
TOTAL . . .	197,420,851	219,197,538

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31ST MARCH 2012

	2011-12	2010-11
	Rupees	Rupees
NOTE NO. 20.1		
THE MANAGING DIRECTOR'S REMUNERATION CONSISTS OF :		
(a) Salary	3,360,000	4,440,000
(b) House rent allowance	1,860,000	1,920,000
(c) Contribution to provident funds	403,200	496,800
(d) Contribution to superannuation funds	504,000	621,000
(e) Reimbursement of expenses	87,677	84,679
TOTAL . . .	<u>6,214,877</u>	<u>7,562,479</u>

NOTE NO. 20.2
PAYMENTS TO THE AUDITORS (INCLUDING SERVICE TAX)

(a) As Auditor	11,236	10,000
(b) For taxation matters	2,809	2,500
(c) For reimbursement of expenses	7,047	3,315
TOTAL . . .	<u>21,092</u>	<u>15,815</u>

NOTE NO. 20.3
EXPENDITURE IN FOREIGN CURRENCY

Foreign travelling	204,538	92,749
TOTAL . . .	<u>204,538</u>	<u>92,749</u>

BHAGWATI AUTOCAST LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31ST MARCH 2012

NOTE NO. 21

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.

Category of assets	Rate of depreciation
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 [on FIFO method]
[c] Work in process	:	At cost or net realisable value, whichever is lower [on FIFO method]
[d] Finished goods	:	At cost or net realisable value, whichever is lower [on FIFO method]
[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.
- [c] Interest subsidy is accounted for on accrual basis and prima facie when there is no uncertainty of final claim.

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.

BHAGWATI AUTOCAST LIMITED

[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.

19. NOTES FORMING PART OF THE ACCOUNTS

- 1 Previous year's figures have been regrouped/rearranged/recast wherever necessary so as to make them comparable with current year's figures.
- 2 Letters of balance confirmation have been sent to various parties, and are subject to confirmation and reconciliation if any.
- 3 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.
- 4 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.
- 5 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.
- 6 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.
- 7 Interest cost for the year is after netting of interest subsidy received / receivable of Rs. 5,354,690/-

8 Earnings per share :	2011-12	2010-11
Net profit attributable to shareholders (in Rupees)	7,795,431	25,079,533
Number of equity shares	2,880,684	2,880,684
Basic earnings per share of Rs. 10/- each (in Rupees)	2.71	8.71
9 Contingent liabilities and Commitments (to the extent not provided for)	2011-12	2010-11
	Rupees	Rupees
i Contingent Liabilities		
(a) Claims against the company not acknowledged as debt	76,500	76,500
(b) Guarantees	10,500,000	0
(c) Other money for which the company is contingently liable	1,153,239	1,153,239
	11,729,739	1,229,739
ii Commitments		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for	47,610	1,164,000
TOTAL ...	11,777,349	2,393,739

10 RELATED PARTY TRANSECTIONS

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. Reena 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	Key Management personnel (Rupees)	Enterprises/ Relatives of Key Management personnel & Other Directors (Rupees)
1	Managerial remuneration	7,414,877 (7,562,479)	0 (0)
2	Interest paid / Provided on fixed deposit	355,500 (355,500)	1,337,500 (1,337,500)
3	Fixed deposit received	2,370,000 (2,370,000)	9,400,000 (9,400,000)
4	Services obtained [Incl. of Service Tax]	0 (0)	208,710 (248,208)

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.

11. 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	2011-12 Rupees	2010-11 Rupees
1.	Principal amount due, remaining unpaid at the end of the year	5,842,388	11,081,697
2.	Interest thereon due, remaining unpaid at the end of the year	0	0

12. Additional Information

Particulars	2011-12 Rupees	2010-11 Rupees
A SALES		
I) S G Iron Castings	104,306,830	81,565,555
II) C I Castings	554,732,307	626,077,842
Sub Total ... [A]	707,643,397	707,643,397
Less : Sales Returns [Re-used as raw materials]		
I) S G Iron Castings	0	0
II) C I Castings	20,273,885	16,554,039
Sub Total [B]	20,273,885	16,554,039
Net Sale of Castings [A-B]		
I) S G Iron Castings	104,306,830	81,565,555
II) C I Castings	534,458,422	609,523,803
Sub Total [C]	638,765,252	691,089,358
Add: Other Sales		
III) Patterns & Moulding Boxes	1,291,946	504,713
Total Net Sales	640,057,198	691,594,071

(Sales includes excise duty, education cess & higher secondary education cess)

BHAGWATI AUTOCAST LIMITED

	2011-12 Rupees	2010-11 Rupees
B STOCK OF FINISHED PRODUCTS		
I) S G Iron Castings		
Opening Stock	1,321,930	1,437,532
Closing Stock	543,092	1,321,930
II) C I Castings		
Opening Stock	14,248,703	6,903,290
Closing Stock	12,842,193	14,248,703
C TRADING GOODS (PATTERNS & MOULDING BOXES)		
Opening Stock	79,648	0
Purchases	1,020,243	401,893
Sales / Consumed	1,291,946	504,713
Closing Stock	0	79,648
D C.I.F. VALUE OF IMPORTS	0	0
E DIVIDENDS		
(a) Dividends proposed to be distributed to equity shareholders	1,440,342	2,880,684
(Rupees per share)	0.50	1.00
(b) Dividends proposed to be distributed to preference shareholders	Nil	Nil
(c) Arrears of fixed cumulative dividends on preference shares	Nil	Nil
F REMITANCES IN FOREIGN CURRENCIES FOR DIVIDEND		
I) Number of non resident share holders	69	74
II) Number of shares held	43,291	46,791
III) Net amount of dividend - Current	43,291	37,432
Arrears	N.A.	N.A.

Signature to Notes 1 to 21

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

Milin J Jani
Proprietor
Membership No. 44077

Ms. Reena P. Bhagwati
Jt. Managing Director

M. N. Shah

D. K. Sheth
Financial controller

P. H. Buch
Directors

Place : Ahmedabad
Dated : 29/05/2012

Place : Ahmedabad
Dated : 29/05/2012

CASHFLOW STATEMENT FOR THE YEAR ENDED ON 31ST MARCH, 2012

Particulars	2011-12	2010-11
	[RS]	[RS]
[A] CASH FLOW FROM OPERATING ACTIVITIES :		
NET PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS	12,632,626	36,994,601
ADJUSTMENTS FOR :		
- Depreciation	14,355,633	12,522,306
- Depreciation Reserve written back	(5,070,238)	(9,299,281)
- Provision for Income Tax	(410,508)	(10,200,000)
- Interest / Dividend (Net)	5,621,282	11,620,770
	<u>14,496,169</u>	<u>4,643,795</u>
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	27,128,795	41,638,396
ADJUSTMENTS FOR :		
- Trade And Other Receivables	6,762,062	(30,636,829)
- Inventories	(9,786,554)	(15,595,870)
- Preliminary Deferred Expenses W/Off	-	49,072
- Trade Payables	2,782,582	26,153,290
	<u>(241,910)</u>	<u>(20,030,337)</u>
CASH GENERATED FROM OPERATIONS	26,886,885	21,608,059
- Interest Paid	(6,123,719)	(11,620,770)
- Direct Taxes Paid	28,431,388	2,069,455
	<u>49,194,554</u>	<u>12,056,744</u>
CASH FLOW BEFORE EXTRAORDINARY ITEMS	49,194,554	12,056,744
EXTRAORDINARY ITEMS	-	-
NET CASH FROM OPERATING ACTIVITIES	<u>49,194,554</u>	<u>12,056,744</u>
[B] CASH FLOW FROM INVESTING ACTIVITIES :		
- Purchase of Fixed Assets	(34,504,136)	(30,091,030)
- Sale of Fixed Assets	5,436,011	11,394,071
- Interest Received	502,437	-
NET CASH USED IN INVESTING ACTIVITIES	<u>(28,565,688)</u>	<u>(18,696,959)</u>
[C] CASH FLOW FROM FINANCING ACTIVITIES :		
- Proceeds From Long Term/Short Term Borrowings	6,004,368	15,119,530
- Repayment of Long Term/Short Term Borrowings	(14,107,987)	(10,316,817)
- Dividend Paid	(3,229,248)	(2,496,299)
NET CASH USED IN FINANCING ACTIVITIES	<u>(11,332,867)</u>	<u>2,306,414</u>
NET CASH INCREASE IN CASH AND CASH EQUIVALENTS	9,295,999	(4,333,801)
CASH AND CASH EQUIVALENTS AT THE BEGINING OF THE YEAR	4,848,222	9,182,024
CASH AND CASH EQUIVALENTS AT THE CLOSE OF THE YEAR	<u>14,144,221</u>	<u>4,848,223</u>

Dr. P. N. Bhagwati
Chairman & Managing Director

D. K. Sheth
Financial Controller

Mrs. M. P. Bhagwati

Ms. Reena P. Bhagwati
Jt. Managing Director

M. N. Shah

Place : Ahmedabad
Dated : 29/05/2012

P. H. Buch
Directors

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, 2012. 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

Place: Ahmedabad
Date : 29/05/2012

Milin J Jani
Proprietor
Membership No. 44077



BHAGWATI AUTOCAST LIMITED
Regd. Office & Works : Survey No. 816,
Village Rajoda, Near Bavla, Dist. Ahmedabad-382 220.

PROXY FORM

I/We
of being a member (s) of BHAGWATI AUTOCAST LIMITED,
hereby appoint of
..... or failing him/her
of as my/our Proxy to vote for me/us and on my/our behalf at the
THIRTIETH ANNUAL GENERAL MEETING of the Company to be held on 20th September 2012
and at any adjournment(s) thereof.

As Witness my/our hand(s) this day of 2012
Signature(s).....
Ledger Folio No.

1 Rupee
Revenue
stamp

Note : The proxy must be returned so as to reach the Registered Office of the Company, not less than 48 hours
before the time for holding the aforesaid meeting.

ATTENDANCE SLIP

Regd. Folio No. / DP ID & Client ID

No. of Shares held

I certify that I am a member / proxy for a member of the Company.
I hereby record my presence at the 30th Annual General Meeting of the Company at the Registered Office at Survey
No. 816, Village Rajoda, Bavla, Ahmedabad – 382 220 at 11.00 A.M. on Thursday, 20th September, 2012

IMPORTANT

It has been decided to make transport arrangement from Ahmedabad to Bavla & back for convenience of Shareholders.
The special buses shall leave Ahmedabad from Opp. Saurashtra Dining Hall, near Town Hall, Ellisbridge, Ahmedabad-
380 006 at 10.00 A.M. on the day of meeting i.e. 20th September, 2012 and return back to Ahmedabad after AGM
is over. Members desirous to avail this facility are requested to fill in the following tear off slip and mail it to the
Company so as to reach it latest by 16th September, 2012. This will help the Company in making adequate
arrangements and to avoid last moment rush.

To,
Company Secretary

Date/...../2012

BHAGWATI AUTOCAST LIMITED
Regd. Office & Works : Survey No. 816
Village Rajoda, Near Bavla, Dist. Ahmedabad-382220.

Dear Sir,
I wish to avail of the transport arrangements made by you for the purpose of AGM on 20th September, 2012

Yours faithfully
Signature

L/F No./DP ID & Client ID :

Name :