

BHAGWATI AUTOCAST LIMITED



32nd Annual Report 2013-2014

| | | | |
|--------------------------------------|---|---|------------------------------|
| Board of Directors | : | Dr P N Bhagwati | Chairman & Managing Director |
| | | Ms Reena P Bhagwati | Jt Managing Director |
| | | Mrs M P Bhagwati (Up to 28-4-2014) | } Directors |
| | | Mr M N Shah | |
| | | Mr Padmin H Buch | |
| | | Mr R. J. Shah | |
| Chief Financial Officer | : | Mr. Dinesh K. Sheth | |
| Company Secretary | : | Mr. Nimish Sakhiya | |
| 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 E-mail : mcsahmd@gmail.com | |

| Particulars | [Rs. in Lacs] | | | | | | | | | | | |
|-------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|-----------------|----------------|----------------|--|
| | 2013-14 | 2012-13 | 2011-12 | 2010-11 | 2009-10 | 2008-09 | 2007-08 | 2006-07 | 2005-06 | 2004-05 | 2003-04 | |
| Production in MT | 12189 | 10064 | 8711 | 10586 | 10343 | 9729 | 10615 | 11684 | 8821 | 8065 | 5971 | |
| Fixed Assets (Gross) | 3290.98 | 2894.53 | 2795.13 | 2504.45 | 2317.48 | 1439.75 | 1430.75 | 1368.84 | 1267.32 | 1120.69 | 1101.30 | |
| Fixed Assets (Net) | 1960.53 | 1748.09 | 1747.56 | 1549.73 | 1394.99 | 560.53 | 619.95 | 627.15 | 593.37 | 492.68 | 504.31 | |
| Net Current Assets | 1125.14 | 620.57 | 560.32 | 867.04 | 738.80 | 1077.41 | 703.28 | 577.37 | 389.89 | (90.04) | (101.39) | |
| Misc.Exps/Deferred Revenue Exps. | 0.00 | 0.00 | 0.00 | 0.00 | 0.49 | 4.81 | 9.13 | 17.01 | 22.45 | 10.71 | 14.27 | |
| Profit & Loss Account | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 166.34 | 246.36 | |
| TOTAL ASSETS (NET) | 3085.67 | 2368.66 | 2307.88 | 2416.77 | 2134.28 | 1642.75 | 1332.36 | 1221.53 | 1,005.71 | 579.69 | 663.55 | |
| Borrowings | 722.12 | 450.65 | 545.16 | 759.53 | 711.51 | 465.13 | 295.56 | 309.41 | 308.50 | 208.89 | 270.06 | |
| Equity Share Capital | 288.07 | 288.07 | 288.07 | 288.07 | 288.07 | 288.07 | 288.07 | 288.07 | 288.07 | 160.04 | 160.04 | |
| Reserves & Surplus | 1869.89 | 1435.21 | 1311.97 | 1250.76 | 1033.44 | 843.32 | 693.83 | 560.06 | 325.03 | 121.72 | 142.77 | |
| Deferred Tax | 205.59 | 194.73 | 162.68 | 118.41 | 101.26 | 46.23 | 54.90 | 63.99 | 84.11 | 89.04 | 90.68 | |
| TOTAL CAPITALED EMPLOYED | 3085.67 | 2368.66 | 2307.88 | 2416.77 | 2134.28 | 1642.75 | 1332.36 | 1221.53 | 1005.71 | 579.69 | 663.55 | |
| DEBT EQUITY RATIO | 0.10:1 | 0.16:1 | 0.21:1 | 0.39:1 | 0.52:1 | 0.12:1 | 0.14:1 | 0.17:1 | 0.20:1 | 0.82:1 | 0.89:1 | |
| Sales & Other Income | 9325.24 | 7887.01 | 6407.74 | 7205.83 | 5840.73 | 6567.31 | 5898.05 | 5994.64 | 4383.29 | 3921.64 | 2443.08 | |
| Excise Duty & Cess | 1054.16 | 864.62 | 599.93 | 625.87 | 443.21 | 775.70 | 810.19 | 814.25 | 584.53 | 530.93 | 310.11 | |
| Sales Tax | 0.00 | 0.00 | 0.00 | 141.82 | 118.10 | 146.72 | 173.68 | 229.97 | 166.49 | 151.33 | 90.14 | |
| Materials | 5005.20 | 4387.73 | 3757.00 | 3976.01 | 3151.12 | 3686.96 | 3121.76 | 3108.11 | 2141.46 | 2080.82 | 1226.75 | |
| Labour Cost | 1336.90 | 1196.46 | 913.07 | 945.37 | 789.33 | 703.53 | 684.99 | 593.42 | 435.94 | 351.06 | 304.66 | |
| Power | 786.52 | 773.78 | 665.57 | 790.10 | 736.80 | 671.11 | 623.63 | 695.27 | 528.57 | 493.30 | 378.01 | |
| Operation & Other Exps | 189.66 | 162.43 | 141.05 | 115.28 | 107.83 | 131.80 | 112.85 | 107.15 | 75.86 | 68.42 | 47.91 | |
| Interest | 94.58 | 118.26 | 61.24 | 116.21 | 77.73 | 103.77 | 92.63 | 92.00 | 135.19 | 127.88 | 98.94 | |
| GROSS PROFIT | 858.22 | 383.73 | 269.88 | 495.17 | 416.61 | 347.72 | 273.35 | 354.47 | 315.25 | 117.90 | (13.44) | |
| Depreciation | 184.07 | 171.85 | 143.55 | 125.22 | 68.83 | 72.31 | 69.55 | 72.40 | 58.51 | 56.84 | 54.29 | |
| PROFIT BEFORE TAX | 674.15 | 211.88 | 126.33 | 369.95 | 347.78 | 275.41 | 203.80 | 282.07 | 256.74 | 61.06 | (67.73) | |
| Provision For Taxation | 218.87 | 65.05 | 48.37 | 119.15 | 120.29 | 98.96 | 68.85 | 47.04 | 15.14 | (1.64) | 3.27 | |
| PROFIT AFTER TAX | 455.28 | 146.83 | 77.96 | 250.80 | 227.49 | 176.45 | 134.95 | 235.03 | 241.60 | 62.70 | (71.00) | |
| Prior period adjustments | 9.74 | 0.00 | 0.00 | 0.00 | 10.50 | 0.00 | 0.00 | 0.00 | (0.01) | (3.74) | (6.08) | |
| Dividends | 25.93 | 20.16 | 14.40 | 28.81 | 23.04 | 23.04 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | |
| Corporate Tax on Dividend | 4.40 | 3.43 | 2.34 | 4.67 | 3.83 | 3.92 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | |
| Retained Earnings | 434.69 | 123.24 | 61.22 | 217.32 | 190.12 | 149.49 | 134.95 | 235.03 | 241.59 | 58.96 | (77.08) | |
| Earning per Eq. Share Rs. | 15.80 | 5.10 | 2.71 | 8.71 | 7.90 | 6.13 | 4.68 | 8.16 | 8.39 | 2.18 | (2.46) | |
| Dividend per Eq. Share % | 9.00 | 7.00 | 5.00 | 10.00 | 8.00 | 8.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | |
| Net Worth | 2157.96 | 1723.28 | 1600.04 | 1538.83 | 1321.02 | 1126.58 | 972.77 | 831.12 | 590.65 | 104.71 | 42.18 | |
| Book value per Eq. Share Rs. | 74.91 | 59.82 | 56.12 | 53.42 | 45.86 | 39.11 | 33.77 | 28.85 | 20.50 | 6.54 | 2.64 | |

BHAGWATI AUTOCAST LIMITED

NOTICE

NOTICE is hereby given that the **THIRTY SECOND 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 Wednesday, 24th September, 2014 at 11.00 AM to transact the following business.

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended March 31, 2014, including Balance Sheet as at March 31, 2014, Statement of Profit and Loss for the year ended on that date and report of Board of Directors and Auditors thereon.
2. To declare dividend on equity shares for the Financial Year ended March 31, 2014.
3. To appoint Director in place of Ms. Reena Bhagwati (DIN: 00096280), who retires by rotation and being eligible offers herself for re-appointment.
4. To re-appoint Auditor and fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution:**

"RESOLVED THAT M/s. Milin J. Jani & Co., Chartered Accountants (FRN No.106396W), Ahmedabad be and is hereby appointed as Auditor of the Company, to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company at such remuneration as shall be fixed by the Board of Directors of the Company."

SPECIAL BUSINESS :

5. To appoint Mr. Padmin H Buch (DIN: 03411816), as an Independent Director and in this regard to consider and if thought fit, to pass with or without modification(s), the following Resolution as an **Ordinary Resolution:-**

"RESOLVED THAT pursuant to provision of Section 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 and rules made thereunder read with Schedule IV to the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for time being in force), Mr. Padmin H Buch (DIN: 03411816), Director of the Company who retire by rotation at the ensuing AGM and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to propose Mr. Padmin H Buch as a candidate for the office of the director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office up to September 23, 2019.

RESOLVED FURTHER THAT the Board of Directors of the company be and are hereby authorised to do all acts, and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

6. To appoint Mr. Rajendraprasad J Shah (DIN: 01982424), as an Independent Director and in this regard to consider and if thought fit, to pass with or without modification(s), the following Resolution as an **Ordinary Resolution:-**

"RESOLVED THAT pursuant to provision of Section 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 and rules made thereunder read with Schedule IV to the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for time being in force), Mr. Rajendraprasad J Shah (DIN: 01982424), Director of the

Company whose period of office is liable to determination by retirement of directors by rotation and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to propose Mr. Rajendraprasad J Shah as a candidate for the office of the director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office up to September 23, 2019.

RESOLVED FURTHER THAT the Board of Directors of the company be and are hereby authorised to do all acts, and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

7. To approve modification in terms of appointment of Dr. Pravin N Bhagwati (DIN:00096799) and in this regards 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 152 and other applicable provisions, if any, of the Companies Act, 2013 and Rules made there under (including any statutory modifications or re-enactment thereof), the period of office of Dr. Pravin N Bhagwati, (DIN: 00096799) Managing Director of the Company who is non retiring Director in term of provisions of erstwhile Companies Act, 1956 shall henceforth be made liable to retire by rotation."

8. To approve modification in terms of appointment of Ms. Reena P Bhagwati (DIN: 00096280) and in this regards 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 152 and other applicable provisions, if any, of the Companies Act, 2013 and Rules made there under (including any statutory modifications or re-enactment thereof), the period of office of Ms. Reena P Bhagwati (DIN: 00096280) Managing Director of the Company who is non retiring Director in term of provisions of erstwhile Companies Act, 1956 shall henceforth be made liable to retire by rotation."

9. To adopt new Articles of Association and in this regard to consider and if thought fit, to pass with or without modification(s), the following Resolution as a **Special Resolution:-**

"RESOLVED THAT pursuant to provisions of Section 14 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for time being in force), draft regulation contained in the Articles of Association submitted to this meeting be and are hereby approved and adopted in substitution, and to the entire exclusion, of the regulation contained in the existing Articles of Association of the Company;

RESOLVED FURTHER THAT the Board of Directors of the company be and are hereby authorised to do all acts, and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

10. To give permission/power to Board of Directors for related party transaction and in this regards to consider and if thought fit, to pass with or without modification(s), the following Resolution as a **Special Resolution:-**

"RESOLVED THAT pursuant to provisions of Section 188 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for time being in force), subject such other

approval, if required, Consent of the Company be and is hereby accorded to the Board of Directors to enter into various related party transactions for the period of 5 (five) years with effect from 1st April, 2015 to 31st March, 2020 up to maximum amount per annum as prescribed below:

| Name of Related Party | Type of Transactions | Maximum Amount per annum |
|-------------------------------------|--|--------------------------|
| Bhagwati Spherocast Private Limited | - Sale, Purchase or supply of Capital goods - Sale, Purchase or supply of Raw material/spares - Availing or rendering of any service | Rs. 350/- Lakh |

RESOLVED FURTHER THAT the Board of Directors and/or committee thereof be and is hereby authorised to do all acts, and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

11. To give power to Board for creation of charge over assets and in this regards to consider and if thought fit, to pass with or without modification(s), the following Resolution as a **Special Resolution:-**

“RESOLVED that in supersession of the Resolution passed by the Members of the Company for granting power under provisions of section 293 (1) (a) of erstwhile Companies Act, 1956; Pursuant to provisions of Section 180(1) (a) and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force), the consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall be deemed to include any Committee thereof) to create mortgage/hypothecation and/or charge in addition to the existing mortgages/charges/hypothecations created/to be created by the Company in such form and manner and with such ranking and on such terms as the Board may determine on all or any of the movable and/or immovable properties, both present and future or substantially the whole of the undertaking(s) or the undertaking(s) of the Company for securing any loan / credit facility obtained or as may be obtained from any lender, financial institution or person or persons from time to time together with interest, costs, charges, expenses and any other money payable by the Company.

RESOLVED FURTHER THAT the Board of Directors and/or committee thereof be and is hereby authorised to finalise, settle, and execute such documents /deeds/ writings/ papers/ agreements as may be required and do all acts, and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

12. To give power to Board for borrowing fund and in this regards 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 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013 and relevant rules made thereunder, the consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall be deemed to include any Committee thereof) to borrow money, from time to time, at its discretion either from the Company’s existing bank(s) or any other bank(s), financial institution(s) or any other lending institution or persons on such terms and conditions as may be considered suitable by the Board of Directors and remaining un-discharged at any given time up to a limit not exceeding Rs. 25,00,00,000/- (Rupees Twenty Five Crores Only) notwithstanding that the money to be borrowed together with the moneys already borrowed by the

Company (apart from temporary loans obtained from the Company’s bankers in the ordinary course of business) will exceed the aggregate of the paid up share capital of the Company and its free reserves, that is to say reserves not set for any specific purpose.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to sign and execute all such documents, deeds and writings and to do all such acts, deeds, matters and things as may be necessary, expedient and incidental thereto for giving effect to this resolution.”

13. To approve remuneration of the Cost Auditor and in this regards to consider and if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:-

“RESOLVED THAT pursuant to Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditor) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for time being in force), M/s. Kiran J Mehta & Co (FRN- 000025), Cost Accountants appointed by the Board of Directors, to conduct the audit of the cost records of the Company for the Financial year ending march 31, 2015, be paid the remuneration of Rs.50,000/- (Exclusive of Taxes/charges) and re-imbursment of out of pocket expense incurred on behalf of the Company.

RESOLVED FURTHER THAT the Board of Directors of the company be and are hereby authorised to do all acts, and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

Place : Ahmedabad
Date : 25/07/2014

By order of the Board of Directors

Registered Office :
Survey No. 816, Village Rajoda,
Near Bavla, Dist. Ahmedabad – 382 220.
Phone: +91-2714-232283,
Fax: +91-2714-232383
CIN: L27100GJ1981PLC004718
e-mail: cs@bhagwati.com
Website: www.bhagwati.com

Dr. Pravin N. Bhagwati
Chairman

NOTES :

- A MEMBER ENTITLED TO ATTEND AND VOTE AT AGM IS ENTITLED TO APPOINT PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THAT A PROXY NEED NOT BE A MEMBER OF THE COMPANY. A PERSON CAN ACT AS PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY (50) AND HOLDING IN THE AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE, SHOULD BE DULY COMPLETED, STAMPED AND MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT (48) HOURS BEFORE THE TIME FOR COMMENCEMENT OF THE MEETING.
- The Statement pursuant to Section 102 (1) of the Companies Act, 2013, with respect to the Special Businesses set out in Notice is annexed hereto.
- The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, 10th September, 2014 to Wednesday, 24th September, 2014 (both days inclusive) for the purpose of payment of dividend.

BHAGWATI AUTOCAST LIMITED

4. The payment of dividend upon declaration by the shareholders at the forthcoming Annual General Meeting, will be made within 30 days from the date of declaration 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 Tuesday, 9th September, 2014. 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 Tuesday, 9th September, 2014.
5. Members holding shares in physical form are advised to furnish particulars of their bank account, if not done already or if it is changed, to the Company to incorporate the same in the dividend warrants/payment instruments. In respect of cases, where the payments to the shareholders holding shares in dematerialized form are made by NECS, NEFT, dividend warrants/ payment instruments, particulars of bank account registered with their depository participants will be considered by the Company for printing the same on the dividend warrants/ payment instruments.
6. Members who hold shares in the dematerialized form and want to change/correct the bank account details should send the same immediately to their concerned Depository Participant and not to the Company. Members are also requested to give the MICR Code of their bank to their Depository Participants. The Company, in case of such dematerialized of shares, will not entertain any direct request from such members for change of address, transposition of names, deletion of name of deceased joint holder and change in the bank account details. While making payment of dividend, Registrar is obliged to use only the data provided by the Depositories.
7. Mr. Chirag Shah, Company Secretary (Membership No. 5545) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
8. The Members having multiple ledger folios in the same order of names are requested to approach MCS Ltd. for consolidating their entire holding in one folio for mutual convenience.
9. Pursuant to provisions of Section 205A(5) of the Companies Act, 1956, dividends which remain unpaid/ unclaimed for a period of 7 years from the date of transfer of the same to the Company's unpaid dividend account will be transferred to the Investor Education and Protection Fund ("IEPF") established by the Central Government.

The following are the details of the dividends paid by the Company and respective due dates for claim by the shareholders:

Further, the Company shall not be in a position to entertain the claims of Shareholders for the unclaimed dividends after the last date as mentioned in the table.

| Sr. No. | Dividend for the Financial Year | Date of Declaration of Dividend | Last date of Claim (due date for transfer to IEPF) |
|---------|---------------------------------|---------------------------------|--|
| 1. | 2008-2009 | 25/09/2009 | 02/11/2016 |
| 2. | 2009-2010 | 27/09/2010 | 04/11/2017 |
| 3. | 2010-2011 | 30/09/2011 | 07/11/2018 |
| 4. | 2011-2012 | 20/09/2012 | 27/10/2019 |
| 5. | 2012-2013 | 20/09/2013 | 27/10/2020 |

In view of the above, the Shareholders are advised to send all the un-cashed dividend warrants pertaining to the above years to Registered Office of the Company for revalidation or issuance of Demand Draft in lieu thereof and en-cash them before the due dates for transfer to the IEPF.

10. Members desiring any information as regards the accounts are requested to write to the Company at least 15 days in advance, so as to enable the Board of Directors to keep the information ready.
11. 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 Saturdays and Sundays between 11.00 a.m. to 1.00 p.m. up to the date of Annual General Meeting.
12. Members/ Proxy holders are requested to produce at the entrance, the attached Admission Slip for admission to the meeting hall.
13. As per the provisions of the Companies Act, 2013, facility for making nominations is available to the shareholders in respect of the shares held by them in physical form. Nomination forms can be obtained from the Registrar and Share Transfer Agents of the Company. The shareholders holding shares in dematerialized form may approach their respective Depository Participants to avail and/or effect any change to the nomination facility.
14. Pursuant to Rule 18(3) of The Companies (Management and Administration) Rules, 2014, you are requested to provide your e-mail id to facilitate easy and faster dispatch of Notices of the general meetings and other communications by electronic mode from time to time.
15. Members are requested to bring their copies of the annual report at the meeting.

Place : Ahmedabad
Date : 25/07/2014

By order of the Board of Directors

Registered Office :
Survey No. 816, Village Rajoda,
Near Bavla, Dist. Ahmedabad – 382 220.
Phone: +91-2714-232283,
Fax: +91-2714-232383
CIN: L27100GJ1981PLC004718
e-mail: cs@bhagwati.com
Website: www.bhagwati.com

Dr. Pravin N. Bhagwati
Chairman

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 (1) OF THE COMPANIES ACT, 2013.

ITEM NO. 5 :

Mr. Padmin H Buch (DIN: 03411816) is Non executive (Independent) Director of the company. He joined the Board of Director in February, 2011. Mr. Padmin H Buch retires by rotation at the ensuing AGM under the provisions of the erstwhile Companies Act, 1956. In term of Section 149 and any other applicable provisions of the Companies Act, 2013 ("the Act"), Mr. Padmin Buch being eligible and seeking re-appointment, is proposed to be appointed as Independent Director for the period of Five Years ending on September 23, 2019.

The Company has received notice in writing under provisions of the Section 160 of the Act, from a member along with a deposit of Rs. 1,00,000/- proposing candidature of Mr. Padmin Buch for the office of Independent Director, to be appointed as such under provisions of the Section 160 of the Act.

Mr. Padmin H Buch (DIN: 03411816) did his B. Pharm and followed it up with MBA from B K School of Business Management, Ahmedabad. He possesses long and varied experience in consulting domain. He is a visiting faculty at many business and entrepreneurship schools. His technical experience and expertise will help the company.

The company has received from Mr. Padmin H Buch (i) consent to act as a Director (ii) Declaration to the effect that he is not disqualified under section 164 of the Act (iii) declaration to the effect that he meets the criteria of Independence as provided in Section 149 of the Act.

A copy of draft letter of appointment of Mr. Padmin H Buch setting out terms and conditions is available for inspection without any fees by the members at the registered office of the Company during normal business hours on working days up to the date of the AGM.

The Board considers that his continued association would be of immense benefit to the company and its desirable to continue to avail the service of Mr. Padmin H Buch as an Independent Director.

Except Mr. Padmin H Buch, to whom the resolution relates, none of the Directors, Key Managerial Personnel or their relative is interested or concerned in the resolution.

The Board recommends the resolution set forth in Item no. 5 of the Notice for the approval of the members.

ITEM NO. 6 :

Mr. Rajendraprasad J Shah (DIN: 01982424) is Non executive (Independent) Director of the company. He joined the Board of Director as on 22nd October, 2011. Mr. Rajendraprasad J Shah, whose period of office is liable to determination by retirement of directors by rotation under the provisions of the erstwhile Companies Act, 1956. In term of Section 149 and any other applicable provisions of the Companies Act, 2013 ("the Act"), Mr. Rajendraprasad J Shah being eligible and seeking re-appointment, is proposed to be appointed as Independent Director for the period of Five Years ending on September 23, 2019.

The Company has received notice in writing under provisions of the Section 160 of the Act, from a member along with a deposit of Rs. 1,00,000/- proposing candidature of Mr. Rajendraprasad J Shah for the office of Independent Director, to be appointed as such under provisions of the Section 160 of the Act.

Mr. Rajendraprasad J Shah (DIN: 01982424) 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.

The company has received from Mr. Rajendraprasad J Shah (i) consent to act as a Director (ii) Declaration to the effect that he is not disqualified under section 164 of the Act (iii) declaration to the effect

that he meets the criteria of Independence as provided in Section 149 of the Act.

A copy of draft letter of appointment of Mr. Rajendraprasad J Shah setting out terms and conditions is available for inspection without any fees by the members at the registered office of the Company during normal business hours on working days up to the date of the AGM.

The Board considers that his continued association would be of immense benefit to the company and its desirable to continue to avail the service of Mr. Rajendraprasad J Shah as an Independent Director.

Except Mr. Rajendraprasad J Shah, to whom the resolution relates, none of the Directors, Key Managerial Personnel or their relative is interested or concerned in the resolution.

The Board recommends the resolution set forth in Item no. 6 of the Notice for the approval of the members.

ITEM NO. 7 & 8 :

Dr. Pravin N Bhagwati (DIN:00096799) , Managing Director of the Company was re-appointed pursuant to the provisions of Sections 269 and other applicable provisions, if any, of the erstwhile Companies Act, 1956, by the shareholders at the Annual General Meeting held on 20th September, 2012 for a period of 3 years with effect from 1st October, 2012.

Ms. Reena P Bhagwati (DIN: 00096280), Managing Director of the Company was re-appointed pursuant to the provisions of Sections 269 and other applicable provisions, if any, of the erstwhile Companies Act, 1956, by the shareholders at the Annual General Meeting held on 30th September, 2011 for a period of 5 years with effect from 1st October, 2010.

The period of office of Dr. Pravin N Bhagwati (DIN: 00096799) and Ms. Reena P Bhagwati (DIN: 00096280) being the Managing Director was not liable to determination by retirement of directors by rotation in terms of the erstwhile provisions of the Companies Act, 1956.

The Board of Directors of your Company at present consists of five members, with whom three of them being Independent Directors and remaining two being Managing Directors.

The provisions of Section 152 of the Companies Act, 2013 provide that not less than two-thirds of the total number of directors of a public Company shall be persons whose period of office is liable to determination by retirement of directors by rotation, where the term "total number of directors" does not include Independent Directors whether appointed under the Companies Act, 2013 or any other law for the time being in force.

In the light of above-referred provisions of the Companies Act, 2013, it is desirable that the period of office of Dr. Pravin N Bhagwati (DIN: 00096799) and Ms. Reena P Bhagwati (DIN: 00096280), Managing Directors is made liable to retire by rotation.

Except Dr. Pravin N Bhagwati (DIN: 00096799) and Ms. Reena P Bhagwati (DIN: 00096280), to whom the resolution relates, none of the Directors, Key Managerial Personnel or their relative is interested or concerned in the resolutions.

The Board recommends the Special resolution set forth in Item no. 7 and 8 of the Notice for the approval of the members.

ITEM NO. 9 :

Ministry of Corporate Affairs (MCA) has so far notified almost provisions of the Companies Act, 2013 ("the New Act") to replace the corresponding provisions of the Companies Act, 1956 ("the Old Act"). The present Articles of Association ("AOA") of the Company contains reference to various Section and Schedule of the Companies Act, 1956

BHAGWATI AUTOCAST LIMITED

which requires alteration or deletions in several articles. However, in given position it is considered expedient to wholly replace the existing AOA by a new set of Articles.

Pursuant to the provisions of section 14 of the New Act, Alteration of AOA would require approval of shareholders by way of special resolution. Accordingly, this matter has been placed before the members for approval.

The proposed new draft AOA is being uploaded on the Company's website for perusal by the members.

None of the Directors, Key Managerial Personnel or their relative is interested or concerned in the resolution.

The Board recommends the Special resolution set forth in Item no. 9 of the Notice for the approval of the members.

ITEM NO. 10 :

According to section 188 and other applicable provision of the Companies Act, 2013 rules made there under and provision of Listing Agreement with Stock Exchange, the consent of the member are required by Special Resolution for entering into various transactions with related party subject to such other conditions prescribed thereunder.

Bhagwati Spherocast Private Limited is a 'related party' within meaning of Section 2(76) of the Companies Act, 2013, and thus approval of members by Special resolution required under Section 188 of the Companies Act, 2013

The particular of transaction pursuant to rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 are as under:

1. Name of Related Party: Bhagwati Spherocast Private Limited
2. Name of Director or KMP: Dr. Pravin N Bhagwati, Ms. Reena P Bhagwati and Mr. Mahendrabhai N Shah.
3. Nature of relation: Dr. Pravin N Bhagwati and Ms. Reena P Bhagwati are Common Board member and member of Bhagwati Spherocast and; Mr. Mahendra N Shah is member of Bhagwati Spherocast.
4. Monetary Value: Nature, Monetary Value, Material terms and particular of contract or arrangement:
 - Estimated Consideration up to Rs. 350 Lakh for each year. (Exclusive of Taxes/charges)
 - Contract shall be valid for five years. However if either of party desires to terminate the agreement, it can be terminated by either party by giving 60 days notice to other.
 - No party shall transfer or assigns its rights, obligations or liabilities under this Agreement or any part thereof to any third party.
5. Any other information relevant or important for the members to take a decision on the proposed resolution:
 - As our company is engaged in production of high duty grey iron and ductile iron castings and for finishing process of casting on some of the components, The Company need to avail or render some of auxiliary or supplementary service of machining, job work or other services, Sale or Purchase or supply of Capital goods, Sale or Purchase or supply of Raw material/spares for proving quality production to customers of our company at a very low cost of production.

Except Dr. Pravin N Bhagwati, Ms. Reena P Bhagwati and Mr. Mahendrabhai N Shah, to whom the resolution relates, none of the Directors, Key Managerial Personnel or their relative is interested or concerned in the resolution.

Interested members would not be eligible to vote on the set out resolution at item no. 10 of the Notice in term of Section 188 of the Companies Act, 2013 and Listing Agreement.

The Board recommends the Special resolution set forth in Item no. 10 of the Notice for the approval of the members.

ITEM NO. 11 :

As mentioned in statement to Item No. 9, MCA has notified almost provisions of the Companies Act, 2013 ("the New Act") to replace the corresponding provisions of the Companies Act, 1956 ("the Old Act"). Consequent to notification of Section 180 (1) (a) of the Companies Act, 2013 consent of the Company is required by way of a Special Resolution to create mortgage and/or charge on the movable/immovable properties of the Company.

Accordingly, the approval of the members of the Company by way of Special Resolution is sought to authorise the Board of Directors to create mortgage/ hypothecation and/or charge (in addition to the existing mortgages/ charges/hypothecations created by the Company) on all or any of the movable and/or immovable properties, both present and future or substantially the whole of the undertaking(s) or the undertaking(s) of the Company.

None of the Directors, Key Managerial Personnel or their relative is interested or concerned in the resolution.

The Board recommends the Special resolution set forth in Item no. 11 of the Notice for the approval of the members.

ITEM NO. 12 :

The Company in order to execute various projects has to borrow money from banks and other financial institutions as a means of finance. The Board of Directors can borrow money upto paid up share capital and free reserves in terms of the provisions of Section 180 (1)(c) of the Companies Act, 2013. Section 180(1)(c) of the Companies Act, 2013 supersedes Section 293(1)(d) of the Companies Act, 1956 and as per General Circular No. 04/2014 dated March 25, 2014 issued by the Ministry of Corporate Affairs, the Ordinary Resolution earlier passed under Section 293(1)(d) of the Companies Act, 1956 will be valid for a period of one year from the date of notification of Section 180 of the Companies Act, 2013, i.e. up to 11th September, 2014.

In view of the notification of the Companies Act, 2013 and aforesaid clarification issued by the Ministry of Corporate Affairs, it is necessary to obtain fresh consent of the members of the Company to enable the Board of Directors of the Company to borrow moneys [excluding temporary loans obtained from the Company's Bankers in the ordinary course of business] in excess of the aggregate of paid-up share capital and free reserves of the Company. The Board of Directors proposes to keep the borrowing limit up to Rs. 25,00,00,000/- (Rupees Twenty Five Crores only).

None of the Directors, Key Managerial Personnel or their relative is interested or concerned in the resolution.

The Board recommends the Special resolution set forth in Item no. 12 of the Notice for the approval of the members.

ITEM NO. 13 :

The Board of director of the company has approved appointment and remuneration of the Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending on March 31, 2015 at a remuneration of Rs. 50,000/- (Exclusive of Taxes/charges) and re-imbusement of out of pocket expense incurred on behalf of the Company.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with rules made there under, the remuneration payable to the Cost auditor has to be determined or ratified by the members of the Company. Accordingly, consent of the members is sought for above purpose by passing Ordinary Resolution.

None of the Directors, Key Managerial Personnel or their relative is interested or concerned in the resolution.

The Board recommends the Ordinary resolution set forth in Item no. 13 of the Notice for the approval of the members.

Place : Ahmedabad
Date : 25/07/2014

By order of the Board of Directors

Registered Office :
Survey No. 816, Village Rajoda,
Near Bavla, Dist. Ahmedabad – 382 220.
Phone: +91-2714-232283,
Fax: +91-2714-232383
CIN: L27100GJ1981PLC004718
e-mail: cs@bhagwati.com
Website: www.bhagwati.com

Dr. Pravin N. Bhagwati
Chairman

BHAGWATI AUTOCAST LIMITED

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the **THIRTY SECOND ANNUAL REPORT** and audited accounts for the year ended 31st March 2014. The performance of the Company for the year ended on March 31, 2014 is summarized below.

01. FINANCIAL HIGHLIGHTS :

| | For the year Ended 31/03/2014 (Rs.) | For the year Ended 31/03/2013 (Rs.) |
|---|--|--|
| Earnings before interest, depreciation and taxation (EBIDTA) | 95,279,055 | 50,198,944 |
| Less: Interest & finance charges | 9,458,240 | 11,826,033 |
| Profit before depreciation & taxation | 85,820,815 | 38,372,911 |
| Less: Depreciation | 18,406,923 | 17,185,433 |
| Profit before tax | 67,413,892 | 21,187,478 |
| Less: Provision for income tax | | |
| [1] Current Tax | 20,800,000 | 3,300,000 |
| [2] Deferred Tax | 10,86,667 | 3,204,720 |
| Profit for the Year | 45,527,225 | 14,682,758 |
| Short/Excess Provision for Tax for earlier year | 974,318 | 0 |
| Add : Surplus of last year brought forward | 39,025,160 | 26,701,582 |
| Surplus available for appropriation | 85,526,703 | 41,384,340 |
| APPROPRIATIONS : | | |
| Proposed equity dividend | 2,592,616 | 2,016,479 |
| Tax on dividend | 440,615 | 342,701 |
| Balance of profit carried to balance sheet | 82,493,472 | 39,025,160 |

02. REVIEW OF OPERATIONS:

During the year under review, Your Company's sales increased by 16.63 % and operating profit increased by 89.80 %. This is due to good demand from our customers and better sales realisation. The company in this year planning for expansion of factory building & modernization of its Core Shop and other infrastructural facilities.

03. DIVIDEND:

Your Directors recommend a dividend of 9 % i.e. Rs.0.90 per Equity Share of Rs. 10/- each for the year 2013-2014 (Previous year 7% i.e. Rs. 0.70/- per Equity Share) Subject to approval of shareholders at the 32nd Annual General Meeting.

04. DIRECTORS

Mrs. Mandakini P. Bhagwati been ceased to be a Director of the Company w.e.f. 28th April, 2014 due to her sad demise which has been taken on record in the Board Meeting held on 23rd May 2014. The Board of Directors condole the untimely demise of Mrs. Mandakini P. Bhagwati and took on record of the invaluable contributions made by her towards the progress of the Company.

As per provision of the Companies Act, 2013, Ms. Reena Bhagwati retires by rotation in the forthcoming Annual General Meeting and being eligible offers herself for re-appointment. The Board of Directors recommends their re-appointment.

The Companies Act, 2013 provides for appointment of independent directors. Sub-section (10) of Section 149 of the Companies Act, 2013 ("the Act") (effective from April 1, 2014) provides that independent directors shall hold office for the term of up to five consecutive years on the Board of the company; and shall be eligible for re-appointment on passing a Special resolution by the shareholders of the company.

Sub-section (11) states that no independent director shall be eligible for more than two consecutive term of five years. Sub-section (13) states that the provision of retirement by rotation as defined in sub-section (6) and (7) of section 152 of the Act shall not apply to such independent directors.

Our Independent directors were appointed as directors liable to retire by rotation as per provision of the erstwhile Companies Act 1956. The Board of Directors has been advised that Independent Directors so appointed would continue to serve the term that was ascertained at the time of appointment as per the resolution pursuant to which they were appointed. Therefore, it stands to the reason only those independent directors who will complete their present term at the ensuing AGM, being eligible for re-appointment, be considered by the Share holder for the reappointment for the term of up to five consecutive years.

Independent Directors, who do not complete their term at ensuing AGM, will continue to hold office till expiry of his term (based on retirement period calculation) and thereafter would be eligible for re-appointment for a term fixed in accordance with Companies Act, 2013.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Companies Act, 2013.

05. DIRECTORS RESPONSIBILITY STATEMENT:

Pursuant to requirement under Section 217(2AA) of the Companies Act, 1956, Directors hereby confirmed that:

- a) in the preparation of the annual accounts, the applicable Accounting Standards have been followed and that no material departures have been made from the same;
- b) 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, 2014 and of the Profit of the Company for the accounting year ended on that date;
- c) 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) they have prepared the annual accounts on a going concern basis.

06. AUDITORS AND AUDITORS' REPORT

M/s. Milin J Jani & Co., Chartered Accountants, Ahmedabad (Firm Registration No.106396W) Statutory Auditor of the Company, hold office until the conclusion of the ensuing Annual General Meeting and being eligible for re-appointment.

The Company has received letters from them to the effect that their re-appointment, if made, would be within the prescribed limits under Section 141(3)(g) of the Companies Act, 2013 and that they are not disqualified for re-appointment

The Notes on Financial Statements referred to in the Auditors' Report are self-explanatory and do not call for any further comments.

07. APPOINTMENT OF COST AUDITOR

The Company has appointed the M/s. Kiran J. Mehta & Co. Cost Accountant Firm, Ahmedabad for conducting the audit of cost records of the Company for the financial year 2014-15.

08. 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 and forming part of the Director's Report. The said Compliance Certificate is self-explanatory and do not call for any comments.

09. FIXED DEPOSITS:

We have not received any fixed deposit and, as such, no amount of principal or interest was outstanding as on Balance Sheet date.

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, 2014 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. of the said year is annexed herewith as part of the Directors report.

11. 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.

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

Place : Ahmedabad
Date : 23/05/2014

Dr. Pravin N. Bhagwati
Chairman

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 2014.

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 | 7,826,105 | Ph.D. (Germany) 47 Years | 01/04/1984 | 78 | 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. 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 taken various measures for conservation of energy for last few years. During the year, the Company has taken following additional measures: -

- Induction furnace operation practice improved by utilizing available power in two furnaces instead of three furnaces and hence 13 kwh units per tone of melting saved. Total units saved in the year is 13X14317=186121 kwh
- True demand utiliser introduced to improve load factor from 87% to 93%
- 20 H.P pre mixer removed from process due to net required in process. 60000 kwh units saved in year.
- High pressure molding line in efficient pumps replaced. Saving is under progress at the rate of 200 kwh/day
- APFCR introduced to reduce losses from 3.5 to 2.5 %

FURTHER STEPS TO BE IMPLEMENTED

- All mercury lamps will be replaced by metal hellide lamps, saving potential 100 kwh/day
- All air compressors will be operated in auto mode to save power consumption when air demand reduces saving potential is 500 kwh/day minimum
- All new/replacement motors will be of energy efficient type
- Air Compressors will be shifted near to equipment and all old pipe line with more resistance will be replaced by better quality having minimum resistance. Saving potential is 400 kwh/day minimum
- Cooling tower saver will be introduced

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 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 | 2013-14 | 2012-13 |
|---|---------------------------------------|---------------------------------------|
| [A] Power & Fuels consumption : | | |
| 1. Electricity | | |
| [a] Purchased | | |
| - Units | 13595040 | 11880351 |
| - Total Amount [Rs. Lacs] | 786.52 | 773.78 |
| - Rate / Unit [Rs.] | 5.79 | 6.51 |
| [b] Own Generation | | |
| [I] Through Diesel Generator | | |
| - Units | 4164 | 4782 |
| - Units per liter of diesel oil | 2.77 | 2.68 |
| - Cost per unit [Rs.] | 17.75 | 12.86 |
| [ii] Through Steam Turbine Generator | | |
| - Units | Nil | Nil |
| - Units per liter of Fuel Oil/Gas | Nil | Nil |
| - Cost per Unit [Rs.] | Nil | Nil |
| 2. Coal | Nil | Nil |
| 3. Furnace Oil | Nil | Nil |
| 4. Others / Internal Generation | Nil | Nil |
| [B] Consumption per unit of Production | Electricity per MT of Castings | Electricity per MT of Castings |
| [i] CI Castings | 1128 | 1196 |
| [ii] S G I Castings | 983 | 1040 |

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.

| | 2013-14 | 2012-13 |
|-------------------------------|---------------|---------|
| | [Rs] | [Rs] |
| Total Foreign Exchange used | 40,672 | 36,776 |
| Total Foreign Exchange earned | Nil | Nil |

For and on behalf of the
Board of Directors

Place : Ahmedabad
Date : 23/05/2014

Dr. Pravin 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 31.03.2014 (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 is not required.
4. The Board of Directors duly met 4 (four) times respectively on 28.05.2013, 30.07.2013, 30.10.2013 and 12.02.2014, 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 06.09.2013 to 20.09.2013 and necessary compliance of section 154 of the Act has been made.
6. The annual general meeting for the financial year ended on 31.03.2013 was held on 20.09.2013 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 complied with the provisions of Section 297 of the Act in respect of contracts specified in that section.
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 19.09.2013, 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 YES Bank Ltd.
 - (D) transferred the amounts of right issue application money due for refund, which have remained unclaimed or unpaid for a period of seven years to Investor Education and Protection Fund on 16.04.2013.
 - (E) duly complied with the requirements of Section 217 of the Act
14. The Board of Directors of the company is duly constituted. There was no appointment of additional directors, alternate directors and directors to fill casual vacancy during the financial year.
15. The company has not made appointment of Managing Director/ Whole-time Director/ Manager during the year under review.
16. The company has not appointed any sole selling agents during the financial year.
17. The company was not required to obtain approval of the Central Government/ Registrar of Companies, Company Law Board, Regional Director, and/or any other such authorities prescribed under the various provisions of the Act during the financial year.
18. The directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made 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 01.08.2013. The company has also filed return of deposits with the Registrar of Companies.
24. The amount borrowed by the Company from directors, member, public, financial institutions, banks and other during the financial year ending 31.03.2014 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.

BHAGWATI AUTOCAST LIMITED

- | | |
|--|--|
| <p>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.</p> <p>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.</p> <p>27. The company has not altered the provisions of the memorandum with respect to the objects of the company during the year under scrutiny.</p> <p>28. The company has not altered the provisions of the memorandum with respect to name of the company during the year under scrutiny.</p> <p>29. The company has not altered the provisions of the memorandum with respect to share capital of the company during the year under scrutiny.</p> | <p>30. The company has altered its articles of association after obtaining approval of members in the general meeting held on 20.09.2013 and the amendments to the articles of association have been duly registered with the Registrar of Companies.</p> <p>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.</p> <p>32. The company has not received any money as security from its employees during the financial year.</p> <p>33. The Company has not constituted provident fund for its employees under the provisions of Section 418 of the Act.</p> |
|--|--|

Chirag Shah

Place : Ahmedabad
Date : 23/05/2014

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 8 | 27.03.2014 | Modification of Charge -Hypothecation | Yes |
| Form 8 | 27.03.2014 | Modification of Charge -Mortgage | Yes |
| Form 23 C | 11.06.2013 | Application to the C.G. for appointment of Cost Auditor-13-14 | Yes |
| Form 62 | 19.06.2013 | Return of deposit | Yes |
| Form 23 D | 27.07.2013 | Information by Cost Auditor to C.G.-13-14 | Yes |
| Form 62 | 01.08.2013 | St. in lieu of Advertisement | Yes |
| Form 66 | 24.09.2013 | Compliance Certificate | Yes |
| Form 23 | 24.09.2013 | File Special resolution for amendment of Articles of Association | Yes |
| Form 23B | 30.09.2013 | Appointment of Statutory Auditor | Yes |
| Form 20 B | 16.10.2013 | Annual Return | Yes |
| Form 5INV | 29.11.2013 | Statement of unclaimed and unpaid amount | Yes |
| Form 23 AC and Form 23 ACA - XBRL | 14.10.2013 | Balance Sheet and Profit and Loss Account in XBRL format | Yes |
| Form -1 XBRL | 14.08.2013 | Filing Cost Audit Report in XBRL | Yes |

Chirag Shah

Place : Ahmedabad
Date : 23/05/2014

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

INDEPENDENT AUDITOR'S REPORT

To,
The Members,
BHAGWATI AUTOCAST LIMITED

We have audited the accompanying financial statements of BHAGWATI AUTOCAST LTD ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management Responsibility for the Financial Statements:

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with the general circular 15/2013 dated 13th September 2013 of the Ministry of Corporate affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility:

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion:

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- b) in the case of the Statement of Profit and Loss, of the profit 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.

Report on other Legal & Regulatory Requirements:

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms

of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by section 227(3) of the Act, we report that:
 - a) 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;
 - b) 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
 - c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection(3C) of section 211 of the Companies Act, 1956 read with the general circular 15/2013 dated 13th September 2013 of the Ministry of Corporate affairs in respect of section 133 of the Companies Act, 2013.
 - e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

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

Milin J Jani

Proprietor

Membership No. 44077

Place : Ahmedabad
Date : 23/05/2014

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 31.03.2014 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.

BHAGWATI AUTOCAST LIMITED

- c) The company is maintaining proper records of inventory. No material discrepancies were noticed on verification of stocks as compared to book records.
- iii.) a) The Company has not granted any loans, secured or unsecured to Companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Consequently, requirement of clauses iii(b), iii(c), iii(d), of paragraph 4 of the order are not applicable.
- b) The Company has taken unsecured loans from one party, being the Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956 involving party wise maximum outstanding amount during the year aggregating to Rs. 29,50,000/-. The yearend balance of such loans was Rs. 29,50,000/-
- c) In our opinion the rate of interest and other terms and conditions of such loans are prima facie not prejudicial to the interest of the Company.
- d) The terms of repayment of principal amount have been stipulated. The interest on such loan has been paid as agreed.
- iv.) In our opinion and according to the information and explanations given to us, there are adequate internal control procedure commensurate with the size of the Company and the nature of its business with regard to purchase of Inventory, fixed assets and with regard to sale of goods. Further on the basis of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, We have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control procedures.
- v) a) According to the information and the explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Act, have been so entered.
- b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts, arrangements entered in the register maintained under Section 301 of the Act, and exceeding the value of Rs. 5.00 (Five) Lacs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- vi) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 58A and 58AA of the Companies (Acceptance of Deposits) Rules 1975 with regard to the deposits accepted from the public. According to information and explanations given to us no order under the aforesaid sections has been passed by the Company Law Board on the Company.
- vii) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- viii) We have 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.
- 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.

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

Milin J Jani
Proprietor
Membership No. 44077

Place : Ahmedabad
Date : 23/05/2014

BALANCE SHEET AS AT 31ST MARCH, 2014

| | Note No. | As at 31 st March, 2014 Rupees | As at 31 st March, 2013 Rupees |
|------------------------------------|-------------|---|---|
| I EQUITY AND LIABILITIES | | | |
| 1) Shareholders' Funds | | | |
| (a) Share Capital | 1 | 28,806,840 | 28,806,840 |
| (b) Reserves & Surplus | 2 | 186,988,931 | 143,520,619 |
| 2) Non-current liabilities | | | |
| (a) Long-term borrowings | 3 | 14,850,000 | 17,499,200 |
| (b) Deferred tax liabilities (Net) | | 20,559,225 | 19,472,558 |
| (c) Other Long term liabilities | 4 | 1,333,098 | 1,450,000 |
| (d) Long-term provisions | 5 | 11,382,979 | 11,570,713 |
| 3) Current liabilities | | | |
| (a) Short-term borrowings | 6 | 57,362,430 | 27,566,220 |
| (b) Trade payables | | 156,913,836 | 133,250,146 |
| (c) Other current liabilities | 7 | 19,089,576 | 25,208,312 |
| (d) Short-term provisions | 8 | 59,484,781 | 39,559,786 |
| T O T A L ... | | <u>556,771,696</u> | <u>447,904,394</u> |
| II ASSETS | | | |
| 1) Non-current Assets | | | |
| (a) Fixed Assets | 9 | | |
| (i) Tangible assets | | 194,076,120 | 171,204,763 |
| (ii) Intangible assets | | 1,976,854 | 2,389,884 |
| (iii) Capital work-in-progress | | 0 | 1,214,127 |
| (b) Long-term loans and advances | 10 | 10,767,457 | 10,060,715 |
| 2) Current Assets | | | |
| (a) Inventories | 11 | 62,098,241 | 53,196,890 |
| (b) Trade receivables | 12 | 214,489,740 | 149,971,264 |
| (c) Cash and cash equivalents | 13 | 5,879,090 | 10,461,974 |
| (d) Short-term loans and advances | 14 | 67,484,194 | 49,404,777 |
| T O T A L ... | | <u>556,771,696</u> | <u>447,904,394</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

M. N. Shah

Milin J Jani
Proprietor
Membership No. 44077

Ms. Reena P. Bhagwati
Jt. Managing Director

R. J. Shah

D. K. Sheth
Chief Financial Officer

P. H. Buch
Directors

Place : Ahmedabad
Dated : 23/05/2014

Place : Ahmedabad
Dated : 23/05/2014

BHAGWATI AUTOCAST LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2014

| | Note No. | 2013-14 Rupees | 2012-13 Rupees |
|---|-------------|--------------------|-------------------|
| I INCOME | | | |
| Revenue from operations | 15 | 819,264,751 | 691,621,035 |
| II Other Income | 16 | 348,488 | 11,095,679 |
| III TOTAL REVENUE (I+II) | | 819,613,239 | 702,716,714 |
| IV EXPENDITURE | | | |
| Cost of materials consumed | 17 | 398,377,714 | 351,457,876 |
| Purchases of Stock-in-Trade | | 2,306,220 | 0 |
| Changes in inventories of finished goods, work-in progress and Stock-in Trade | | (7,495,903) | 478,070 |
| Employee benefits expense | 18 | 79,448,025 | 79,196,888 |
| Finance costs | 19 | 9,458,240 | 11,826,033 |
| Depreciation and amortization expense | | 18,406,923 | 17,185,433 |
| Other expenses | 20 | 251,698,128 | 221,384,936 |
| TOTAL EXPENDITURE | | 752,199,347 | 681,529,236 |
| V PROFIT BEFORE TAX (III-IV) | | 67,413,892 | 21,187,478 |
| VI TAX EXPENSE : | | | |
| (1) Current tax | | 20,800,000 | 3,300,000 |
| (2) Deferred tax | | 1,086,667 | 3,204,720 |
| VII PROFIT FOR THE YEAR (V-VI) | | 45,527,225 | 14,682,758 |
| VIII Add/(Less): Excess/(Short)Provision for Tax for earlier years | | 974,318 | 0 |
| IX NET PROFIT FOR THE YEAR (VII+VIII) | | 46,501,543 | 14,682,758 |
| X Earnings per equity share of face value of Rs. 10/- each Basic & Diluted | | 16.14 | 5.10 |

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

M. N. Shah

Milin J Jani
Proprietor
Membership No. 44077

Ms. Reena P. Bhagwati
Jt. Managing Director

R. J. Shah

D. K. Sheth
Chief Financial Officer

P. H. Buch
Directors

Place : Ahmedabad
Dated : 23/05/2014

Place : Ahmedabad
Dated : 23/05/2014

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31ST MARCH 2014

| NOTE NO. 1 SHARE CAPITAL | As at 31 st March 2014 | | As at 31 st March 2013 | |
|--|-----------------------------------|-------------------|-----------------------------------|-------------------|
| | 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 |
| T O T A L . . . | 2,880,684 | 28,806,840 | 2,880,684 | 28,806,840 |

NOTE NO. 1.1

| Particulars | Equity Shares As at 31 st March 2014 | | Equity Shares As at 31 st March 2013 | |
|--|--|------------|--|------------|
| | Number | Rupees | Number | Rupees |
| Share outstanding at the beginning of the year | 2,880,684 | 28,806,840 | 2,880,684 | 28,806,840 |
| Shares Issued during the year | 0 | 0 | 0 | 0 |
| Shares bought back during the year | 0 | 0 | 0 | 0 |
| Shares outstanding at the end of the year | 2,880,684 | 28,806,840 | 2,880,684 | 28,806,840 |

NOTE NO. 1.2

| Name of Shareholder | As at 31 st March 2014 | | As at 31 st March 2013 | |
|------------------------------------|-----------------------------------|-----------------|-----------------------------------|-----------------|
| | No. of Shares held | % of Holding | No. of Shares held | % of Holding |
| Ms. Reena P. Bhagwati | 520,000 | 18.05 | 391,570 | 13.59 |
| Mrs. Mandakini P Bhagwati | 305,913 | 10.62 | 296,990 | 10.31 |
| 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. 1.5

The Company has only one class of equity shares having a par value of Rs. 10/- per share. Each equity shareholder is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended 31st March 2014, the amount of dividend, per share, recognised as distributions to equity shareholders is Rs. 0.90 (Year ended 31st March 2013 Rs. 0.70)

NOTE NO. 2

| RESERVES & SURPLUS | As at 31 st March, 2014 Rupees | As at 31 st March, 2013 Rupees |
|--|--|--|
| (a) Capital reserves | | |
| As per last Balance Sheet | 4,500 | 4,500 |
| (-) Transfer to General Reserve | 4,500 | 0 |
| Closing Balance | 0 | 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 | 79,520,319 |
| (+) Transfer from Capital Reserves | 4,500 | 0 |
| Closing Balance | 79,524,819 | 79,520,319 |
| (d) Surplus in Statement of profit and loss | | |
| Opening Balance | 39,025,160 | 26,701,582 |
| (+) Net Profit for the year | 46,501,543 | 14,682,758 |
| (-) Proposed dividends | 2,592,616 | 2,016,479 |
| (-) Corporate Tax on Dividend | 440,615 | 342,701 |
| Closing Balance | 82,493,472 | 39,025,160 |
| T O T A L . . . | 186,988,931 | 143,520,619 |

BHAGWATI AUTOCAST LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31ST MARCH 2014

| | As at 31st March, 2014 Rupees | As at 31st March, 2013 Rupees |
|--|---|---|
| NOTE NO. 3 | | |
| LONG TERM BORROWINGS | | |
| SECURED | | |
| Term Loans | | |
| From Bank | 14,850,000 | 17,499,200 |
| (Secured against hypothecation of all fixed assets and equitable mortgage of the Land [being survey No. 816] & factory building and further guaranteed by Managing Director of the Company) | | |
| (Rs. 6.00 Crores repayable in 18 quarterly installments starting from 22-05-10 and Rs. 2.50 Crores repayable in 20 quarterly installments starting from 28-04-14) | | |
| (There is no continuing default in repayment of loans and interest.) | | |
| TOTAL . . . | <u>14,850,000</u> | <u>17,499,200</u> |
| NOTE NO. 4 | | |
| OTHER LONG TERM LIABILITIES | | |
| Retention money | 1,333,098 | 1,450,000 |
| TOTAL . . . | <u>1,333,098</u> | <u>1,450,000</u> |
| NOTE NO. 5 | | |
| LONG TERM PROVISIONS | | |
| (a) Provision for employee benefits | | |
| Leave encashment (unfunded) | 3,587,979 | 3,775,713 |
| (b) Others | | |
| Provision for income tax | 7,795,000 | 7,795,000 |
| TOTAL . . . | <u>11,382,979</u> | <u>11,570,713</u> |
| NOTE NO. 6 | | |
| SHORT TERM BORROWINGS | | |
| Secured | | |
| (a) Loans repayable on demand | | |
| Working capital loan from bank | 50,342,430 | 18,296,220 |
| (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.) | | |
| | <u>50,342,430</u> | <u>18,296,220</u> |

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31ST MARCH 2014

| | As at 31 st March, 2014 Rupees | As at 31 st March, 2013 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 | 2,950,000 | 2,950,000 |
| From relatives of Directors | 0 | 1,250,000 |
| (b) From others | 0 | 1,000,000 |
| (There is no default as on the balance sheet date in repayment of loans and interest.) | <u>7,020,000</u> | <u>9,270,000</u> |
| TOTAL . . . | <u>57,362,430</u> | <u>27,566,220</u> |

NOTE NO. 7
OTHER CURRENT LIABILITIES

| | | |
|---|--------------------------|--------------------------|
| (a) Current maturities of long-term debt | 11,665,600 | 16,666,665 |
| (b) Unpaid dividend | 437,177 | 363,092 |
| (c) Application money received for allotment of securities and due for refund | 0 | 34,555 |
| (d) Other payables | | |
| Employees benefits | 4,234,500 | 4,264,411 |
| TDS payable | 744,296 | 1,323,152 |
| Others | 2,008,003 | 2,556,437 |
| TOTAL . . . | <u>19,089,576</u> | <u>25,208,312</u> |

NOTE NO. 8
SHORT TERM PROVISIONS

| | | |
|--|--------------------------|--------------------------|
| (a) Provision for employee benefits | | |
| Salary & reimbursements | 1,693,740 | 1,460,814 |
| Gratuity (funded) | 2,666,349 | 2,621,699 |
| Leave encashment (funded) | 346,771 | 140,269 |
| Superannuation (funded) | 720,000 | 0 |
| (b) Provision for taxation | 51,024,690 | 32,977,824 |
| (c) Others | | |
| Provision for dividend | 2,592,616 | 2,016,479 |
| Provision for corporate tax on dividend | 440,615 | 342,701 |
| TOTAL . . . | <u>59,484,781</u> | <u>39,559,786</u> |

BHAGWATI AUTOCAST LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31ST MARCH 2014
NOTE NO. 9
FIXED ASSETS

| Particulars | GROSS BLOCK | | | ACCUMULATED DEPRECIATION | | | NET BLOCK | |
|---|--------------------------------------|---------------------|---------------------|---------------------------------------|--|------------------------|---------------------------------------|---------------------------------------|
| | Balance as at 1 April 2013 Rupees | Additions Rupees | Disposals Rupees | Balance as at 31 March 2014 Rupees | Depreciation charge for the year Rupees | On disposals Rupees | Balance as at 31 March 2014 Rupees | Balance as at 31 March 2013 Rupees |
| (a) Tangible Assets | | | | | | | | |
| Land | 1,654,143 | 0 | 0 | 1,654,143 | 0 | 0 | 1,654,143 | 1,654,143 |
| Office buildings | 5,617,872 | 0 | 0 | 5,617,872 | 91,571 | 0 | 4,782,482 | 4,874,053 |
| Guest house building | 1,072,000 | 0 | 0 | 1,072,000 | 17,474 | 0 | 1,032,657 | 1,050,131 |
| Factory buildings | 30,391,997 | 13,680,695 | 0 | 44,072,692 | 892,625 | 0 | 30,903,026 | 18,114,956 |
| Plant and equipment | 184,522,750 | 17,741,815 | 0 | 202,264,565 | 11,082,440 | 0 | 120,199,317 | 113,539,942 |
| Electrical installations | 7,111,183 | 3,131,144 | 0 | 10,242,327 | 277,847 | 0 | 7,495,259 | 4,641,962 |
| Laboratory equipments | 1,119,991 | 23,298 | 10,369 | 1,132,920 | 49,410 | 6,197 | 667,527 | 697,811 |
| Furniture and fixtures | 4,220,935 | 2,888,573 | 0 | 7,109,508 | 243,768 | 0 | 5,367,512 | 2,722,707 |
| Vehicles | 2,356,771 | 0 | 0 | 2,356,771 | 223,695 | 0 | 1,068,886 | 1,292,581 |
| Office equipment | 1,866,813 | 120,235 | 0 | 1,987,048 | 81,971 | 0 | 1,261,771 | 1,223,507 |
| Computers | 2,664,782 | 179,533 | 0 | 2,844,315 | 322,682 | 0 | 1,417,252 | 1,560,401 |
| Moulding boxes, patterns & pattern plates | 42,455,243 | 3,104,129 | 0 | 45,559,372 | 4,710,410 | 0 | 27,333,084 | 19,832,569 |
| Total | 285,054,480 | 40,869,422 | 10,369 | 325,913,533 | 17,993,893 | 6,197 | 131,837,413 | 171,204,763 |
| (b) Intangible Assets | | | | | | | | |
| (i) Computer Softwares | 3,184,795 | 0 | 0 | 3,184,795 | 413,030 | 0 | 1,976,854 | 2,389,884 |
| Total | 288,239,275 | 40,869,422 | 10,369 | 329,098,328 | 18,406,923 | 6,197 | 133,045,354 | 173,594,647 |
| (c) Capital work in progress | | | | | | | | |
| Total | 289,453,402 | 40,869,422 | 1,224,496 | 329,098,328 | 18,406,923 | 6,197 | 133,045,354 | 174,808,774 |
| PREVIOUS YEAR | 279,513,073 | 19,936,713 | 9,996,384 | 289,453,402 | 17,185,433 | 7,297,975 | 114,644,628 | 174,755,903 |

Note No. 9.1

There is no impairment/revaluation during the year under review.

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31ST MARCH 2014

| | As at 31 st March, 2014 Rupees | As at 31 st March, 2013 Rupees |
|-------------------------------------|--|--|
| NOTE NO. 10 | | |
| LONG TERM LOANS AND ADVANCES | | |
| (a) Capital Advances | | |
| Considered good | 1,038,415 | 337,500 |
| (b) Security deposits | | |
| Considered good | 284,022 | 278,195 |
| (b) Advance payment of taxes | | |
| Advance income tax paid | 9,445,020 | 9,445,020 |
| T O T A L . . . | 10,767,457 | 10,060,715 |

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 (Valued at lower of cost or net realisable value)

| | | |
|------------------------|-------------------|-------------------|
| (a) Raw materials | 12,072,214 | 11,958,530 |
| (b) Work-in progress | 10,100,294 | 8,239,715 |
| (c) Finished goods | 21,274,864 | 15,639,540 |
| (d) Stores and spares | 18,650,869 | 17,359,105 |
| T O T A L . . . | 62,098,241 | 53,196,890 |

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 | 203,763,978 | 129,269,607 |
| (b) Trade receivables outstanding for a period exceeding six months from the date they are due for payment considered good | 10,725,762 | 20,404,622 |
| (c) Trade receivables outstanding and considered to be doubtful for recovery considered doubtful | 0 | 297,035 |
| T O T A L . . . | 214,489,740 | 149,971,264 |

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) | 439,177 | 399,647 |
| Margin money | 1,050,000 | 1,050,000 |
| Balances in current accounts | 4,223,904 | 8,744,116 |
| | 5,713,081 | 10,193,763 |
| (b) Cash on hand | 166,009 | 268,211 |
| T O T A L . . . | 5,879,090 | 10,461,974 |

BHAGWATI AUTOCAST LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31ST MARCH 2014

| | As at 31st March, 2014 Rupees | As at 31 st March, 2013 Rupees |
|---|--|--|
| NOTE NO. 14 | | |
| SHORT-TERM LOANS AND ADVANCES | | |
| (a) Others | | |
| Unsecured, considered good | | |
| Advances recoverable in cash or in kind | 6,726,963 | 4,946,535 |
| Balance with statutory authorities | 60,757,231 | 44,458,242 |
| TOTAL . . . | <u>67,484,194</u> | <u>49,404,777</u> |

NOTE NO. 14.1

There is no loans / advances due from Directors, officers or Company in which Directors are member.

| | 2013-14 Rupees | 2012-13 Rupees |
|--------------------------------|---------------------------|--------------------|
| NOTE NO. 15 | | |
| REVENUE FROM OPERATIONS | | |
| Sale of products | 924,680,298 | 778,082,658 |
| Less : Excise duty | 105,415,547 | 86,461,623 |
| TOTAL . . . | <u>819,264,751</u> | <u>691,621,035</u> |

NOTE NO. 16

OTHER INCOME

| | | |
|-------------------------------------|-----------------------|-------------------|
| Interest income | 156,812 | 212,160 |
| Sales tax refund for earlier years | 0 | 6,579,635 |
| Profit on sale of fixed assets | 0 | 1,854,752 |
| Interest on Sales Tax Refund | 191,676 | 0 |
| Insurance claim receipt | 0 | 2,058,888 |
| Sundry credit balances written back | 0 | 390,244 |
| TOTAL . . . | <u>348,488</u> | <u>11,095,679</u> |

NOTE NO. 17

COST OF MATERIAL CONSUMED

| | | |
|----------------------|---------------------------|--------------------|
| Opening stock | 11,958,530 | 12,390,851 |
| Add : Purchases | 398,491,398 | 351,025,555 |
| Less : Closing stock | 12,072,214 | 11,958,530 |
| TOTAL . . . | <u>398,377,714</u> | <u>351,457,876</u> |

NOTE NO. 17.1

RAW MATERIAL CONSUMED

| | | |
|--|---------------------------|--------------------|
| (i) Scraps | 311,996,733 | 280,340,077 |
| (ii) Pig iron | 37,937,227 | 33,623,624 |
| (iii) Ferro silicon lumps/granules, ferro silicon mg. master and ferro manganese | 26,588,724 | 23,190,023 |
| (iv) Others | 21,855,030 | 14,304,152 |
| TOTAL . . . | <u>398,377,714</u> | <u>351,457,876</u> |

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31ST MARCH 2014

| NOTE NO. 17.2 | 2013-14 | 2012-13 |
|---------------------------------------|--------------------|-------------|
| VALUE OF RAW MATERIAL CONSUMED | Rupees | Rupees |
| i) Imported | 0 | 0 |
| % of total consumptions | 0% | 0% |
| ii) Indigenous | 398,377,714 | 351,457,876 |
| % 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
EMPLOYEE BENEFITS EXPENSES

| | | |
|------------------------------------|--------------------------|-------------------|
| a) Salaries and incentives | 63,042,020 | 64,234,698 |
| b) Contributions to provident fund | 3,021,565 | 2,962,948 |
| c) Gratuity fund contributions | 2,666,349 | 2,621,699 |
| d) Staff welfare expenses | 1,691,986 | 1,289,915 |
| e) Managerial Remuneration | 9,026,105 | 8,087,628 |
| T O T A L . . . | <u>79,448,025</u> | <u>79,196,888</u> |

NOTE NO. 18.1
THE MANAGERIAL REMUNERATION CONSISTS OF :

| | | |
|---|-------------------------|------------------|
| a) Salary | 6,000,000 | 5,280,000 |
| b) House rent allowance | 1,656,000 | 1,605,000 |
| c) Contribution to provident funds | 576,000 | 489,600 |
| d) Contribution to superannuation funds | 720,000 | 612,000 |
| e) Reimbursement of expenses | 74,105 | 101,028 |
| T O T A L . . . | <u>9,026,105</u> | <u>8,087,628</u> |

NOTE NO. 18.2

Company has received approval of Central Government vide letter No. SRN B61403025 /4 / 2012 - CL.VII dated 18-02-2013 for payment of Managerial Remuneration.

NOTE NO. 18.3
Employee defined benefits: Defined benefit plans-as per actuarial valuation on 31st March, 2014
I The amounts recognised in the balance sheet

| | | |
|---|-------------------|------------|
| 1 Present value of funded obligations | 26,413,956 | 20,070,390 |
| 2 Fair value of plan assets | 23,747,607 | 20,070,390 |
| 3 Present value of unfunded obligations | 0 | 2,621,699 |
| 4 Net liability | 0 | 2,621,699 |
| 5 Amount in the balance sheet | 0 | 2,621,699 |

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

| | | |
|---------------------------------------|--------------------|-------------|
| 1 Current service cost | 1,063,399 | 953,866 |
| 2 Interest on obligation | 1,803,733 | 1,618,715 |
| 3 Expected return on plan assets | (1,953,563) | (1,685,185) |
| 4 Actuarial losses (gains) recognised | 1,636,573 | 2,303,926 |

BHAGWATI AUTOCAST LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31ST MARCH 2014

| | 2013-14 | 2012-13 |
|---|-------------------|-------------|
| | Rupees | Rupees |
| 5 Total, included in " employee benefit expense" | 2,550,142 | 2,621,699 |
| 6 Actual return on plan assets | 0 | (569,623) |
| III Changes in the recent value of the benefit obligation representing reconciliation of opening and closing balance thereof | | |
| 1 Opening defined benefit obligation | 22,808,295 | 200,543,795 |
| 2 Service cost | 1,063,399 | 953,866 |
| 3 Interest cost | 1,803,733 | 1,618,715 |
| 4 Actuarial losses (gains) | 1,261,801 | 2,107,552 |
| 5 Benefits paid | (523,272) | (1,846,010) |
| 6 Closing defined benefit obligation | 26,413,956 | 22,808,295 |
| 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 | 20,070,389 | 17,854,862 |
| 2 Expected return | 1,953,563 | 1,685,185 |
| 3 Actuarial gains and (losses) | (374,772) | (196,374) |
| 4 Contribution by employer | 2,621,699 | 902,394 |
| 5 Benefits paid | (523,272) | (1,846,010) |
| 6 Closing balance of fair value of plan assets | 23,747,607 | 20,070,390 |
| V Principal actuarial assumption at the balance sheet date | | |
| 1 Discount rate | 9.15% | 8.00% |
| 2 Expected return on plan assets | 9.25% | 9.25% |
| 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 | 3,386,866 | 6,635,939 |
| Other borrowing costs | 6,071,374 | 5,190,094 |
| TOTAL . . . | <u>9,458,240</u> | <u>11,826,033</u> |

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31ST MARCH 2014

| | 2013-14 Rupees | 2012-13 Rupees |
|---|---------------------------|--------------------|
| NOTE NO. 20 | | |
| OTHER EXPENSES | | |
| Stores & spares consumed | 102,142,409 | 87,315,351 |
| Power & fuel [Refer Point No. 7 of Note 21 (B)] | 78,651,809 | 77,378,205 |
| Processing charges | 54,241,873 | 40,448,692 |
| Repair to machinery | 1,184,420 | 1,373,773 |
| Repair to building | 428,096 | 906,092 |
| Rates & taxes | 32,500 | 8,075 |
| Travelling & conveyance | 1,214,167 | 983,606 |
| Vehicle expenses | 894,635 | 943,746 |
| Legal & professional charges | 3,041,930 | 2,517,923 |
| Sales expenses | 3,193,710 | 2,486,374 |
| Loss on sale of Fixed Assets | 1,171 | 1,131,579 |
| Donation | 500,000 | 0 |
| General charges | 6,171,408 | 5,891,520 |
| TOTAL . . . | <u>251,698,128</u> | <u>221,384,936</u> |

NOTE NO. 20.1
PAYMENTS TO THE AUDITORS (INCLUDING SERVICE TAX)

| | | |
|-----------------------------------|----------------------|---------------|
| (a) As Auditor | 13,483 | 13,483 |
| (b) For taxation matters | 3,371 | 3,371 |
| (c) For reimbursement of expenses | 6,650 | 6,290 |
| TOTAL . . . | <u>23,504</u> | <u>23,144</u> |

NOTE NO. 20.2
EXPENDITURE IN FOREIGN CURRENCY

| | | |
|--------------------|----------------------|---------------|
| Foreign travelling | 40,672 | 36,776 |
| TOTAL . . . | <u>40,672</u> | <u>36,776</u> |

BHAGWATI AUTOCAST LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31ST MARCH 2014

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: (Valued at lower of cost or net realisable value)

| | | |
|--------------------------------------|---|-----------------------|
| [a] Stores & spares | : | Valued on FIFO method |
| [b] Raw materials | : | Valued on FIFO method |
| [c] Work in process | : | Valued on FIFO method |
| [d] Finished goods | : | Valued on FIFO method |
| [e] Stock in transit | : | Valued on FIFO method |
| [f] Trading goods | : | Valued on FIFO method |
| [g] Sales returns & Runners / Risers | : | Valued on FIFO method |

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.

[B] 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 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.
- 6 Interest cost for the year is after netting of interest subsidy received / receivable of Rs. 1,086,426/- (Previous Year Rs. 1,354,131/-)
- 7 As permitted by CERC & IERC (Regulating authorities), the company has opted for purchase of power through approved Power exchange which has resulted in to gain of Rs. 147.48 Lacs (Previous year Rs. 26.61 Lacs) and power and fuel expenses are reduced to that extent.

| 8 Earnings per share : | 2013-14 | 2012-13 |
|--|-------------------|-------------------|
| Net profit attributable to shareholders (in Rupees) | 46,501,543 | 14,682,758 |
| Number of equity shares | 2,880,684 | 2,880,684 |
| Basic earnings per share of Rs. 10/- each (in Rupees) | 16.14 | 5.10 |
| | | |
| 9 Contingent liabilities and Commitments (to the extent not provided for) | 2013-14 | 2012-13 |
| | Rupees | Rupees |
| i Contingent Liabilities | | |
| (a) Claims against the company not acknowledged as debt | 76,500 | 76,500 |
| (b) Guarantees | 10,500,000 | 10,500,000 |
| (c) Other money for which the company is contingently liable | 1,153,239 | 1,153,239 |
| | <u>11,729,739</u> | <u>11,729,739</u> |
| | | |
| ii Commitments | | |
| (a) Estimated amount of contracts remaining to be executed on capital account and not provided for | 3,981,752 | 3,535,150 |
| TOTAL ... | <u>15,711,491</u> | <u>15,264,889</u> |

10 RELATED PARTY TRANSACTIONS

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

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 | 9,026,105 (8,087,628) | 0 (0) |
| 2 | Interest paid / Provided on fixed deposit | 328,838 (355,500) | 514,371 (812,500) |
| 3 | Fixed deposit received | 2,370,000 (2,370,000) | 4,650,000 (5,900,000) |
| 4 | Services obtained [Incl. of Service Tax] | 0 (0) | 17,272,535 (1,869,553) |

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 | 2013-14 Rupees | 2012-13 Rupees |
|---------|---|-------------------|-------------------|
| 1. | Principal amount due, remaining unpaid at the end of the year | 10,802,623 | 8,444,842 |
| 2. | Interest thereon due, remaining unpaid at the end of the year | 0 | 0 |

**12. Additional Information
Particulars**

| Sr. No. | Particulars | 2013-14 Rupees | 2012-13 Rupees |
|----------------|--|--------------------|--------------------|
| A SALES | | | |
| I) | S G Iron Castings | 85,255,197 | 89,176,175 |
| II) | CI Castings | 865,310,797 | 709,276,549 |
| | Sub Total ... [A] | 950,565,994 | 798,452,724 |
| | Less : Sales Returns [Re-used as raw materials] | | |
| I) | S G Iron Castings | 13,670 | 0 |
| II) | CI Castings | 29,250,363 | 20,370,066 |
| | Sub Total ... [B] | 29,264,033 | 20,370,066 |
| | Net Sale of Castings [A-B] | | |
| I) | S G Iron Castings | 85,241,527 | 89,176,175 |
| II) | CI Castings | 836,060,434 | 688,906,483 |
| | Sub Total ... [C] | 921,301,961 | 778,082,658 |
| | Add: Other Sales | | |
| III) | Patterns & Moulding Boxes | 3,378,337 | 0 |
| | Total Net Sales | <u>924,680,298</u> | <u>778,082,658</u> |

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

BHAGWATI AUTOCAST LIMITED

| | 2013-14 Rupees | 2012-13 Rupees |
|---|-------------------|-------------------|
| B STOCK OF FINISHED PRODUCTS | | |
| I) S G Iron Castings | | |
| Opening Stock | 521,890 | 543,092 |
| Closing Stock | 1,284,178 | 521,890 |
| II) C I Castings | | |
| Opening Stock | 15,117,650 | 12,842,193 |
| Closing Stock | 19,990,686 | 15,117,650 |
| C TRADING GOODS (PATTERNS & MOULDING BOXES) | | |
| Opening Stock | 0 | 0 |
| Purchases | 2 | 0 |
| Sales / Consumed | 2 | 0 |
| Closing Stock | 0 | 0 |
| D C.I.F. VALUE OF IMPORTS | 0 | 0 |
| E DIVIDENDS | | |
| (a) Dividends proposed to be distributed to equity shareholders | 2,592,616 | 2,016,479 |
| (Rupees per share) | 0.90 | 0.70 |
| F REMITTANCES IN FOREIGN CURRENCIES FOR DIVIDEND | | |
| I) Number of non resident share holders | 67 | 67 |
| II) Number of shares held | 42,791 | 42,791 |
| III) Net amount of dividend - Current | 29,954 | 21,396 |
| Arrears | N.A. | N.A. |

Signature to Notes 1 to 21

As per our separate report of even date attached

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

Milin J Jani
Proprietor
Membership No. 44077

Place : Ahmedabad
Dated : 23/05/2014

Dr. P. N. Bhagwati
Chairman & Managing Director

Ms. Reena P. Bhagwati
Jt. Managing Director

D. K. Sheth
Chief Financial Officer

M. N. Shah

R. J. Shah

P. H. Buch
Directors

Place : Ahmedabad
Dated : 23/05/2014

CASHFLOW STATEMENT FOR THE YEAR ENDED ON 31ST MARCH, 2014

| Particulars | [RS] | 2013-14 [RS] | 2012-13 [RS] |
|--|--------------|----------------------------|---------------------------|
| [A] CASH FLOW FROM OPERATING ACTIVITIES : | | | |
| NET PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS | | 67,413,892 | 21,187,478 |
| ADJUSTMENTS FOR : | | | |
| - Depreciation | 18,406,923 | 17,185,433 | |
| - Depreciation Reserve written back | (6,197) | (7,297,975) | |
| - Provision for Income Tax | (20,800,000) | (3,300,000) | |
| - Interest / Dividend (Net) | 9,301,428 | 11,613,873 | |
| | | <u>6,902,154</u> | <u>18,201,331</u> |
| OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES | | 74,316,046 | 39,388,809 |
| ADJUSTMENTS FOR : | | | |
| - Trade And Other Receivables | (83,304,634) | (12,704,181) | |
| - Inventories | (8,901,351) | (1,551,306) | |
| - Trade Payables | 23,371,376 | (2,034,996) | |
| | | <u>(68,834,609)</u> | <u>(16,290,483)</u> |
| CASH GENERATED FROM OPERATIONS | | 5,481,437 | 23,098,326 |
| - Interest Paid | | (9,458,240) | (11,826,033) |
| - Direct Taxes Paid | | 18,046,866 | 2,512,099 |
| | | <u>14,070,063</u> | <u>13,784,392</u> |
| CASH FLOW BEFORE EXTRAORDINARY ITEMS | | 14,070,063 | 13,784,392 |
| EXTRAORDINARY ITEMS | | | |
| Prior Period Adjustments | | 974,318 | - |
| NET CASH FROM OPERATING ACTIVITIES | | <u>15,044,381</u> | <u>13,784,392</u> |
| [B] CASH FLOW FROM INVESTING ACTIVITIES : | | | |
| - Purchase of Fixed Assets | | (39,655,295) | (19,936,714) |
| - Sale of Fixed Assets | | 10,369 | 9,996,384 |
| - Interest Received | | 156,812 | 212,160 |
| NET CASH USED IN INVESTING ACTIVITIES | | <u>(39,488,114)</u> | <u>(9,728,170)</u> |
| [C] CASH FLOW FROM FINANCING ACTIVITIES : | | | |
| - Proceeds From Long Term/Short Term Borrowings | | 32,046,210 | 833,065 |
| - Repayment of Long Term/Short Term Borrowings | | (9,900,265) | (6,950,867) |
| - Dividend Paid | | (2,285,095) | (1,620,668) |
| NET CASH USED IN FINANCING ACTIVITIES | | <u>19,860,850</u> | <u>(7,738,470)</u> |
| NET CASH INCREASE IN CASH AND CASH EQUIVALENTS | | <u>(4,582,884)</u> | <u>(3,682,247)</u> |
| CASH AND CASH EQUIVALENTS AT THE BEGINING OF THE YEAR | | <u>10,461,974</u> | <u>14,144,221</u> |
| CASH AND CASH EQUIVALENTS AT THE CLOSE OF THE YEAR | | <u>5,879,090</u> | <u>10,461,974</u> |

Dr. P. N. Bhagwati
Chairman & Managing Director

D. K. Sheth
Chief Financial Officer

M. N. Shah

Ms. Reena P. Bhagwati
Jt. Managing Director

Mr. R. J. Shah

Place : Ahmedabad
Dated : 23/05/2014

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, 2014. 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 statement of Profit & Loss and Balance Sheet of the Company covered by our report of even date to the members of the Company.

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

Milin J Jani
Proprietor
Membership No. 44077

Place: Ahmedabad
Date : 23/05/2014

THIS PAGE IS LEFT BLANK INTENTIONALLY



Bhagwati Autocast Limited

CIN: L27100GJ1981PLC004718

Reg. Off.: Survey No. 816, Village Rajoda, Nr. Bavla, Ahmedabad- 382220.

Phone: +91-2714-232283 Fax: +91-2714-232383

Website: www.bhagwati.com E-mail: cs@bhagwati.com

ATTENDANCE SLIP

Name and Registered Address of Shareholder:

Registered Folio No./DP ID No./ Client ID no. :

No. of shares held:

I hereby record my presence at the 32nd Annual General Meeting of the Company held on Wednesday, 24th September, 2014 at 11:00 a.m. at Survey No. 816, Village Rajoda, Nr. Bavla, Ahmedabad- 382220.

Name of Member / Proxy

Signature of Member / Proxy

Note:

1. Please complete the attendance slip and hand it over at the entrance of the meeting hall. Only Members/Representative of the corporate Members or Proxies are allowed to attend the meeting.
2. Bodies Corporate, whether a company or not, who are members, may attend through their authorised representative appointed under section 113 of the Companies Act, 2013. A copy of authorization should be deposited with the Company.

ELECTRONIC VOTING PARTICULARS

| EVEN (E-voting event number) | User ID | Password / PIN |
|---------------------------------|---------|----------------|
| | | |

Note:

1. Please read instructions carefully before exercising your vote as printed overleaf.
2. The e-voting will commence on Thursday, 18th September, 2014 from 10:00 A.M. and close on Friday, 19th September, 2014 at 05:00 P.M. The voting module shall be disabled after closure time by NSDL.

Voting through electronic means

- I. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote at the 32nd Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by National Securities Depository Limited (NSDL):

The instructions for e-voting are as under:

- A. In case a Member receives an email from NSDL :
- (i) Open email and open PDF file viz; "Bhagwati Autocast e-Voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for e-voting. Please note that the password is an initial password.
 - (ii) Launch internet browser by typing the following URL: <https://www.evoting.nsd.com/>
 - (iii) Click on Shareholder - Login
 - (iv) Put user ID and password as initial password/PIN noted in step (i) above. Click Login.
 - (v) Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
 - (vi) Home page of e-voting opens. Click on e-Voting: Active Voting Cycles.
 - (vii) Select "EVEN" of Bhagwati Autocast Limited.
 - (viii) Now you are ready for e-voting as Cast Vote page opens.
 - (ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
 - (x) Upon confirmation, the message "Vote cast successfully" will be displayed
 - (xi) Once you have voted on the resolution, you will not be allowed to modify your vote
 - (xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to chirag@samdanishah.com or cs@bhagwati.com with a copy marked to evoting@nsdl.co.in
- B. In case a Member receives physical copy of the Notice of AGM:
- (i) Initial password is provided as below/at the bottom of the Attendance Slip for the AGM :

| | | |
|-------------------------------------|----------------|---------------------|
| EVEN (E Voting Event Number) | USER ID | PASSWORD/PIN |
|-------------------------------------|----------------|---------------------|
 - (ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.
- II. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the Downloads section of www.evoting.nsd.com
- III. If you are already registered with NSDL for e-voting then you can use your existing user ID and password/ PIN for casting your vote.
- IV. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- V. The e-voting period commences on Thursday, 18th September, 2014 from 10:00 A.M. and close on Friday, 19th September, 2014 at 05:00 P.M. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
- VI. The results along with Scrutiniser's Report shall be placed on website of the company at www.bhagwati.com and NSDL at www.evoting.nsd.com within two days of passing of the resolutions at AGM and communicated to the BSE Limited where the shares of the Company are listed.