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BCL Forgings Limited
THIRTY-SECOND ANNUAL REPORT 1998-99

BCL Forgings Limited

BCL**Board of Directors**

S.C. Saran
D.C. Mehta
Sukumar R. Kirloskar
P. Toshniwal
Jagdish Prasad
Surendra B. Chandorkar

Auditors

M.A. Parikh & Company

Bankers

Bank of Baroda, Mumbai & Nasik
Canara Bank, Mumbai & Nasik

Solicitors

Bachubhai Munim & Co.

Registered Office

78-B, Dr. Annie Besant Road, Worli,
Mumbai-400 018.

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Registrars and Share Transfer Agent

Consolidated Share Services Pvt. Ltd.,
Shanti Nagar, Cross Road A,
Near M.I.D.C. Depot, Andheri (E),
Mumbai-400 093.

Factory

67, M.I.D.C., Industrial Estate, Satpur,
Nasik-422 007.

BCL Forgings Limited

BCL**FINANCIAL SUMMARY**

	1998-99	1997-98	1996-97	1995-96	1994-95
Capital Accounts (Rs. In '000)					
Shareholders Fund.....	4,32,04	4,49,88	5,17,54	2,51,04	1,89,34
Borrowings.....	2,85,75	3,46,71	2,78,19	3,64,93	3,02,49
Gross Block.....	10,48,82	10,38,00	10,20,33	5,05,28	5,00,41
Net Block.....	4,62,57	4,90,54	5,13,32	2,51,18	2,71,06
Net Current Assets.....	(1,21,68)	66,40	2,78,23	3,64,60	1,89,22
Revenue Accounts (Rs. In '000)					
Sales & Other Income.....	16,96,35	20,53,25	27,88,18*	25,03,37*	18,09,30
Gross Profit / (Loss) before interest &					
Depreciation.....	(12,51)	(1,16,86)	1,97,58	2,67,65	2,17,88
Interest.....	1,29,82	1,46,81	1,65,02	1,69,84	1,33,87
Depreciation	20,94	22,22	20,91	24,75	27,77
Profit / (Loss) Before Tax.....	(1,38,25)	(2,85,89)	11,64	73,06	56,24
Profit / (Loss) After Tax and					
other Adjustment.....	(1,38,25)	(2,85,89)	3,40	73,06	56,24
Selected Indicators					
Net Worth Per Share (Rs.).....	23.35	24.32	27.98	13.57	10.23
Earning Per Share (Rs.).....	(7.47)	(15.46)	0.18	3.95	3.04
Profit Before Tax					
to Sales (Per Cent).....	(8.15)	(13.92)	0.44	3.05	3.11
Profit After Tax					
to Sales (Per Cent).....	(8.15)	(13.92)	0.13	3.05	3.11
Debt Equity Ratio.....	0.66	0.77	0.54	1.45	1.60
Current Ratio.....	0.83	1.11	1.47	1.78	1.38
Total no. of Employees.....	230	235	263	270	274

* Includes Excise Duty & Sales Tax.

BCL Forgings Limited

BCL

NOTICE

Notice is hereby given that the THIRTY-SECOND ANNUAL GENERAL MEETING of the Members of BCL Forgings Limited, will be held on Monday, 27th September, 1999 at 4.00 p.m. at the Registered Office of the Company at 78-B, Dr. Annie Besant Road, Worli, Mumbai 400 018, to transact the following business.

ORDINARY BUSINESS :

1. To receive, consider and adopt the Balance Sheet as at 31st March, 1999 and the Profit & Loss Account for the year ended on that date, together with the Reports of the Directors and Auditors thereon.
- 2.1. To appoint a Director, in place of Mr. Sukumar R. Kirloskar, who retires by rotation and being eligible, offers himself for reappointment.
- 2.2. To appoint a Director in place of Mr. Praveen Toshniwal, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS :

4. To appoint a Director in place of Mr. C.D. Dhongde, who was appointed as an Additional Director of the Company w.e.f. 1st December, 1998 to hold office upto the date of this Annual General Meeting u/s. 260 of the Companies Act, 1956 and Article 114 of the Articles of Association of the Company. The Company has received a notice in writing pursuant to the provisions of section 257 of the Companies Act, 1956, proposing the candidature of Mr. C.D. Dhongde for the office of Director.
5. To consider and if thought fit, to pass with or without modifications, the following as a Special Resolution.

"RESOLVED THAT pursuant to the provisions of sections 198, 269, 309, 310 and any other applicable provisions of the Companies Act, 1956, consent of the Company be and is hereby given to the appointment of Mr. C.D. Dhongde as Managing Director of the Company, for a period of 5 years w.e.f. 1st December 1998 to 30th November, 2003 upon and subject to the terms and conditions including remuneration to be paid and provided to him and contained in the agreement entered into between the Company and Mr. C.D. Dhongde, the draft whereof is placed before the meeting and for the purpose of identification subscribed by the Chairman of the Meeting of the Board of Directors."

"RESOLVED FURTHER THAT the Board of Directors be and are hereby authorised to increase, augment and/or enhance or vary remuneration to be paid and provided from time to time in accordance with the provisions of the Companies Act, 1956 and/or any statutory modification or re-enactment thereof and/or the guidelines for managerial remuneration issued by the

NOTICE Contd..

Government of India or other appropriate authority in that behalf, as enforced or amended from time to time."

"AND RESOLVED FURTHER THAT pursuant to Section 309(3) read with Section 198(4) and other applicable provisions if any, of the Companies Act, 1956, the remuneration aforesaid or Rs. 40,000/- per month or Rs. 4,80,000/- per annum whichever is less being the minimum remuneration prescribed by Schedule XIII of the Act, be paid and provided as minimum remuneration to Mr. C.D. Dhongde notwithstanding that in any financial year of the Company during his term of office, the Company may have made no profits or its profits may be inadequate."

"AND RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to do all acts, deeds, matters, things as may be considered necessary or desirable to give effect to this resolution."

For and on behalf of the Board of Directors

C.D. DHONGDE
MANAGING DIRECTOR

Mumbai,
28th July, 1999

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND TO VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
2. The relevant Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, 21st September, 1999 to Monday, 27th September, 1999 (both days inclusive).
4. Members are requested to notify immediately any change in their address to the Company's Registrars and Share Transfer Agent, M/s. Consolidated Share Services Pvt. Ltd., Shanti Nagar, Cross Road A, Near MIDC Bus Depot, Andheri (E), Mumbai-400 093.

ANNEXURE TO THE NOTICE

Explanatory Statement pursuant to u/s. 173 of the Companies Act, 1956

Item no. 4

Mr. C.D. Dhongde who was appointed as an Additional Director on 1st December, 1998 pursuant to Article 114 of the Articles of Association of the Company and Section 260 of the Companies Act, 1956 holds office upto this Annual General Meeting. A notice in writing as required u/s. 257 of the Companies Act, 1956 has been received from a member of the Company, signifying his intention to propose Mr. C.D. Dhongde as a candidate for the office of the Director of the Company.

Mr. C.D. Dhongde has been associated with the Company since 1984. He has wide experience in the field of Production, Planning and Marketing in the Forging Industries. Your Directors are of the opinion that the experience and knowledge of Mr. C.D. Dhongde will be a great benefit to your Company. Except Mr. C.D. Dhongde, none of the Directors is concerned or interested in the resolution.

Item no. 5.

As it is not possible for the Board of Directors to monitor day to day operations of the Company at Nasik as well as to take critical decisions as and when required, it is advisable to appoint Mr. C.D. Dhongde as the Managing Director for a period of 5 years, w.e.f. 1st December, 1998. Mr. C.D. Dhongde will be in charge of the management of the whole of the affairs of the Company, subject to superintendence, control and direction of the Board of Directors. The appointment of Mr. C.D. Dhongde and the remuneration payable to him on his appointment, are subject to the approval of the members of the Company. The terms of the draft agreement referred to in the resolution as item no. 5 of the accompanying notice, are as follows :

- | | | |
|-------|---------------------|---|
| I. | Period of Agreement | : 5 years with effect from 1.12.1998 |
| II.a. | Salary | : At the rate of Rs. 16,500/- per month. |
| II.b. | Commission | : Commission at the rate of one percent (1%) on the net profits of the Company computed in the manner laid down in Section 349 of the Companies Act, 1956 subject to the ceiling limits laid down in Sections 198 and 309 of the Companies Act, 1956. |
| II.c. | Perquisites | : Perquisites shall be allowed in addition to the salary and commission and shall be restricted to an amount equal to annual salary. |

The perquisites are classified as under :

- I. Residential Accommodation :

Category 'A'

Housing I – The expenditure incurred by the Company on hiring unfurnished accommodation

ANNEXURE TO THE NOTICE Contd..

at Nasik, Maharashtra, for the Managing Director, will be subject to the ceiling of fifty percent of the salary.

Housing II – In case no accommodation is provided by the Company, the Managing Director shall be entitled to house rent allowance, subject to the ceiling laid down in Housing I.

Explanation : The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income Tax Rules, 1962 and shall be subject to a ceiling of ten percent of the annual salary of the Managing Director.

- II. Medical Reimbursement : Expenses incurred for self and family, subject to a ceiling of one month's salary in a year, subject to the rules of the Company.
- III. Leave Travel Concession : For self and his family once in a year incurred in accordance with the rules specified by the Company, subject to a ceiling of one and a half month's salary.
- IV. Club Fees : Fees of clubs subject to a maximum of two clubs, but shall not include admission and Life Membership fees.
- V. Personal Accident Insurance : Of an amount, the annual premium of which shall not exceed Rs. 4,000/- per annum.
For the purpose of this category, 'family' means the spouse, the dependent children and dependent parents, of the Managing Director.
- VI. Furnishing Allowance : Not exceeding one month's salary per annum.

Category 'B'

- I. Provident Fund : Company's contribution to provident fund as per the scheme of the Company.
- II. Gratuity : As per the rules of the Company payable in accordance with approved fund and which shall not exceed half a month's salary for each completed year of service.

Category 'C'

- I. Car : Provision of car for use on Company's business (not to be treated as perquisite). Use of car for private purpose shall be billed by the Company to the Managing Director.
- II. Telephone : Telephone at the residence of the Managing Director (not to be treated as perquisite). Personal long distance calls on telephone shall be billed by the Company to the Managing Director.

Category 'D'

Mr. C.D. Dhongde shall be entitled to earned/privilege leave on full pay and allowance as per the rules of the Company but not more than one month's leave for every eleven months of service shall be allowed.

ANNEXURE TO THE NOTICE Contd..

3. In the event of loss or inadequacy of profits in any financial year of the Company during Mr C.D. Dhongde's term of office as Managing Director, the Company shall pay the above salary and perquisites except commission as minimum remuneration in accordance with the limits provided under Part II of Schedule XIII of the Act.
4. The Managing Director shall be entitled to :
 - a. The reimbursement of entertainment expenses actually and properly incurred by the Managing Director in the course of the legitimate business of the Company in accordance with the rules and regulations of the Company in force from time to time or as approved by the Board of Directors, and ;
 - b. The reimbursement of travelling, hotel and other expenses incurred by him in India and abroad exclusively on the business of the Company in accordance with the rules and regulations of the Company in force from time to time or as approved by the Board of Directors.
5. Subject to such orders and directions, as may be given by the Board from time to time, Mr. C.D. Dhongde shall have the management of the whole affairs of the Company and shall do all acts and things, which in the course of business, he considers necessary or proper or in the interest of the Company.
6. The Managing Director shall devote his whole time and attention during business hours to the business of the Company as may be necessary and shall use his best endeavours to promote the Company's interest and welfare.
7. Whenever required by the Company, the Managing Director, shall undertake travelling in India and elsewhere in connection with the business of the Company.
8. As long as Mr. C.D. Dhongde functions as Managing Director, no sitting fees be paid to Mr. C.D. Dhongde for attending the Meetings of the Board of Directors or Committee thereof.
9. Mr. C.D. Dhongde shall not be entitled to supplement his earnings under this appointment with any buying or selling commission. He shall not also become interested or otherwise concerned directly or through his wife and/or minor children in any selling agency of the Company, without the prior approval of the Board of Directors/Central Government.
10. Mr. C.D. Dhongde shall not divulge or disclose to any person any secret or confidential information relating to the business of the Company or as to any trade secret, processes and to use his best endeavours to prevent any other person of the Company, from so doing.
11. The Company shall be entitled to terminate Mr. C.D. Dhongde's employment forthwith if he is unable to perform his duties by reason of ill health, accident or disability for a period of 90 days in any period of twelve consecutive calendar months.
12. If at any time the Managing Director ceases to be the Director of the Company for any cause whatsoever, he shall cease to be the Managing Director.

ANNEXURE TO THE NOTICE Contd..

13. Mr. C.D. Dhongde's service with the Company prior to his appointment as Managing Director of the Company shall be taken into account for the purpose of leave, provident fund, superannuation, gratuity and other retiring benefits to which he is or may be entitled or in pursuance of the Agreement.
14. Notwithstanding anything contained in this Agreement, either party shall be entitled to terminate this Agreement by giving three calendar months' notice in writing in that behalf to the other party and on the expiry of the period of such notice, this Agreement shall stand terminated. The Company shall also be entitled to terminate the Agreement on giving the Managing Director three months salary as specified in Clause II.(a) above in lieu of three calendar months notice required to be given under this clause.
15. The terms and conditions of the said appointment and/or Agreement may be altered and varied from time to time by the Board as it may, in its discretion, deem fit in accordance with the provisions of the Companies Act, 1956 in force from time to time.
16. This Agreement shall from 1st December, 1998, replace any and all resolutions of the Board of Directors or General Meeting of the Company connecting or relating to the appointment, remuneration or conditions of service of the Managing Director.

In compliance with the provisions of section 198, 269 and 309 of the Companies Act, 1956 the appointment and remuneration of Mr. C.D. Dhongde are now being placed before the members for their approval. Except Mr. C.D. Dhongde, none of the Directors are concerned or interested in the resolution.

The content of the Special Resolution contained in item no. 5 of the Notice and the explanatory statement annexed thereto, shall be deemed to be an abstract of the terms and conditions of appointment of Mr. C.D. Dhongde u/s. 302 of the Companies Act, 1956 and the Memoranda of Interest.

The Draft Agreement referred to in the resolution as item no. 5 of the accompanying notice, is open for inspection at the Registered Office of the Company, between 11.00 a.m. and 1.00 p.m. on any working day of the Company, except Saturday.

For and on behalf of the Board of Directors

C.D. DHONGDE
MANAGING DIRECTOR

Mumbai,
28th July, 1999

BCL Forgings Limited

BCL

DIRECTORS' REPORT to the members

Your Directors present their THIRTY-SECOND ANNUAL REPORT along with the Audited Accounts of the Company for the financial year ended 31st March, 1999.

	(Rupees in lacs)	
	1998-99	1997-98
1. SALES :		
Sales Performance of the Company was as follows :		
Forgings (including Excise & Sales Tax)	1,696.36	2,053.24
Other Income	111.14	102.85
Total Income	<u>1,807.50</u>	<u>2,156.09</u>
2. FINANCIAL RESULTS :		
Gross Profit/(Loss)	(117.33)	(263.67)
Less : Depreciation	20.92	22.22
Net Profit/(Loss)	<u>(138.25)</u>	<u>(285.89)</u>
Add : Balance brought forward from previous year	(236.47)	45.10
Less : Transfer from General Reserve	-	4.32
Transfer to Balance Sheet	<u>(374.72)</u>	<u>(236.47)</u>

3. **OPERATING RESULTS :**

During the year 1998-99, the Company's gross sales turnover was Rs. 16.96 crores as compared to Rs. 20.53 crores during the previous year, recording a decrease of 17.39%. In spite of reduction in the turnover, the Company has implemented various cost control measures, on account of which there is a substantial reduction in the losses incurred, of Rs. 138.25 lacs from a loss of Rs. 285.89 lacs incurred in the previous year. The major reasons for the continuant of losses, were continuance of recessionary trend in the Automobile Industry, underutilisation of the capacity, inadequate compensation from the customers and the increase in the interest costs on account of overdue interest.

4. **DIVIDEND :**

Your Directors regret that they recommend no dividend for the year ended 31st March, 1999 as it is advisable to conserve the resources for the working of the Company.

5. **FIXED DEPOSITS :**

The Fixed Deposits outstanding as on 31st March, 1999 amount to Rs. 50.00 lacs. The above deposits have matured and claimed but not paid by the Company.