



BCL FORGINGS LIMITED

THIRTY SIXTH ANNUAL REPORT 2005-2006

BCL Forgings Limited



Board of Directors

Mr. D. C. Mehta

Mr. C. D. Dhongde - Managing Director

Mr. Surendra B. Chandorkar

Mr. Jagdish Prasad

Auditors :

M. A. Parikh & Company

Bankers :

Bank of Baroda, Mumbai & Nashik

Canara Bank, Mumbai & Nashik

Chartered Accountant

Solicitors :

Bachubhai Munim & Company

Registered Office :

80, Dr. Annie Besant Road, Worli,

Mumbai - 400 018.

Factory :

67, M. I. D. C., Industrial Estate, Satpur,

Nashik - 422 007.

Contents

Financial Summary	1
Notice	2
Directors' Report	3
Annexure to Directors' Report	6
Compliance Certificate	8
Auditors' Report	14
Balance Sheet	19
Profit & Loss Account	20
Schedule to Accounts	21

BCL Forgings Limited



FINANCIAL SUMMARY

	2002-2003	2001-2002	2000-2001	1999-2000	1998-99
Capital Accounts (Rs. in '000)					
Shareholders Fund.....	3,62,31	3,79,36	3,96,52	4,14,20	4,32,04
Borrowings.....	3,77,04	41,115	3,88,86	2,89,71	2,85,75
Gross Block.....	10,64,23	10,60,63	10,60,63	10,60,85	10,48,82
Net Block.....	3,40,25	3,75,59	4,15,77	4,38,18	4,62,57
Net Current Assets.....	(217,50)	(1,62,79)	(75,28)	(1,05,69)	(1,21,61)

Revenue Accounts (Rs. in '000)

Sales & other income*.....	1669,95	4,90,91	23,25,17	26,47,47	16,96,35
Gross Profit / (Loss) before					
Interest & Depreciation.....	(40,35)	(38,96)	99,11	1,75,73	(12,51)
Interest.....	78,77	70,84	1,49,10	1,47,66	1,29,82
Depreciation.....	21,89	23,01	24,46	23,75	20,94
Profit / (Loss) Before tax.....	(11,308)	(13,281)	(74,45)	4,31	(1,38,25)
Profit / (Loss) After Tax &					
Other Adjustments.....	(38,89)	(88,88)	(74,45)	4,31	(1,38,25)

Selected Indicators

Net Worth Per Share (Rs.).....	19.58	20.51	21.43	22.39	23.25
Earning Per Share (Rs.).....	(2.10)	(4.81)	(4.02)	0.23	(7.47)
Profit/(Loss) Before Tax					
to Sales (%).....	(2.54)	(28.72)	(3.20)	(0.18)	(8.15)
Profit/(Loss) After Tax					
to Sales (%).....	(2.54)	(19.22)	(3.20)	(0.18)	(8.15)
Debit Equity Ratio.....	1.04	1.08	0.98	0.70	0.66
Current Ratio.....	(0.70)	(0.78)	(0.89)	(0.86)	(0.83)
Total no. of Employees.....	167	188	230	231	230

*Includes Excise Duty & Sales Tax

BCL Forgings Limited



NOTICE

Notice is hereby given that the Thirty Sixth Annual General Meeting of the members of BCL Forgings Limited, will be held on Monday 29th September, 2003 at 3.00 p.m. at the Corporate Office of the Company at 78 - B, Dr. Annie Besant Road, Worli, Mumbai - 400 018, to transact the following business :

1. To receive, consider and adopt the Balance Sheet for the year ended 31st March, 2003 and the Profit & Loss Account for the year ended on that date, together with the reports of the Directors and Auditors' thereon.
2. To appoint a Director in place of Mr. Surendra B Chandorkar who retire by rotation and being eligible offers himself for re-appointment.
3. To appoint the Auditors and fix their remuneration.

Place : Mumbai
Date : 30th June, 2003

For and on behalf of the Board of Directors

C. D. Dhongde
MANAGING DIRECTOR

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE AT THE MEETING AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The Register of Members and Share Transfer Books will remain closed from Thursday 25th September, 2003 to Tuesday 30th September, 2003 (Both days inclusive).

BCL Forgings Limited



DIRECTORS' REPORT

to the members

Your Directors have pleasure in presenting their Thirty Sixth Report along with the Audited Annual Accounts for the year ended 31st March, 2003.

FINANCIAL HIGHLIGHTS :

	(Rs. In Lacs)	
	2002 - 2003	2001 - 2002
1. GROSS SALES :	1528.29	462.43
Other Income	141.67	25.65
Total Income	<u>1669.96</u>	<u>488.08</u>
2. GROSS PROFIT / (LOSS) :	(91.19)	(109.80)
Less : Depreciation	21.89	23.01
Net Profit / (Loss)	<u>(113.08)</u>	<u>(132.81)</u>
Add : Interest on Term Loan Written Off	74.19	NIL
Add : Balance brought forward from Previous year	(352.02)	(444.85)
Deferred Tax	<u>NIL</u>	<u>43.94</u>
Deferred tax Written Down	(225.65)	NIL
Transfer to Balance Sheet	(616.56)	(352.02)

3. OPERATING RESULTS :

During the year under review, the Company has achieved a gross Sales Turnover of Rs.1669.96 Lacs and suffered a loss of Rs.38.89 Lacs.

The Directors of the Company, have, pending consideration and sanction of the "Rehabilitation Scheme" by B.I.F.R. and as a matter of prudence, decided not to account for any deferred tax asset / liability. Consequently, in these accounts, the company has written down the deferred tax asset (net) of Rs.2,25,64,638 recognised in the year ended 31st March, 2002 by debiting the same to profit and loss account. The unrecognised deferred tax asset (net) as at 31st March, 2003 is Rs.2,16,65,753.

4. DIVIDEND :

Your Directors regret that they do recommend NIL dividend for the year ended 31st March, 2003.

5. FIXED DEPOSITS :

The Fixed Deposits outstanding as on 31st March, 2003 amounting to Rs.79.43 Lacs including outstanding interest of Rs.29.44 Lacs. The above deposits have matured and claimed but not paid by the Company.

6. SICK INDUSTRIAL STATUS :

After the lock-out was lifted in January, 2002, revised rehabilitation package was prepared and submitted to BIFR by the Operating Agency, Bank of Baroda, in January, 2003. The same has still not been appraised. It is expected that the appraisal and approval from BIFR will come soon so that the implementation can take place at the earliest.

BCL Forgings Limited



DIRECTORS' REPORT Contd..

7. FUTURE PROSPECTS :

Overall Indian Engineering Industry and specially Automotive Industry has shown signs of revival. The same trend is likely to be continued in future as well. There have been increased production levels in heavy commercial vehicles, light commercial vehicles, utility vehicles, cars and two wheelers segments. After the severe drought conditions during the last year, monsoon during 2003-2004 is expected to be normal which is bound to improve the overall Indian economy. Even on export front, the fortunes for forging industry are extremely bright in view of various factors in favour such as low labour cost, extremely strict environmental laws in developed countries vis-a-vis in India, etc. The Company has taken further efforts in reducing its dependence on the Automobile Industry and has developed many markets such as Diesel Engine Manufacturers, Defence, Indirect Exports, etc. The Company is also hopeful that the Rehabilitation Package from BIFR will be approved soon. Both these aspects coupled together will help the Company to reduce its overall cost and achieve better results in coming years.

8. DIRECTORS :

Mr. Surendra Chandorkar retire by rotation and being eligible offers himself for reappointment. The members are recommended to reappoint him as Director.

9. AUDITORS :

A) The retiring Auditors M/s M. A. Parikh & Co., Chartered Accountants, Mumbai, have furnished the necessary certificate under Section 224(1-B) of the Companies Act, 1956 and are eligible for reappointment. The members are recommended to reappoint them as Auditors and fix their remuneration.

B) Comments on the Auditors Notes :

1. With regards to non provision for gratuity payable to employees at a future date amounting to Rs.121.80 Lacs, the management is of the view that since the labour turnover is very minimal and considering the resources available, the Company would be able to meet the liability of gratuity in future as and when it arises.
2. As regards of the violation of Section 58-A of the Companies Act, 1956 with regards to acceptance of unsecured loan from Ex-Director of the Company, the management would like to submit that due to the insistence of the bankers of the Company to bring in promoters contribution and the revival package being submitted to BIFR, the Company had to resort to unsecured borrowing. As regards non payment of the matured deposits, not maintaining of the liquid assets and non filing of Return of Deposits, we would like to comment that the present financial position of the Company as well as the delay in implementation of BIFR package of the Company does not warrant the compliances and the Company would comply the same immediately after the comfortable financial position.
3. The Company is in the process of further strengthening its interval audit system.
4. The Company shall take necessary steps to obtain balance confirmations, from sundry debtors, sundry creditors and parties to whom loans and advances have been granted in the ensuing year.

BCL Forgings Limited



DIRECTORS' REPORT Contd..

5. The matter of payment of Employees State Insurance contribution in respect of the period from 1.1.1997 to 31.10.1998, is under dispute and discussions with ESI department.
6. Unpaid Sales Tax is being paid according to the scheme granted by the Sales Tax Authorities.
10. **CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION :**
The information required under 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 pertaining to energy conservation, technology absorption and foreign exchange earnings and outgo are given in the annexure forming part of this report.
11. **PARTICULARS OF EMPLOYEES :**
There are no employees drawing remuneration in excess of the limits specified under Section 217(2A) of the Companies Act, 1956 and the Companies (Particulars of Employees) Rules, 1975 as amended up to date.
12. **DIRECTORS RESPONSIBILITY STATEMENT :**
Pursuant to Section 217(2AA) of the Companies Act, 1956 the Directors confirm; that in preparation of the Annual Accounts, the applicable accounting standards except the Accounting Standard AS-15 issued by ICAI have been followed. Appropriate accounting policies have been selected and applied consistently, and have made judgement 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 at 31st March, 2003 and the Loss for the period 1st April, 2002 to 31st March, 2003. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company for preventing and detecting fraud and other irregularities and the annual accounts have been prepared on a going concern basis.
13. **COMPLIANCE CERTIFICATE :**
A Compliance Certificate as required under Section 383 A of the Companies Act, 1956 received from a Practicing Company Secretary is attached hereto.
14. **INDUSTRIAL & PERSONNEL RELATIONS :**
The relations between the Company and its employees are very cordial.
15. **GENERAL :**
Your Directors value the co-operation the Company has received from Financial Institutions, Bankers, Workmen and general staff of the Company.

For & on behalf of the
Board of Directors

PLACE : MUMBAI
DATED : 30TH JUNE, 2003

Chairman of the meeting

BCL Forgings 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 the Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31st March, 2003.

A. Conservation of Energy :

(a) Energy conservation measures

By selecting energy saving devices, the Company was able to reduce the fuel consumption. The Company has not made any additional investment. With better lining technology that is now available in the country, we hope to further improve in saving of furnace oil and electricity. It is expected that as a result of actions taken under (a) and (b), there will be an overall cost savings due to improvement in the utilisation of energy.

(b) Additional investment and proposal if any, is being implemented for reduction of consumption of energy.

(c) Impact of measures at (a) and (b) above for reduction of energy consumption and the consequent impact on the cost of production.

(d) Form A for the disclosure of particulars with respect to Conservation of Energy.

A. Power and Fuel Consumption at Nashik Factory for the manufacture of Forgings.

	2002-2003	2001-2002
1. Electricity		
a. Purchase units (Kwh)	1862550	555372
Total Amount (Rs.)	76,77,214	33,13,808
Rate per unit	Rs.4.12	Rs. 5.96
b. Own Generation	NIL	NIL
2. Coal	NIL	NIL
3. Furnace Oil		
a. Quantity (K. Ltrs.)	846533	235635
Total amount (Rs.)	10295757.63	2254309.08
Average Rate	12.25	9.59
4. a. Light Diesel Oil (LDO)		
Quantity (K. Ltrs.)	324956	88833
Total amount (Rs.)	5029372.37	134338.23
Average Rate	15.48	15.12

B. Consumption per Unit of production

Product (Steel Forgings Unit)		Electricity		Furnace Oil		LDO	
2002-2003	2001-2002	2002-2003	2001-2002	2002-2003	2001-2002	2002-2003	2001-2002
2814	791	2728.22	4189.00	3658.76	2849.90	1787.27	1698.40

BCL Forgings Limited



ANNEXURE TO DIRECTORS' REPORT Contd..

B. TECHNOLOGY ABSORPTION :

Form B for disclosure of particulars with respect to Technology Absorption, Research and Development (R & D)

- | | |
|---|---|
| 1. Specific areas in which R & D is carried out by the Company. | During the year number of new items have been developed for our customers. |
| 2. Benefits derived as a result of the above R & D. | The Company will be able to secure increased orders from the customers. |
| 3. Futures plan of action. | The Company proposes to invest more in better inspection equipment so that consideration in quality can be maintained and can also be further improved upon.
Also it is in the final stage of implementation of QS-9000 Quality Systems. |
| 4. Expenditure on R & D | |
| (a) Capital | NIL |
| (b) Recurring | NIL |
| (c) Total | NIL |
| (d) Total R & D expenditure as a percentage of total turnover. | NIL |

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION :

- | | |
|--|--|
| 1. Efforts in brief made towards technology absorption, adaptation and innovation. | To keep up with the latest technology available, the Company deputed its Senior Staff, employees for various technical Seminars and exhibitions. |
| 2. Benefits derived as a result of the above efforts e.g. products improvements, import substitutions etc. | Improvements at various levels are taking place gradually and therefore the Company's overall performance is steadily improving. |
| 3. a. Technology imported | NIL |
| b. Year of Import | N. A. |
| c. Has technology been fully absorbed. | N. A. |

C. FOREIGN EXCHANGE EARNINGS AND OUTGO :

- | | |
|--|---|
| 1. Activities relating to exports | The Company has not made any serious efforts during the year under review, for developing any items for direct exports. However, the indirect exports have grown from a level of 5% to 25%. |
| 2. Total foreign exchange used and earned. | NIL |

For & On Behalf of Board of Directors

MUMBAI

DATED : 30th JUNE, 2003

C. D. DHONGDE
MANAGING DIRECTOR

BCL Forgings Limited



COMPLIANCE CERTIFICATE

(Under Section (1) of Section 383 A of the Companies Act, 1956)

To,
The Members of,
BCL Forgings Limited,
80, Dr. Annie Besant Road, Worli,
Mumbai - 400 018.

I have examined the registers, records, books and papers of BCL FORGINGS LIMITED (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2003. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its officers and agents, I certify that in respect of the aforesaid financial year :

1. The Company has kept and maintained all the applicable registers as per the provisions under the Act and the rules made there under. The status of entries and the maintainance of Registers are given in Annexure 'A'.
2. The Company has duly filed the forms and returns with the Registrar of Companies, Regional Directors, Central Government. Company Law Board or other authorities under the Act and the rules made thereunder. The status of filing of Forms & Returns are given in Annexure 'B'.
3. The Company is a public limited and has minimum prescribed paid up capital.
4. The Board of Directors duly met 5 (five) times on 24.06.2002, 26.08.2002, 31.10.2002, 05.12.2002, 24.01.2003 in respect of which meetings proper notices were given and proceedings were properly recorded and signed the Minutes Book maintained for the purpose. The Company has not passed any resolution by circulations.
5. The Company has closed its Register of Members and Share Transfer Books during the year under scrutiny, however, the Company has not published the notice of closures in the newspaper.
6. The annual general meeting for the financial year ended on 31.03.2002 was held on 30.09.2002 and the same had been adjourned for approval of annual accounts for the year ended 31st March, 2002 and the adjourned meeting was held on 24th December, 2002 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. One extra ordinary general meeting was held on 31st December, 2002 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.