

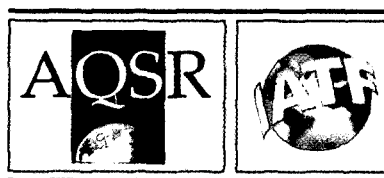
40TH ANNUAL REPORT

2006-2007

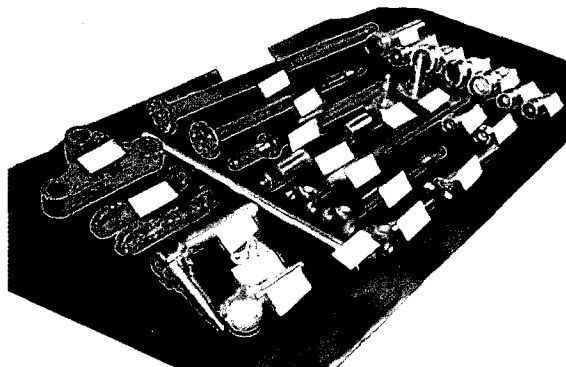
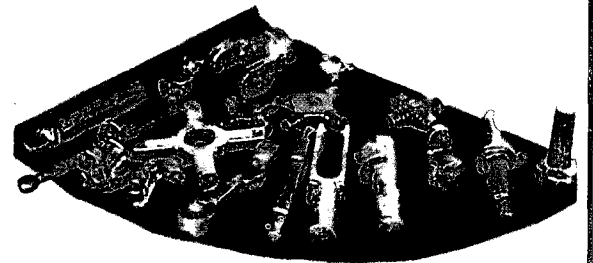
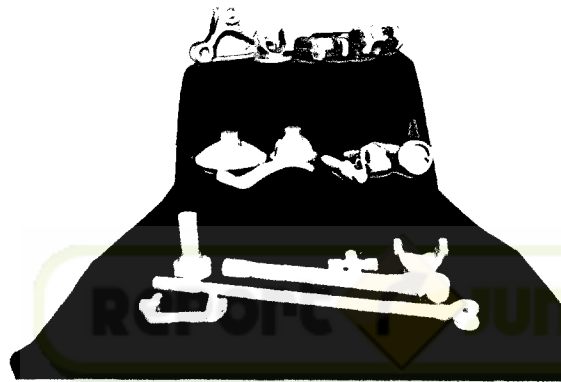
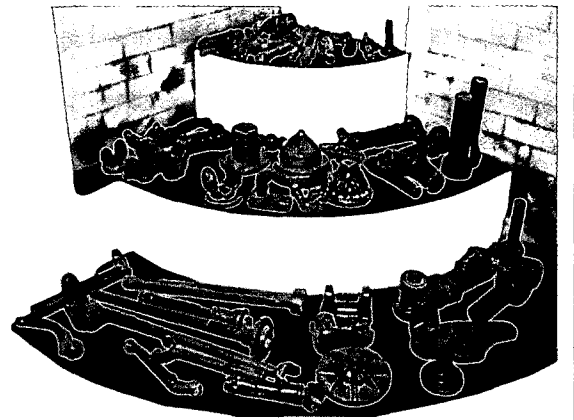
BCL

BCL FORGINGS LIMITED

AN ISO/ TS 16949 : 2002 Company



BCL



BCL Forgings Limited

Board Of Directors :

Mr. C.D.Dhongde - Managing Director
Mr.D.C.Mehta
Mr. Surendra B Chandorkar

Auditors :

M.A.Parikh & Company
Chartered Accountants

Bankers :

State Bank Of India
Indl. Finance Branch
Worli, Mumbai - 400018

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Solicitors :

Bachubhai Munim & Company

Registered Office :

Bombay Footwear Building
Deonar Village Road,
Opp. N.K.G.S.B. Bank
Deonar, Mumbai - 400088

Factory :

67, M.I.D.C. Industrial Estate
Satpur, Nasik - 422007

BCL Forgings Limited

FINANCIAL SUMMARY

	2006 - 07 (9 Months)	2005 - 06 (15 Months)	2004 - 05	2003 - 04	2002 - 03
Capital Accounts (Rs. In' 000)					
Shareholders Fund	2523,09	2429,75	1453,63	345,18	362,31
Borrowings	2712,46	2040,50	1472,06	329,82	377,04
Gross Block	2367,25	1292,81	1122,36	1075,55	1064,23
Net Block	1445,94	423,54	319,85	312,66	340,25
Net Current Assets	3287,23	3003,84	947,37	(150,98)	(217,50)
Revenue Accounts (Rs. In' 000)					
Sales & Other Income *	5242,83	6029,47	3358,26	2070,63	1669,95
Gross Profit / (Loss)	289,46	390,31	593,71	213,72	(40,35)
(before Interest,					
Depreciation & Tax)					
Interest	151,42	199,91	121,97	88,64	78,77
Depreciation	39,21	45,39	22,52	21,78	21,89
Profit / (Loss) before tax	98,82	145,01	449,22	103,30	(113,08)
Profit / (Loss) after tax	44,80	63,11	446,52	103,30	(38,89)
and other adjustments					
Selected Indicators					
Net worth per share (Rs.)	136.41	131.36	78.59	18.66	19.58
Earning per share (Rs.)	2.42	3.41	24.14	5.58	(2.10)
Profit/(Loss)before tax to	1.88	2.41	13.38	4.99	(2.54)
Sales %					
Debt / Equity Ratio	0.93	1.19	0.99	0.95	1.04
Current Ratio	3.60	3.56	2.65	(0.82)	(0.70)
Total No. of employees	321	340	250	194	167

* Includes Excise Duty and Sales Tax

BCL FORGINGS LIMITED

NOTICE

Notice is hereby given that the 40th Annual General Meeting of the Members of BCL Forgings Limited will be held on Friday, September 28, 2007 at 12.00 noon at Sunville Deluxe Pavilion 9, 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, 2007 and the Profit and Loss Account for the period ended on that date and the Directors' Report and the Auditors' Report thereon.
- 2) To appoint a Director in Place of Mr. D.C. Mehta, who retires by rotation, and is eligible for re-appointment.
- 3) To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER
2. The proxy form in order to be effective, should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the Annual General Meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, September 26, 2007 to Friday, September 28, 2007 (both days inclusive).
4. Shareholders are requested to send all correspondence in respect of the shares held by them in physical form to the Company's Share Transfer Agents viz. Satellite Corporate Services Pvt. Ltd, B - 302, Sony Apartment, Opp. ST Jude High School, Off. Andheri Kurla Road. Jarimari, Sakinaka, Mumbai 400 072.
5. A Member desirous of getting any information on the accounts or operations of the Company or any shares - related matter is requested to forward his / her queries to the Company at least seven days prior to the meeting so that the required information can be made available at the meeting.

Registered Office :
Bomaby Footwear Building
Deonar Village Road,
Opp: N.K.G.S.B. Bank -
Deonar, Mumbai - 400 088

By order of the Board

Chandrashekhar Dhongde
Managing Director

June 29, 2007

BCL FORGINGS LIMITED

DIRECTORS' REPORT

To All the Members

Your Directors have pleasure in presenting annual report and the audited accounts for the 9 months period ended 31.03.2007. The Company has changed its financial year to close on 31.03.2007 (i.e. 01/07/2006 to 31/03/2007)

Financial Results

	(Rs. In Lacs) Period ended 31.03.2007 (9 months)	(Rs. In Lacs) Period ended 30.06.2006 (15 months)
Sales & other income	5242.83	6029.77
Profit before depreciation, interest & Tax	289.46	390.31
Depreciation	39.21	45.39
Interest	151.42	199.91
Deferred Tax Liability	54.03	81.90
Profit for the year	44.80	63.11
Profit / (Loss) brought forward from previous year	(3.64)	(66.75)
Profit / (Loss) after Tax transferred to Balance Sheet	41.16	(3.64)

Operations :

During the 9 months period ending 31.03.2007 the Company achieved a turnover of Rs. 5242.83 lacs which on an annualized basis is about 45% more as compared to the last period of 15 months on an annualized basis.

This improved performance has been possible due to increase in production levels in the back drop of good demand for your Company's products. During the year the expansion programme undertaken was completed to the extent of 75%. The installation of 5 ton pneumatic hammer, band saw cutting machines, Air Compressors, transformers as well as fully computerized heat treatment facilities have been completed. Your Company hopes to complete the balance expansion by December, 2007 and start manufacturing out of these new facilities from January, 2008 onwards. Thus the company hopes to reap advantages from these expanded capacities in future.

The Company's agreement for manufacturing and supply of SG Iron castings and machined components with Business Combine Limited continued during last year which has resulted into Company being able to cater to a variety of clients for the requirements of forgings, SG Iron castings in raw, semi machined as well as fully machined condition.

The improvement in quality standards as well as various systems through TS 16949 certification and UNIDO partnership programme has helped your Company to start direct exports to the Organisations such as Demag Cranes- Germany, Dana Corporation- Italy etc. During the year while the top line witnessed a healthy improvement there was no corresponding improvement in the bottom line as the profitability has come under pressure on account of very high energy costs both fuel and electricity. There have also been cost increases on other inputs and a sharp rise in the interest costs. In spite of such huge cost increases the Management had taken stringent steps for cost reduction in each and every sphere which resulted in improved performance. It is expected that expansion in capacity will bring benefits of scale and would put us in better position with our customers as our product offerings will become wider.

Future Prospects

With the completion of expansion in the Forging Division during the current financial year the Company hopes to increase the production substantially. There have been encouraging enquiries from local as well as overseas clients which your Company is hopeful to convert into business. Further, the company would undertake steps of modernization and capacity expansion in the casting and machining divisions to climb the value chain. These steps will lay a foundation for a sound business model .

Preferential issues

During the year the Company continued its follow up with BSE & SEBI for receiving the in principal approval for the various financial instruments. Even though the Company could not receive the approval during the last financial year, finally the in principal approval for the equity issue to the preferential share holders and promoters came through from BSE on 14.06.2007 and accordingly these shares were allotted on 28.06.2007. The Company has also requested BSE to extend the conversion of CCPS & Warrants into equity shares by extending the period by further 6 months and the approval for the balance two instruments may be received shortly. These instruments once approved would substantially augment the long term resources of our Company.

Fixed Deposit

There are no fixed deposit held by the Company which are outstanding as of 31.03.2007 as defined under the section 58(a) of the Companies Act 1956 and the rules made there under.

Particulars under Section 217(1)(e) of the Companies Act, 1956 :

The information as 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 is given in the Annexure forming part of this report.

Directors

Mr. DC Mehta, Director of the Company is retires by rotation at the ensuing AGM of the Company and is eligible for the re-appointment.

Listing

The shares of the Company have been de-listed from Calcutta Stock Exchange with effect from 04/09/2006. At present the shares of the Company are listed on Mumbai Stock Exchange Limited and Delhi Stock Exchange Limited. The Company's application for delisting is pending with Delhi Stock Exchange. The Company has paid the necessary listing fees for the year 2007-08 to the Mumbai Stock Exchange. The Company is in the process of implementing the Corporate Governance as required in the listing agreement of the Stock Exchange.

Particulars of Employees

The Company does not have any employee whose particulars are required to be given pursuant to the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (particulars of Employees) Rules, 1975.

Directors' Responsibility Statement

Pursuant to Section 217(2AA) of the Companies Act 1956, your Directors confirm the following :-

- I. In the preparation of the annual accounts, the applicable accounting standards have been followed.
- II. Such accounting policies have been selected, which have been applied consistently and judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company in the Balance Sheet as at the end of the financial period and of the Profit for that period 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 have been taken.
- III. The Annual Accounts have been prepared on a going concern basis.

Directors' response to Auditors' observations :

- 1) As regards point no. 3(b) & 3(d) as per the Auditors' report the Company would like to clarify that the non-provision of Gratuity Liability and estimated leave encashment is due to the fact that the same are being met by the Company as and when the liability to pay arises. However, the Company is taking steps to gradually fund the gratuity liability so that the same can be met therefrom.
- 2) As regards point 3 (f) as per the auditors' report it can be noted that the unprovided liabilities in respect of professional tax and ESIC dues have been resolved subsequently and are being provided / paid.
- 3) As regards point no. 7 to the Annexure to the Auditors' report, it can be noted that since then the Company has appointed M/s. Yatin & Associates as an Internal Auditor with effect from 01.04.2007 to implement the internal audit system in the Company.

Auditors :

The reference made by the Auditors' in their report and notes to Accounts are self-explanatory and require no further explanation.

M/s. M.A. Parikh & Co. Chartered Accountants, Auditors' of the Company, retire at the ensuing Annual General Meeting and are eligible for re-appointment.

Industrial Relations :

The overall Industrial Relations in the Company have been cordial. Your Company has received full cooperation and support of its personnel. Your Directors' thank them and expect the same support from them in the years to come.

Acknowledgement :

The Board wishes to thank the customers, suppliers, share holders and the Bankers of the Company for their support and co-operation.

FOR & ON BEHALF OF THE BOARD OF DIRECTORS

Managing Director

Director

Mumbai

Date : 29 / 06 / 2007

BCL Forgings Limited

ANNEXURE TO DIRECTORS' REPORT

Information as per Section, 217(1)(e) of the Companies Act, 1956 read with the Company/(disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of Directors' Report for the year ended 31st March, 2007.

A) Energy Conservation

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| a) Energy conservation measures | The Company has been able to maintain the power factor as unity through out the year. It has also installed Recuperators on Forging Furnaces for reduction in fuel consumption. Substantially investments have been made in the new fully computerized heat treatment plant to achieve further reduction in fuel consumption. |
| b) Additional investment and Proposal being implemented for Reduction in consumption of energy | The Company is making additional investments in the areas of modification of forging furnaces so as to reduce the radiation heat losses and various other losses. It has started daily monitoring on furnace efficiencies by way of tracking levels of oxygen, carbon dioxide, excess air etc. Also induction heating furnace is being installed for reducing the over all energy consumption. |
| c) Impact of measures at (a) and (b) above for reduction of energy consumption and the consequent Impact on the cost of production | These measures have resulted in reduced consumption of fuel and also saving in power cost. |