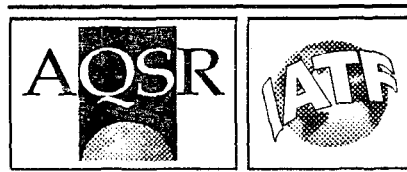


**BCL**

**BCL FORGINGS LIMITED**

AN ISO/ TS 16949 : 2002 Company



ISO/TS 16949:2002

# BCL Forgings Limited

## **Board Of Directors :**

Mr. C D Dhongde – Managing Director  
Mr. D C Mehta  
Mr. Surendra B Chandorkar  
Mr. Sanjay Gaikwad  
Mr. Rajiv Raje

## **Auditors :**

M.A.Parikh & Company  
Chartered Accountants

## **Bankers :**

State Bank of India  
Industrial Finance Branch  
Worli, Mumbai - 400 018

## **Solicitors :**

Bachubhai Munim & Company

## **Registered Office :**

Bombay Footwear Building  
Deonar Village Road,  
Opp. N.K.G.S.B. Bank  
Deonar, Mumbai - 400 088

## **Factory :**

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

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# BCL Forgings Limited

## FINANCIAL SUMMARY

	2008 - 09 (12 Months)	2007 - 08 (12 Months)	2006 - 07 (09 Months)	2005 - 06 (12 Months)	2004 - 05 (12 Months)
<b>Capital Accounts ( Rs. In' 000 )</b>					
Shareholders Fund	1848,53	2717,17	2523,09	2429,75	1453,63
Borrowings	3978,33	3172,95	2712,04	2040,50	1472,06
Gross Block	3423,04	3406,97	2367,25	1292,81	1122,36
Net Block	2206,32	2358,83	1445,94	423,54	319,85
Net Current Assets	3617,77	3617,58	3287,23	3003,84	947,37
<b>Revenue Accounts ( Rs. In' 000 )</b>					
Sales & Other Income *	4493,81	8103,68	5242,83	6029,47	3358,26
Gross Profit / ( Loss ) (before Interest & Depreciation)	(172,78)	638,69	289,46	390,31	593,71
Interest	596,94	409,38	151,42	199,91	121,97
Depreciation	145,70	109,73	39,21	45,39	22,52
Profit / ( Loss ) before tax	(915,42)	119,58	98,82	145,01	449,22
Profit / ( Loss ) after tax and other adjustments	(845,76)	121,28	44,80	63,11	446,52
<b>Selected Indicators</b>					
Net worth per share ( Rs.)	114.20	160.20	136.41	131.36	78.59
Earning per share ( Rs.)	(5.23)	0.75	2.42	3.41	24.14
Profit/(Loss)before tax to Sales %	(20.37)	1.47	1.88	2.41	13.38
Debt / Equity Ratio	0.25	0.86	0.93	1.19	0.99
Current Ratio	4.38	2.74	3.60	3.56	2.65
Total No. of employees	322	318	321	340	250

\* Includes Excise Duty and Sales Tax

# BCL FORGINGS LIMITED

## NOTICE

Notice is hereby given that the 42<sup>nd</sup> Annual General Meeting of the Members of BCL Forgings Limited will be held on Tuesday, September 29, 2009 at 3.00 p. m. at Sunville Deluxe Pavillion, 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 31<sup>st</sup> March, 2009 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 and to fix their remuneration.

### SPECIAL RESOLUTION

4. To appoint Director in place of Mr. Rajiv Raje, who was appointed as an Additional Director of the Company with effect from October 27, 2008, by the Board of Directors and who holds office upto the date of this Annual General Meeting pursuant to the provisions of Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director.
5. To appoint Director in place of Mr. Sanjay Gaikwad, who was appointed as an Additional Director of the Company with effect from October 27, 2008, by the Board of Directors and who holds office upto the date of this Annual General Meeting pursuant to the provisions of Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director.
6. To consider and if thought fit, to pass the following resolution with or without modification as an Ordinary Resolution

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 311, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (the "Act"), the Company in general meeting hereby approves the re-appointment of Mr. Chandrashekhar Dhongde as Managing Director of the Company for a period of five years with effect from December 1, 2008 upon the terms and conditions including the terms as to remuneration approved by the remuneration committee and set out in the Agreement dated December 30, 2008 (the "Agreement"), which Agreement placed before this Meeting be and is hereby specifically approved with liberty to the Board of Directors of the Company (the "Board") to alter, vary and modify the terms and conditions of the said appointment and the Agreement in such manner as approved by the Central Government and as may be agreed to between the Board and Mr. Chandrashekhar Dhongde.

"RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year of the Company during Mr. Chandrashekhar Dhongde's term of office as Managing Director the remuneration payable to him shall be as per the minimum remuneration prescribed in Schedule XIII of the Act and that he shall be entitled to the said remuneration including all other benefits and perquisites set out in the Agreement and as approved by the Central Government as the minimum remuneration.

"RESOLVED FURTHER THAT in the event of any statutory amendment or relaxation by the Central Government to Schedule XIII of the Act the Board be and is hereby authorised to vary or increase the remuneration including the perquisites within such prescribed limits or ceiling and the Agreement between the Company and Mr. Chandrashekhar Dhongde be suitably amended to give effect to such modification, relaxation or variation without any further reference to the Company.

"RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, matters, deeds and things and to take such steps as expedient or desirable to give effect to this Resolution".

**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 Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of the business at item nos. 4 to 6 is annexed hereto.
4. The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, September 22, 2009 to Tuesday, September 29, 2009 (both days inclusive).
5. 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.
6. 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:**  
Bombay Footwear Building  
Deonar Village Road,  
Opp: N.K.G.S.B. Bank,  
Deonar, Mumbai -400 088.

June 30, 2009

**By order of the Board**

**Chandrashekhar Dhongde**  
**Managing Director**

**EXPLANATORY STATEMENT UNDER SECTION 173 (2) OF THE COMPANIES ACT, 1956****ITEM NO. 4 & 5**

Mr. Rajiv Raje and Mr. Sanjay Gaikwad were appointed as Additional Directors of the Company by the Board of Directors effective from October 27, 2008. By virtue of Section 260 of the Companies Act, 1956, Mr. Rajiv Raje and Mr. Sanjay Gaikwad will hold office upto the date of this Annual General Meeting and are eligible for re-appointment. The Company has received necessary notice under Section 257 of the Companies Act, 1956 alongwith requisite deposit from a member of the Company proposing their candidature for the office of Director.

The Board commends your approval to the said appointment.

None of the Directors of the company except Mr. Rajiv Raje and Mr. Sanjay Gaikwad are concerned or interested in the resolution for their appointment as Directors of the Company.

**ITEM NO. 6**

The Board of Directors of the Company (the "Board") had at their meeting held on October 27, 2008 re-appointed Mr. Chandrashekhar Dhongde as Managing Director of the Company for a further period of five years with effect from December 1, 2008. The re-appointment of Mr. Chandrashekhar Dhongde and the remuneration payable to him on his re-appointment is subject to the approval of the Members of the Company. The material terms of the Agreement dated December 30, 2008 referred to in the Ordinary Resolution at Item No. 6 of the accompanying Notice interalia are as follows: -

**Salary** Rs. 1,10,000/- per month

**Commission** Commission at the rate of two percent(2%) on the net profits of the Company in the manner laid down in Section 349 of the Companies Act, 1956 subject to the ceiling limits laid down in Section 198 and 309 of the Companies Act, 1956.

**Perquisites**

Perquisites shall be allowed in addition to the salary and commission.

The perquisites are classified as under :

Residential Accommodation  
CATEGORY 'A'

**HOUSING I**

The expenditure incurred by the Company on hiring unfurnished accommodation at Nashik, 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.

The expenditure incurred by the Company on gas, electricity, water, furnishing 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 with the rules specified by the Company, subject to a ceiling of one and 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. 10000/- per annum,

For the purpose of this category, 'family' means the spouse and the dependent children of the Managing Director.

**VI. Furnishing Allowance :**

Not exceeding one month's salary per annum.

**VII Special allowance :**

Not exceeding two months 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 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. Use of car for private purpose shall be billed by the Company to the Managing Director.

**II. Telephone:**

Telephone at the residence of Managing Director, 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 earn Privilege Leave, Casual Leave and Sick Leave on full pay and allowance as per the rules of the Company.

1. 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 limits provided under Part II of Schedule XIII of the Act and as per the necessary approvals from the concerned govt. and semi-govt. authorities or such other approvals as may be required by law.

2. The Managing Director shall be entitled to :-

- 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.

- The reimbursement of traveling, 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.

Either party shall be entitled to determine this Agreement by giving three calendar month's 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 3 II (a) in lieu of three calendar months notice required to be given under the Agreement.

The Board commends the approval by the members of the re-appointment of Managing Director and payment of remuneration to him.

Mr. Chandrashekhar Dhongde is concerned or interested in the said Ordinary Resolution at item no. 6 of the accompanying notice as it relates to his own re-appointment.

The Agreement dated December 30, 2008 referred to in the Resolution at Item no. 6 of the accompanying Notice is open for inspection by the members at the Registered Office of the Company between 11.00 a.m. to 1.00 p.m. on any working day of the Company except Saturday and Sunday.

**Registered Office :**  
Bombay 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 30, 2009

# BCL FORGINGS LIMITED

## DIRECTORS' REPORT

### To All the Members

Your Directors have pleasure in presenting annual report and the audited accounts for the year ended 31.03.2009.

### Financial Results

	(Rs. In Lacs)	
	Year ended 31.03.2009	Preiod ended 31.03.2008
Sales & other Income	4493.81	8103.68
Profit before Depreciation, Interest & Tax	(172.78)	638.69
Depreciation	145.70	109.73
Interest	596.94	409.38
Deferred Tax Liability	(69.66)	(1.70)
Profit for the year	(845.76)	121.28
Profit/(Loss) brought forward from previous year	194.44	73.16
Profit/(Loss) after Tax transferred to Balance Sheet	(651.32)	194.44

### OPERATIONS :

During the year ending 31.03.2009 the Company could achieve a turn over of only Rs. 4493.81 lacs which is substantially less as compared to the turn over of Rs. 8103.68 lacs during the year 2007-08. This was mainly on account of after effects of global melt down which started from September, 2008 and resulted in substantial reduction in demand for the Company's products.

The Company's dependence on heavy commercial vehicle sector and exports to USA and UK – and other directly or indirectly export – was to the extent of almost 75%. Both these sectors having been hit very badly on account of severe recession reflected in poor demand for Company's products.

The situation further worsened as Company had very recently completed its huge expansion programme thereby increasing its manufacturing capacity from 8400 tons per annum to 21600 tons per annum (i.e. an increase of almost 3 times). On one hand the capacity was increased 3 folds and on the other hand the existing demand itself was severely reduced on account of recession. This resulted in huge under utilisation of plant capacity and disproportionate increase in the cost of various heads especially that of interest and employees' remuneration which as a percentage of sales increased phenomenally.

As a result of the same the Company incurred losses of Rs. 9.15 crores, out of which Rs. 5.97 crores were on account of financial expenses and Rs. 1.46 crores on account of depreciation

Also during the first half of the year i.e. between April, 2008 to September, 2008 the cost of various essential inputs such as steel, fuel, CRCA scrap, ferro alloys etc. had sky rocketed and the Company could not receive the proportionate compensation from its clients.

Thereafter from September / October, 2008 suddenly there was drop in demand and the prices of input commodities also came down heavily. However, due to the recessionary condition in the market, the Company had to liquidate its stocks after carrying the inventory for longer period that too at heavily subsidized rates even though the cost of inputs were at pre-September, 2008 level. This has resulted in additional cost to the Company and in turn more loss.

### **Future Prospects**

With the revival in the Indian economy after receiving few stimulation packages from the Government, the Company hopes to revive its demand in the Commercial Vehicle segment. Also since last 8-9 months the Company has embarked upon various development activities in the non-auto Industries such as Tractors, Diesel Engines, Pump, Valves, Railways etc. and have started receiving good response. The combination of these two aspects will ensure substantial increase in the Company's demand from October, 2009 onwards.

The Company is also hoping to restart the export business from December, 2009 onwards.

### **Fixed Deposit**

The Company has not accepted any fixed deposit for the year ended 31.03.2009.

### **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. D. C. Mehta, Director of the Company would retire by rotation at the ensuing AGM of the Company and is eligible for the re-appointment.

During the year Mr. Rajiv Raje and Mr. Sanjay Gaikwad were appointed as additional directors of the company by the Board of Directors on October 27, 2008. By virtue of Section 260 of the Companies Act, 1956, they hold office upto the date of the ensuing Annual General Meeting and are eligible for re-appointment.

Mr. Chandrashekhar Dhongde was reappointed as the Managing Director of the Company for a further period of five years with effect from December 1, 2008. The said re-appointment is subject to the confirmation of the members of the Company. Your directors therefore recommend the re-appointment of Mr. Chandrashekhar Dhongde as the Managing Director of the Company.