

44TH ANNUAL REPORT

2010-2011

BCL

BCL FORGINGS LIMITED

AN ISO/ TS 16949 : 2002 Company



ISO/TS 16949 : 2002

BCL Forgings Limited

Contents :

	<u>Page No.</u>
Financial Summary	1
Notice	2 to 5
Exclamatory Report	6
Directors' Report	7 to 10
Annexure to Directors' Report	11 to 12
Report On Corporate Governance	13 to 21
Management Discussion & Analysis	22
Auditors' Report	23 to 26
Annexure to Auditors' Report	27 to 29
Balance Sheet	30
Profit & Loss A/c	31
Cash Flow	32
Schedule to Accounts	33 to 50

Board Of Directors :

Mr. C D Dhongde
Mr. D C Mehta
Mr. Surendra B Chandorkar
Mr. Sanjay Gaikwad
Mr. Rajeev Reje
Mr. N. E. Narwade
Mr. Arnish Patel

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

BCL FORGINGS LIMITED

FINANCIAL SUMMARY

	2010-11 (12 months)	2009-10 (12 Months)	2008-09 (12 Months)	2007-08 (12 months)	2006-07 (9 Months)
Capital Accounts (Rs. In '000)					
Shareholders Fund	2487.98	2490.38	2499.85	2717.17	2523.09
Borrowings	3801.59	4222.62	3978.33	3172.95	2712.40
Gross Block	3421.17	3417.87	3423.04	3406.97	2367.25
Net Block	1964.75	2084.55	2206.32	2358.83	1445.94
Net Current Assets	2294.75	3450.88	3617.77	3617.58	3287.23
Revenue Accounts (Rs. In '000)					
Sales & Other income *	3608.32	4345.74	4493.80	8103.68	5242.83
Gross Profit / (Loss) before Interest & Depreciation	(135.68)	120.92	(172.78)	638.69	289.46
Interest	596.12	533.51	596.94	409.38	151.42
Depreciation	120.07	113.08	145.70	109.73	39.21
Profit / (Loss) Before tax	(852.51)	(525.67)	(915.42)	119.58	98.82
Profit / (Loss) After tax and other adjustments	(852.51)	(526.17)	(845.76)	121.28	44.80
Selected Indicators					
Net worth per share (Rs.)	15.15	15.15	15.15	15.15	18.92
Earning per share (Rs.)	(5.27)	(3.25)	(5.23)	0.75	2.42
Profit/(Loss) Before Tax to sales (%)	(23.62)	(12.09)	(20.37)	1.47	1.88
Debt / Equity Ratio	2.57	2.60	2.45	1.69	2.04
Current Ratio	3.25	4.22	4.51	2.74	3.60
Total No of employees	316	322	322	318	321

* Includes Excise duty and Sales Tax

BCL FORGINGS LIMITED

NOTICE

Notice is hereby given that the 44th Annual General Meeting of the Members of BCL Forgings Limited will be held on Friday, December 30, 2011 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 31st March, 2011 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. Sanjay Gaikwad, who retires by rotation, and is eligible for re-appointment.
3. To appoint a Director in place of Mr. Rajiv Raje, who retires by rotation, and is eligible for re-appointment.
4. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

5. To consider and if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution:

To appoint Director in place of Mr. N. E. Narwade, who was appointed as an Additional Director by the Board of Directors and who holds office upto the date of the ensuing 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, with or without modifications, the following resolution as an Ordinary Resolution:

To appoint Director in place of Mr. Amish Patel who was appointed as an Additional Director by the Board of Directors and who holds office upto the date of the ensuing 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.

7. To consider and if thought fit, to pass, with or without modifications, the following resolution as an Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 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 appointment of Mr. N. E. Narwade as Wholetime Director designated as Chief Operating Officer (COO) of the Company for a period of three years with effect from August 13, 2011 on the terms and conditions including remuneration as approved by the Remuneration Committee and as set out hereunder be and is hereby specifically sanctioned with liberty to the Board of Directors of the Company to vary, alter and modify any of the terms and conditions of such appointment and/or remuneration if necessary and the Company and Mr. N. E. Narwade and within and in accordance with the limits specified in Schedule XIII of the Companies Act, 1956 or any statutory amendment thereto or any relaxation in that behalf and as may be agreed to between the Board of Directors of the Company and Mr. N. E. Narwade.

Salary Basic Rs. 52150 + DA Rs.8088.00/-(variable) per month

Perquisites Perquisites shall be allowed in addition to the salary.

The perquisites are classified as under :

- **Housing** COO shall be entitled to house rent allowance of Rs.4000/- per month
- **Medical Reimbursement:** Expenses incurred for self & family, subject to a ceiling of Rs. 10,000/- per annum
- **Leave travelling concession :** For self and his family once in a year incurred with the rules specified by the Company subject to a ceiling of Rs. 25,000/- per annum
- **Education Allowance :** Not exceeding Rs. 500/- per month
- **City Compensatory Allowance :** Not exceeding Rs. 650/- per month
- **Provident Fund :** Company's contribution to provident fund as per the scheme of the Company
- **Gratuity :** As per the rules of the Company payable which shall not exceed half month salary for each completed year of service

- Conveyance Allowance :

- i) The reimbursement of conveyance expenses actually and properly incurred by the COO in the course of the business of the Company in accordance with the rules & regulation of the Company in force from time to time.
- ii) The reimbursement of travelling, hotel & 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.

- Leave salary:

Mr. N. E. Narwade shall be entitled to earn /- 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. Leave accumulated but not availed of will be allowed to be encashed at the end of his tenure as Wholetime Director. The Wholetime Director shall be entitled to 15 days sick leave every year.

Other terms:

- The COO shall devote his whole time and attention during business hours to the business of Company as may be necessary and shall use his best endeavours to promote Company's interest and welfare.

"RESOLVED FURTHER THAT in the event of any loss or inadequacy of profits in any financial year of the Company during Mr. N. E. Narwade's term of office as Wholetime 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 all other benefits and perquisites set out in the Agreement 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.

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. Explanatory statement as required under section 173 of the Companies Act, 1956 in respect of items of Special Business is annexed hereto
4. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, December 29, 2011 to Friday, December 30, 2011 (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 -400088.

By order of the Board

Director

November 24, 2011

BCL FORGINGS LIMITED

EXPLANATORY STATEMENT

Explanatory Statement as required by Section 173 of the Companies Act, 1956

ITEM NO. 5 & 6

Mr. N. E. Narwade and Mr. Amish Patel were appointed as an Additional Directors of the Company by the Board of Directors effective from August 13, 2011. By virtue of Section 260 of the Companies Act, 1956 Mr. N. E. Narwade and Mr. Amish Patel will hold office upto the date of this Annual General Meeting and are eligible for appointment. The Company has received a notice under Section 257 of the Companies Act, 1956 along with 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. N. E. Narwade and Mr. Amish Patel are concerned or interested in the resolution for their appointment as Director of the Company.

ITEM NO. 7

The Board of Directors of the Company had by a resolution passed on August 13, 2011 approved the appointment of Mr. N. E. Narwade as Wholetime Director designated as Chief Operating Officer (COO) of the Company for a period of three years, with effect from August 13, 2011 at a remuneration as set out in the Resolution at item no. 7

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

Mr. N. E. Narwade is concerned or interested in the said Resolution at item no. 7 of the accompanying notice as it relates to his own re-appointment.

Registered Office:
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Deonar Village Road,
Opp: N.K.G.S.B. Bank-
Deonar, Mumbai -400088.

By order of the Board

Director

November 24, 2011

BCL FORGINGS LIMITED

DIRECTORS' REPORT

To All The Members

Your Directors have pleasure in presenting Annual Report and the Audited Accounts for the period ended 31.03.2011.

(Rs. In Lacs)

<u>Financial Results</u>	Year ended 31.03.2011	Year ended 31.03.2010
Sales & other Income	3353	4493.81
Profit before Depreciation, Interest & Tax	(853)	(172.78)
Depreciation	120	145.70
Interest	596	596.94
Deferred Tax Liability	Nil	(69.66)
Profit for the year	(853)	(845.76)
Profit/(Loss) brought forward from previous year	(1177)	194.44
Profit/(Loss) after Tax transferred to Balance Sheet	(2030)	(651.32)

OPERATIONS:

During the year ending 31.03.2011, the Company could achieve a turn over of Rs. 3353.12 lacs as compared to the turn over of Rs. 4345.74 lakhs during the year 2009-10. This was mainly on account of continuation of recessionary trends & lack of working capital.

Even though the Company has good orders in hand, the same cannot be fulfilled due to lack of working capital, which is on account of the losses suffered by Company during previous years due to recessionary conditions. However, Management is discussing with bankers for the same and is quite hopeful about the results.

Also Management has taken steps to reduce over heads by reducing employee strength and increasing the efficiency.

However, with the improvement in the demand pattern for Company's products especially from the Indian clients, simultaneously with the various cost control measures under taken, the Company incurred losses of Rs. 853 lakhs. However, these losses were mainly due to financial expenses and depreciation of Rs. 719 lakhs.

Future Prospects

Management is also trying to increase the share of non-automobile sectors such as Windmill Energy, Earth Moving Equipment, Mining, Hydraulics, Agriculture and export related customers and also has developed various items for the same and consequently we got results as below.

- i) Turnover for the quarter ended 31.03.2011 was Rs. 828.69 lakhs.
- ii) Turnover for the quarter ended 30.06.2011 is Rs.1000.48 lakhs
- iii) Turnover for the quarter ended 30.09.2011 is Rs. 977.62 lakhs

Fixed Deposit

The Company has not accepted any Fixed Deposits for the year ended 31st March, 2011.

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. Sanjay Gaikwad and Mr. Rajiv Raje, Directors of the Company would retire by rotation at the ensuing Annual General Meeting of the Company and are eligible for the re-appointment.

During the year Mr. N. E. Narwade and Mr. Amish Patel were appointed as additional directors of the company by the Board of Directors on August 13, 2011. By virtue of Section 260 of the Companies Act, 1956, he holds office upto the date of the ensuing Annual General Meeting and is eligible for appointment.

Mr. N. E. Narwade has been appointed by the Board as Whole Time Director of the Company for a period of three years with effect from August 13, 2011. Necessary resolution has been proposed in notice of the ensuing Annual General Meeting for his appointment and payment of remuneration.

Mr. Chandrashekhar Dhongde resigned as Managing Director of the Company with effect from July 1, 2011. He continues to be a director of the Company.

Listing

The shares of the Company are listed on Bombay Stock Exchange Ltd., Delhi Stock Exchange Ltd. The Company has paid the necessary listing fees for the year 2011- 12 to the Bombay Stock Exchange Ltd.

The Company's application for delisting is pending with the Delhi Stock Exchange Ltd.

CORPORATE GOVERNANCE

Report on Management Discussion & Analysis and Corporate Governance and a certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges are attached hereto and form part of this Report.

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

- a) that 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) that the directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- c) that the directors have taken proper and sufficient care for the maintenance of adequate accounting record 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) that the directors have prepared the annual accounts on a going concern basis;

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.

Acknowledgements:

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

For and on behalf of the Board

November 24, 2011

Director

Director

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 2011..

A) Energy Conservation

a)	Energy conservation measures	The Company has maintained unity power factor through out the year. With the help of recuperators, cost analysers, flow meters and other temperature and pressure measurement cum control gauges, company had tried its best to conserve electricity as well as fuel which are the main energy sources. The Heat Treatment with polymer quenching and use of bio gas have also helped in further reduction in energy consumption
b)	Additional investment and proposal being implemented for Reduction in consumption of energy	The Company is in the process of modification of various furnaces.
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, inspite of substantial increase in the prices of the same.

B) Power and Fuel Consumption at Nasik Factory for the manufacture of Forgings

	2010-11	2009-10	2008-09
1) Electricity			
a) Purchase Units (KWh)	2659760	2927000	2601180
Total Amount Rs.	14351949	14400367	12035074
Rate Per Unit	5.40	4.91	4.63
b) Own Generation	Nil	NIL	NIL
2) Coal	NIL	NIL	NIL
3) Furnace Oil			
a) Purchase quantity (K. Ltrs.)	1176758	1206471	1107466
Total Amount Rs.	31619428	34295371	27445656
Rate Per Unit	26.87	28.42	24.78
4) Light Diesel Oil (LDO)			
a) Purchase Qty (K. Ltrs.)	153147	39340	58880
Total Amount Rs.	7445260	1392663	2051186
Rate Per Unit	48.61	35.40	34.83

C) Consumption per unit of production

Production Tonnage		Electricity (In Rs. Per Ton)		Furnace Oil (In Rs. Per Ton)		L D O (In Rs. Per Ton)	
2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
4174	4812	3440.00	2996.84	7575.00	7127.05	178.37	289.41

D) There was no technology import during the period under review

E) Foreign Exchange Earnings and Outgo

	2010-11	2009-10
Foreign Exchange Earnings	Rs. 101.16 Lacs	Rs. 142.67 Lacs
Foreign Exchange Outgo	NIL	NIL

For and on behalf of the Board

Mumbai
November 24, 2011

Director

Director

REPORT ON CORPORATE GOVERNANCE
(Pursuant to clause 49 of the Listing Agreement)

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Company's philosophy of Corporate Governance is aimed at assisting the top management of the Company in the efficient conduct of its business and in meeting its obligations to the shareholders. The company continues to comply with the Corporate Governance code and is committed to learn and adopt the best practices of corporate governance and maintain transparency in its dealings with its stakeholders and public at large and thus endorse highest standards of Corporate Governance in the years to come.

I. BOARD OF DIRECTORS

A. Composition of Board

The present strength of Board of Directors of your Company was Seven Directors.

Composition and category of Directors is as follows:

Name of Director	Category of Directorship*	No. of Board Meetings attended	Attendance at the last AGM	Directorship in other Companies including private companies in India	No. of Committees in which Chairman/Member (other than BCL Forgings Ltd.)	
					Member	Chairman
Mr. Chandrashekhar Dattatraya Dhongde	Director#	6	YES	NIL	NIL	NIL
Mr. Surendra Balkrishna Chandorkar	I & N.E.D.	0	NO	NIL	NIL	NIL
Mr. Dhirajlal Chunilal Mehta	N.E.D.	6	YES	NIL	NIL	NIL
Mr. Rajiv Raje	I & N.E.D.	6	NO	NIL	NIL	NIL
Mr. Sanjay Gaikwad	I & N.E.D.	6	NO	NIL	NIL	NIL
Mr. N.E. Narwade*	WTD	2	NO	NIL	NIL	NIL
Mr. Amish Patel*	I & N.E.D.	0	NO	NIL	NIL	NIL

I & N.E.D. – Independent & Non-Executive Director

N.E.D. – Non-Executive Director

*Appointed as additional directors w.e.f. 13.08.2011

Ceased to be a Managing Director w.e.f. 01.07.2011

(B). Non-executive directors compensation

None of the non-executive directors is paid any remuneration.

Mr. D. C. Mehta holds 2972 shares of the company.

None of the other Non- Executive directors holds any shares in the Company.

C. Independent Directors

The independent directors are not related to promoters or management at the Board level.

They review at every board meeting legal compliance report prepared by the Company.

D. Board procedure

Six Board Meetings were held during the Financial Year 2010- 2011. The dates on which the said meetings were held are as follows:

30.04.2010, 12.05.2010, 29.07.2010, 27.08.2010, 12.11.2010 and on 09.02.2011

The company has a process to provide the information to the Board as required under Annexure I to clause 49, which was followed.

All the directors have made necessary disclosures about the committee positions, they occupy in other companies.

The Company has not entered into any materially significant transactions during the year under report with promoters, Directors, senior management personnel etc. other than transactions if any, entered into in the normal course of Company's business.

Information required under clause 49 VI A of the Listing Agreement:

The particulars of Director who is proposed to be re-appointed at this Annual General Meeting, is given below, as required pursuant to clause 49 of the Listing Agreement:

- | | |
|----------------------|---------------------------------------|
| 1. Name: | Mr. Sanjay Gaikwad |
| Qualifications: | BE (Met) |
| Expertise: | in Metallurgical fields and Computers |
| Other Directorships: | Nil |
| Other Memberships: | Nil |
| 2. Name: | Mr. Rajiv Raje |
| Qualifications: | BE (Mech) |
| Expertise: | in Financial Transactions |
| Other Directorships: | Nil |
| Other Memberships: | Nil |
| 3. Name: | Mr. N. E. Narwade |
| Qualifications: | D.M.E. |

Expertise: In mechanical Engineering & Forging Industry
Other Directorships: Nil

Other Memberships: Nil

4. Name: Mr. Amish Patel
Qualifications: B. Sc.
Expertise: Business experience for 19 years
Other Directorships: Nil
Other Memberships: Nil

E. Code of Conduct:

The Board has laid down a code of conduct for Board members and Senior management personnel of the Company. The Board members and Senior management personnel have affirmed compliance with the said code of conduct. A certificate to this effect given by Mr. Chandrashekhar Dhongde, Managing Director of the Company is attached to this report.

II. AUDIT COMMITTEE

The Audit Committee presently comprises of following three Directors

1. Mr. D. C. Mehta- Director
2. Mr. Sanjay Gaikwad- Independent and Non- Executive Director
3. Mr. Rajiv Raje- Independent and Non- Executive Director

Mr. D. C. Mehta, Director is the Chairman of the Audit Committee. The members of the Committee have the relevant experience in the field of finance, taxation and accounting, with Mr. Rajiv Raje being a Chartered Accountant having good experience in Corporate finance and other related matters.

Besides the Internal Auditors, Statutory Auditors and Finance Personnel are invitees to the Audit Committee.

The Audit Committee reviews all the issues that are required to be mandatory reviewed by it under Corporate Governance.

The powers and role of the Audit Committee over the matters specified under Clause 49 of the Listing Agreement such as oversight of the Company's financial reporting process, recommending the appointment/ re-appointment of statutory auditors; reviewing with the management annual financial statements; quarterly financial statements and matters as covered under role of audit committee in Clause 49. The audit committee has powers inter alia, to investigate any activity within its terms of reference and to seek outside legal and professional advise.

Five meetings of the Committee were held during the year 2010-2011. The dates on which the meetings were held are as follows:

12.05.2010, 29.07.2010, 27.08.2010, 12.11.2010, 09.02.2011

The attendance of each member of the Audit Committee in the meeting is given below:

Name of the Director	No. of Meetings attended
1. Mr. D. C. Mehta	5
2. Mr. Sanjay Gaikwad	5
3. Mr. Rajiv Raje	5

The Chairman of the Audit committee was present at the 43rd Annual General Meeting held on September 27, 2010

III. WHISTLE BLOWER POLICY

The Company has not framed any whistle blower policy. However, no person has been denied any access to the audit committee.

The Company has not adopted non- mandatory requirements of clause 49. However the particulars relating to the remuneration committee are given in this report.

IV. SUBSIDIARY COMPANY

The Company has no subsidiary Company.

V. DISCLOSURE

A. Related Party Transactions

The particulars of transactions between the Company and its related parties as per Accounting Standards is set out in notes to accounts in the Annual Report. However, these transactions are not likely to have any conflict with the Company's interest.

B. Risk Management

The Company has adopted a Risk assessment and minimization policy during the year and the Board of Directors have been informed from time to time the business risks faced by the Company and the steps taken by the management to face them.

C. Proceeds from Initial Public Offerings (IPOs)

The Company has not made any IPO during the year.

D. REMUNERATION COMMITTEE

The remuneration committee comprises solely of independent non-executive directors namely Mr. D. C. Mehta, Mr. Rajeev Raje, Mr. Sanjay Gaikwad. Mr. D. C. Mehta is the Chairman of the Remuneration committee.

The Remuneration committee deals with the matters specified in clause 49 of the listing agreement and also reviews the overall compensation structure and policies of the company.

No meeting of the committee was held on during the year 2010-2011.

Details of the remuneration paid to the Directors of the Company during the year ended March 31, 2011 are given below:

Name of Director	Salary	Perquisites	Others	Sitting fees	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
Mr. Chandrashekhar Dattatraya Dhongde	20,72,000	1,68,094	1,72,167	-	24,12,261
Mr. Surendra Balkrishna Chandorkar	---	---	---	---	---
Mr Dhirajlal Chunilal Mehta	---	---	---	---	---
Mr Rajiv Raje	---	---	---	---	---
Mr. Sanjay Gaikwad	---	---	---	---	---
Mr. N.E. Narwade*	-	-	-	-	-
Mr. Amish Patel*	-	-	-	-	-

*Appointed as additional directors w.e.f. 13.08.2011

The Company does not have a scheme for grant of stock options.

E. Management

A separate report on Management Discussion and Analysis which forms part of the report is annexed.

E.SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE

Shareholders' / Investors' Grievance Committee, comprises of Mr. D. C. Mehta, Mr. Chandrashekhar Dhongde, Mr. Sanjay Gaikwad. Mr. D.C. Mehta is the Chairperson of the Committee.

The Committee looks into redressing of shareholders and investors complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividend etc. Mr. N.E. Narwade is appointed as the Compliance Officer.

Four Meetings of the committee were held during the year 2010-2011. The dates of the meetings are as follows:

30.04.2010, 29.07.2010, 12.11.2010 and 09.02.2011

Composition and category of the members is as under:

Name of the Director	Category	No. of Meetings attended
1. Mr.D. C. Mehta	Chairperson	4
2. Mr. Rajeev Raje	Member	4
3. Mr. Sanjay Gaikwad	Member	4

The Board of directors has delegated the power of approving transfer/transmission of shares to share transfer committee which met on regular basis during the year 2010-2011.

The total number of complaints received and replied to the satisfaction of shareholders during the year under review, was Nil. No requests for transfers were pending for approval as on 31st March, 2011.

G. GENERAL BODY MEETINGS

Location and time for last three Annual General Meetings:

Year	Location	Date	Time	Special Resolution
2007-2008	Sunville Deluxe Pavallion, 9, Dr. Annie Besant Road, Worli, Mumbai 400 018."	29/09/2008	11.30 a.m.	N.A.
2008-2009	Sunville Deluxe Pavallion, 9, Dr. Annie Besant Road, Worli, Mumbai 400 018."	29/09/2009	3.00 p.m.	Re- appointment of Managing Director
2009-2010	Sunville Deluxe Pavallion, 9, Dr. Annie Besant Road, Worli, Mumbai 400,018."	27/09/2010	12.00	N.A

No postal ballots were used for voting at these meetings.

H. Postal Ballot

At the ensuing Annual General Meeting, there is no item on the agenda that needs approval by postal ballot.

I. MEANS OF COMMUNICATION

The quarterly and half-yearly results are regularly submitted to the stock Exchanges in accordance with the Listing Agreement and are published in the following newspapers – Business Standard and Mahanayak. These are not sent individually to the shareholders.

There were no presentations made to the institutional investors or analysts.

J. GENERAL SHAREHOLDERS' INFORMATION

- 1 **Annual General Meeting** :
 - Date and Time : Friday, December 30, 2011 at 3.00p.m.
 - Venue : Sunville Deluxe Pavallion,
9, Dr. Annie Besant Road,
Worli, Mumbai 400 018

- 2 **Financial Calendar** : 1st April 2011 to 31st March 2012

First quarter results – last week of June*

Second quarter results – last week of October*

Third quarter results – last week of January*

Fourth quarter results – last week of April*

*Tentative

3. **Date of Book Closure:** From, Thursday, December 29, 2011
to Friday, December 30, 2011.

4 **Dividend Payment Date:** N.A.

5 **Listing on Stock Exchange:** The Bombay Stock Exchange Ltd. (BSE)

6(a) **Stock Code - Physical:** 506093 at BSE

(b) **ISIN Number in NSDL:
and CDSL** INE528H01017

7 Stock Price Data:

Table below gives the monthly highs and lows of the Company's shares on the Mumbai Stock Exchange (BSE).

High and Low prices of the Company's shares on BSE with corresponding BSE Sensex April 2010 to March 2011				
Months	High		Low	
	BCL Forgings Ltd Price (Rs.)	BSE Sensex	BCL Forgings Ltd. Price (Rs.)	BSE Sensex
April 2010	7.76	18,047.86	5.12	17,276.80
May 2010	7.40	17,536.86	6.21	15,960.15
June 2010	7.15	17,919.62	6.10	16,318.39
July 2010	7.90	18,237.56	6.28	17,395.58
August 2010	8.20	18,475.27	6.34	17,819.99
September 2010	8.04	20,267.98	6.78	18,027.12
October 2010	12.15	20,854.55	6.27	19,768.96
November 2010	20.63	21,108.64	12.26	18,954.82
December 2010	14.95	20,552.03	11.65	19,074.57
January 2011	14.80	20,664.80	11.71	18,038.48
February 2011	12.50	18,690.97	10.46	17,295.62
March 2011	11.47	19,575.16	6.64	17,792.17

8. Registrar & Transfer Agents:

Satellite Corporate Services Private Limited, having their office at:
B-302, Sony Apartment, Opp.St. Jude's High School, Off Andheri Kurla Road, Jarimari, Sakinaka, Mumbai - 400053.

9. Share Transfer System

Share transfers are registered and duly transferred share certificates are returned to the lodger within a period of thirty days from the date of receipt, if the documents are otherwise in order.

The share transfer committee meets as often as possible to approve transfers and related matters as may be required.

10. Distribution of shareholding as on 31st March, 2011

Particulars	No. of shares held	Percentage to total share capital
Promoters	4756504	29.42
Financial Institutions/Banks/Mutual Funds	17400	0.10
Corporate Bodies	1995067	12.34
NRI/OCB/FII	402101	2.49
General Public	8998928	55.65
Total	16170000	100

Outstanding GDRs / ADRs/ Warrants or any convertible instruments conversion date and likely impact on equity: **Not Applicable**

11. Dematerialization of shares and Liquidity

As on 31st March, 2011, 91.50% of the paid up share capital has been dematerialized.

12. Plant Locations:

The Company's plant is located at: 67, MIDC Industrial Estate, Satpur, Nashik 420007

13. Address for Correspondences

Registrar and Share Transfer Agents:
Satellite Corporate Services Private Limited
Unit :BCL FORGINGS LIMITED
B-302, Sony Apartment, Opp.St. Jude's, High School, Off Andheri Kurla Road, Jarimari, Sakinaka, Mumbai - 400053
Tel : +91 22 28520462
Fax : +91 2228511809

Compliance Officer

Mr. N.E. Narwade,
Director
67, MIDC Industrial Estate,
Satpur, Nashik 420007

I. CEO/CFO Certification

A Certificate from the Managing Director of the Company in terms of Clause 49 (V) of the Listing Agreement was placed before the Board Meeting held on 24.11.2011 to approve the Audited Annual Accounts for the year ended 31st March, 2011.

Declaration

As provided under clause 49 of the listing agreement with the Stock Exchange the Board members and the senior management personnel have affirmed compliance with the Code of Conduct for the Board of Directors and senior management for the year ended 31st March, 2011.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY STRUCTURE AND DEVELOPMENT :

BCL Forgings Limited is in the manufacturing of carbon & alloy steel forging components required for various types of Industries – predominantly to the Automobile Industry. The Company has successfully completed its expansion programme and presently is in the process of development of various components for auto as well as non-auto Industries viz. Windmill Energy, Earth Moving Equipment, Mining, Hydraulics, Agriculture and export related customers.

OPPORTUNITY, AND THREATS, OUTLOOK, RISK AND CONCERNS

Currently the Company's plant is not fully operational due to lack of working capital & implementation of new techniques and renovation and opportunities and threats depend on the full operation of the plant.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

The Company has in place adequate internal control systems and procedures commensurate with the size and nature of its business. These procedures are designed to ensure :

- That all assets and resources are used efficiently and are adequately protected;
- That all internal policies and statutory guidelines are complied within letter & spirit
- The accuracy and timing of financial reports and management information.

FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE:

The Company has made net loss of Rs. 852.51 lakhs after Provision of Depreciation of Rs. 123.10 lakhs and interest of Rs. 596.12 lakhs and carried forward a loss of Rs. 2030.01 lakhs to the Balance Sheet after setting off brought forward loss of Rs. 1177.49 lakhs of previous year.

MATERIAL DEVELOPMENT IN HUMAN RESOURCES INDUSTRIAL RELATIONS FRONT, INCLUDING NUMBER OF PEOPLE EMPLOYED:

Human Resources are the strength of the Company and the Company has put in place various systems to reward and recognize employee contribution towards the growth of the Company. Your Company has a team of qualified and dedicated personnel who have contributed to the growth of the Company.

Your Company's Industrial Relations continued to be harmonious during the year under review.

CAUTIONARY STATEMENT:

Statement in the Management's Discussion and Analysis describing the Company's projections, estimates, expectations or predictions within the meaning of applicable securities, laws and regulations. These forward looking statements are based on certain assumptions and expectations of future events over which the Company exercises no control. The Company cannot guarantee that these assumptions and expectations are accurate or will be realized. Actual results may differ materially from such estimates, projections etc. whether expressed or implied.

Auditors' Report

To the Members,
BCL Forgings Limited

1. We have audited the attached Balance Sheet of BCL FORGINGS LIMITED as of 31st March, 2011, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. *Attention of the members is drawn to Note C 1 of Schedule is of the audited accounts regarding the reasons for preparing the accounts by applying the principal of going concern assumption.*
4. *In our opinion, after taking into consideration the effect of unprovided liability/losses/expenses referred to in Para 6(g) here below, the Company has become a "Sick Industrial Company" within the meaning of Section 3(1)(o) of the Sick Industrial Companies(Special Provisions) Act, 1985.*
5. As required by the Companies (Auditor's Report) Order, 2003 issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956 and on the basis of such checks as considered necessary and as per the information and explanations given to us, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
6. Further to our comments in the Annexure referred to in paragraph 5 above, 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 purposes of our audit;
 - b) In our opinion, proper books of account, as required by law, have been kept by the Company, so far as it appears from our examination of those books *except that the Company has not provided for the estimated gratuity liability of Rs.2,13,31,769/- and estimated leave salary of Rs. 1,019,514/- as of 31st March 2007 as also the incremental liability of leave salary thereafter as the amount whereof is not ascertainable in view of the actuarial valuation of the liability of leave salary as of 31st March 2011 having not been done. (Refer Note No. 18.C 3(a) & (b));*
 - c) The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;

- d) In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956, *except for non provision of retirement benefits in respect of gratuity and leave salary as also non-disclosure of information in respect thereof as required by Accounting Standard 15 (AS - 15) "Employee Benefits" [Refer Note No. 18.C.2(a) & (b)] and computing Earnings Per Share without considering un-provided liabilities/ losses / expenses though required by Accounting Standard 20 "Earnings Per Share" (AS - 20) (Refer Note No. 18.C.23) ;*
- e) We have not received any representation from the Directors of the Company confirmation that they are not disqualified from being appointed as directors of the Company under clause (g) of sub-section (1) of section 274 of the Companies Act, 1956. In view of the same, we are unable to express our opinion in respect thereof.
- f) *Attention of the Members of the Company is drawn to Note No.18.C 7 regarding non-payment of the Cumulative Dividend of Rs. 14,297,918 in respect of 6% Cumulative Convertible Preference Shares upto the date of their conversion into equity shares, as the management is of the view that the same is not payable as not declared.*
- g) *Attention of the Members is drawn to the following Notes as referred to in Part C of Schedule 18 :*
- (i) *Note No. 2(g) regarding contingent liability for saving of custom duty of Rs. 1,07,65,944/- which can devolve on the Company in the event of non fulfillment of export obligation as we are unable to express our opinion on account in absence of export orders.*
- (ii) *Note No. 3(a) and 3(b) regarding non-provision of the estimated gratuity of Rs.2,13,31,769 as of 31st March 2011 and estimated leave salary of Rs. 10,19,514/- as of 31st March 2007 as also the incremental liability of leave salary thereafter, as the amount whereof is not ascertainable in the view of the actuarial valuation of the liability of leave salary as on 31st March 2011 having not been done;*
- (iii) *Note No. 10 regarding pending ascertainment by the management of the Company whether there is any need to provide for obsolescence/ impairment in respect of unmoved inventory of stores, spare parts and dye blocks.*
- (iv) *Note No. 11 regarding non-provision of debts considered doubtful for recovery aggregating to Rs.2,36,49,749/- in view of the Company's efforts to recover them by taking appropriate legal steps and/or personal follow up actions;*
- (v) *Note No. 12 regarding the opinion expressed by the management of the Company as regards the recoverability of the amount of Rs.63,266,282/- due from Messers. Investwell in respect of which we are unable to express our opinion in absence of confirmation from the said party and other documentary evidences;*
- (vi) *Note No. 13 regarding non-provision of fees payable by the Company to Prathamesh Investments & Trading Private Limited in connection with the services rendered by it in relation to the preferential issue of shares and warrants by the Company in earlier period(s) in view of the Management's decision to charge the fees as and when determined to the Share Premium Account in accordance with the provisions of Section 79 of the Companies Act, 1956.*

- (vii) Note No.14 regarding the following transactions with Business Combine Limited (BCL) which are subject to reconciliation & confirmation.
- (a) Interest of Rs.1,86,57,778/- for the previous financial year covered by our report charged to BCL in respect of the outstanding balances recoverable from it ;
 - (b) Labour charges of Rs. 62,94,400/- credited by the Company to BCL towards products manufactured by them; and
 - (c) Debit notes issued by the Company for rejection(s) as well as reimbursement of expenses for and upto years ended 31st March, 2011.

Consequently, the above transactions on account of subject to being disputed are subject to adjustment, finalisation / settlement in the year in which the same are concluded.

Further, we are unable to express our opinion regarding the opinion expressed by the management of the Company as regards the recoverability of dues of Rs. 7,04,68,215/- from BCL.

- (viii) Note No. 15 regarding advances of Rs.1,07,87,214 paid to suppliers which are subject to reconciliation and necessary adjustment entries upon reconciliation.
- (ix) Note No. 16 regarding reconciliation /confirmation of balances of Sundry Debtors, Loans and Advances and Sundry Creditors.
- (x) Note No. 17 regarding non disclosure of vendors status under the Micro, Small and Medium Enterprises Act, 2006 as also the non-provision of interest payable ,if any, to the said vendors in accordance with the provisions of the said Act ;
- (xi) Note No.18 regarding non-provision of disputed income tax demand of earlier years Rs.64,96,611/-;
- (xii) Note No. 19 regarding audit committee constituted under section 292A of the Companies Act ,1956.
- (xiii) The consequential effects on loss for the year and on the provision as well as on the balance in the Profit and Loss Account as stated in the accounts to the extent of Rs.2,88,47,894 /- on account of Para Nos. (ii) and (xi).
- (xiv) The consequential effects on loss for the year and on the assets and liabilities as well as on the balance in the Profit and Loss Account and the Share Premium Account as stated in the accounts on account of Para Nos (i), (ii) to (x), the effects whereof are not possible to be determined.

h) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, *subject to Para Nos (i) to (xii) of (g) and their consequential effects as stated in Para Nos (xiii) & (xiv) of (g)*, read alongwith Significant Accounting Policies and Other Notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) In the case of the Balance Sheet, of the State of Affairs of the Company as at 31st March, 2011;
- (ii) In the case of the Profit and Loss Account, of the Loss for the year ended on that date; and
- (iii) In the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

For M.A.Parikh & Co.
Chartered Accountants
Registration No. 107556W

Partner
Name: Ajit C Shah
Membership No. 13097

Place : Mumbai
Date : 24th Nov. 2011

Annexure to Auditors' Report

Referred to in Paragraph 1 of our report of even date

1. In respect of its fixed assets:
 - a. The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets *except for furniture, fixtures and equipments.*
 - b. The management had decided to carry out physical verification of certain fixed assets during the year in accordance with the phased programme of verification, so as to verify all the material fixed assets over a period of three years. *However, during the year, no physical verification was carried out by the Management and hence, we are not able to comment on the discrepancies, if any.*
 - c. The Company has not disposed off substantial fixed assets during the year and therefore, the question of going concern assumption getting affected does not arise.

2. In respect of its inventories:
 - a. As explained to us, the inventories have been physically verified by the management at the year end. In our opinion, the frequency of such verification is reasonable.
 - b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business, *except that the instructions for physical verification of inventory were issued orally and not documented as well as the documentation of physical verification carried out is not properly maintained.*
 - c. The Company has maintained proper records of inventories. As explained to us, the discrepancies noticed on physical verification of inventories were not material as compared to the book records and have been properly dealt with in the books of account.

3. The Company has not granted/taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Therefore, the requirements of Clause 4(iii) of the Order are not applicable.

4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventories and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weaknesses in the internal control system and hence, the question of continuing failure on the part of the Company to correct the major weaknesses in the internal control system does not arise.

5. During the year, there were no particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 that were needed to be entered into the register required to be maintained under that section. Therefore, the requirements of Clause 4(v) of the Order are not applicable.
6. During the year, the Company has not accepted any deposits from the public and consequently, the directives issued by the Reserve Bank of India and the provisions of Section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under are not applicable.
7. *The Company does not have an internal audit system.*
8. The Central Government has not prescribed the maintenance of "cost records" under section 209(1)(d) of the Companies Act, 1956 in respect of the products dealt with by the Company.
9. In respect of statutory dues: -
 - a. The Company is generally regular in depositing the undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth-tax, Service tax, Custom Duty, Excise Duty, Cess and other applicable statutory dues with the appropriate authorities *except for non payment of tax deducted at source of Rs. 7,54,844/- as on 31st March, 2009.*
 - b. According to the information and explanations given to us, except for the above unpaid undisputed statutory dues, there are no other undisputed amounts payable in respect of the aforesaid dues were in arrears as at 31st March, 2011 for a period of more than six months from the date they became payable.
 - c. According to the information and explanations given to us and according to the records of the Company, the outstanding dues of Income-tax of Rs. 9,39,397/- and Rs. 55,57,214/-, for the assessment years 2006-2007 and 2008-2009 respectively have not been deposited on account of disputes which are pending before Commissioner of Income Tax (Appeals). Except for the same, there are no other disputed dues of Sales-tax, Wealth-tax, Custom Duty, Excise Duty and Cess.
10. The Company's accumulated losses are more than 50 % of its net worth. The Company has incurred cash losses during the financial year covered by our report as well as in the immediately preceding financial year.
11. In our opinion and according to the information and explanations given to us, the Company was generally regular in repayment of dues to its bank. The Company has not borrowed from any financial institutions and has not issued any debentures.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore, the requirements of Clause 4(xii) of the Order are not applicable.

13. In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the requirements of Clause 4(xiii) of the Order are not applicable.
14. During the year, the Company has not dealt in or traded in shares, securities, debentures and other investments. Therefore, the requirements of Clause 4(xiv) of the Order are not applicable.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions. Therefore, the requirements of Clause 4(xv) of the Order are not applicable.
16. In our opinion and according to the information and explanations given to us and on the basis of examination of the books of account, no new term loans have been obtained during the year.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds have been raised on short term basis and hence, the question of using the same for long term investment does not arise.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956. Therefore, the requirements of Clause 4(xviii) of the Order are not applicable.
19. The Company has not issued debentures and hence, the creation of security or charge in respect thereof as contemplated in Clause 4(xix) of the Order does not arise.
20. The Company has not raised any money by way of public issue during the financial year covered by our report and hence, the question of disclosure by the Management on the end use of money raised therefrom and the verification of the same by us does not arise.
21. Based upon the audit procedures performed by us and as per the information and explanations given by the Management, no fraud on or by the Company has been noticed or reported during the course of our audit.

For M.A.Parikh & Co.
Chartered Accountants
Registration No. 107556W

Partner
Name: Ajit C Shah
Membership No. 13097

Place : Mumbai
Date : 24th Nov. 2011

BCL Forgings Limited
Balance Sheet As At 31st March 2011

SCHEDULES	Rupees	As at	As at
		31.03.2011	31.03.2010
		Rupees	Rupees
SOURCES OF FUNDS :			
SHAREHOLDERS FUNDS:			
Share Capital	1	161,700,000	161,700,000
Reserves & Surplus	2	87,098,282	87,338,220
		248,798,282	249,038,220
LOAN FUNDS :			
Secured Loans	3	376,607,793	413,410,428
Unsecured Loans	4	3,551,791	8,851,791
		380,159,584	422,262,219
Total		628,957,866	671,300,439
APPLICATION OF FUNDS :			
FIXED ASSETS :			
Gross Block	5	342,117,088	341,787,716
Less : Depreciation		145,641,633	133,331,901
Net Block		196,475,455	208,455,815
INVESTMENTS	6		6,010
CURRENT ASSETS, LOANS & ADVANCES:			
Inventories	7	106,865,423	117,652,863
Sundry Debtors	8	41,460,636	50,417,988
Cash and Bank Balances	9	2,652,765	11,886,789
Loans and Advances	10	180,555,645	272,326,761
		331,534,469	452,284,401
LESS: CURRENT LIABILITIES AND PROVISIONS	11	102,059,373	107,195,429
NET CURRENT ASSETS		229,475,096	345,088,972
MISCELLANEOUS EXPENDITURE			
(To the extent not written off or adjusted)			
DEFICIT AS PER ANNEXED PROFIT AND LOSS ACCOUNT		203,001,305	117,749,642
Total		628,957,866	671,300,439
ACCOUNTING STANDARDS, POLICIES AND OTHER NOTES TO ACCOUNTS	18		

As per our separate report of even date attached

FOR M.A.PARIKH & CO.
CHARTERED ACCOUNTANTS

Partner
Name: Ajit C. Shah
Membership No. 13097

PLACE: MUMBAI
DATE: 24/11/2011

FOR AND ON BEHALF OF THE
BOARD OF DIRECTORS

Director

PLACE: MUMBAI
DATE: 24/11/2011

BCL Forgings Limited
Profit and Loss Account for the year ended 31st March 2011

Schedules	Rupees	For the Year ended 31.03.2011 Rupees	For the Year ended 31.03.2010 Rupees
<u>INCOME:</u>			
Sales - Local	309,881,911		364,428,877
Less : Excise Duty	<u>25,519,979</u>		<u>25,731,319</u>
		284,361,932	338,697,558
Sales - Export		10,116,521	14,267,187
Labour & Machining Charges		20,188,983	4,388,323
Other Income	12	20,645,019	51,490,705
Total		<u><u>335,312,455</u></u>	<u><u>408,843,773</u></u>
<u>EXPENDITURE:</u>			
Decrease in Stock	13	11,678,543	10,788,826
Raw Materials Consumed	14	162,127,002	198,409,467
Employees' Remuneration & Benefits	15	59,810,750	58,845,787
Operational & Establishment Expenses	16	115,265,061	128,707,160
Financial Expenses	17	59,612,624	53,351,311
Depreciation	5	12,310,076	12,255,849
Less: Transferred from Revaluation Reserve Account		<u>239,938</u>	<u>947,047</u>
Total		<u><u>12,070,138</u></u>	<u><u>11,308,802</u></u>
		<u><u>420,564,118</u></u>	<u><u>461,411,353</u></u>
(Loss) Before Tax		(85,251,663)	(52,567,580)
Less : Tax Expenses			
Wealth Tax		-	50,000
		-	<u>50,000</u>
(Loss) After Tax		<u>(85,251,663)</u>	<u>(52,617,580)</u>
Add: Balance brought forward from previous year		(117,749,642)	(65,132,062)
BALANCE CARRIED TO BALANCE SHEET		<u><u>(203,001,305)</u></u>	<u><u>(117,749,642)</u></u>
ACCOUNTING STANDARDS, POLICIES AND OTHER NOTES TO ACCOUNTS			
	18		
<u>EARNINGS PER SHARE</u>			
	18.C.23		
Basic Earnings Per Share		(5.27)	(3.25)
Diluted Earnings Per Share		(5.27)	(3.25)
Face Value Per Share		10.00	10.00

As per our separate report of even date attached

**FOR M.A.PARIKH & CO.
 CHARTERED ACCOUNTANTS**

**Partner
 Name: Ajit C. Shah
 Membership No. 13097**

**PLACE: MUMBAI
 DATE: 24/11/2011**

**FOR AND ON BEHALF OF THE
 BOARD OF DIRECTORS**

Director

**PLACE: MUMBAI
 DATE: 24/11/2011**

BCL Forgings Limited

Cash Flow Statement for the year ended 31st March 2011

<u>Particulars</u>	<u>For the Year ended 31.03.2011 Rupees</u>	<u>For the Year ended 31.03.2010 Rupees</u>
A. <u>CASH FLOW FROM OPERATING ACTIVITIES:</u>		
Net profit before tax	(85,251,663)	(52,567,580)
<u>Adjustments for:</u>		
1 Depreciation	12,070,138	11,308,802
2 Financial Expenses	59,612,624	53,351,311
3 Share issue expenses amortised	-	270,988
4 Profit on Sale of Fixed Assets	(344)	(5,659,441)
5 Dividend received	(6,000)	(6,000)
Operating profit before working capital changes	(13,575,245)	6,698,080
<u>Adjustments for:</u>		
1 Trade & Other Receivables	100,844,916	(7,355,881)
2 Inventories	10,787,440	16,802,705
3 Trade payables	(4,655,195)	4,134,001
Cash generated from operations	93,401,916	20,278,905
4 Income Tax paid (Net)	(597,309)	(176,829)
Net Cash inflow / (outflow) from operating activities	92,804,607	20,102,076
B. <u>CASH FLOW FROM INVESTING ACTIVITIES:</u>		
1 Acquisition of Fixed Assets	(351,399)	(280,956)
2 Amount received on Sale of Fixed Assets	22,027	5,861,011
3 Dividend received	6,000	6,000
Net Cash (outflow) / inflow from investing activities	(323,372)	5,586,055
C. <u>CASH FLOW FROM FINANCING ACTIVITIES</u>		
1 Acceptance / (Repayment) of borrowings	(42,102,635)	24,428,981
2 Financial Expenses	(59,612,624)	(53,351,311)
Net Cash inflow from investing activities	(101,715,259)	(28,922,330)
D. <u>NET DECREASE IN CASH AND CASH EQUIVALENTS</u>	(9,234,024)	(3,234,199)
E. <u>CASH AND CASH EQUIVALENTS</u>		
1 As at the commencement of the year	11,886,789	15,120,988
2 Less: As at the close of the year	2,652,765	11,886,789
	(9,234,024)	(3,234,199)
F. <u>CASH AND CASH EQUIVALENTS INCLUDES:</u>		
1 Cash on hand	1,861,366	2,507,361
2 Bank Balances	791,399	9,379,428
	2,652,765	11,886,789

As per our separate report of even date attached

**FOR M.A.PARIKH & CO.
CHARTERED ACCOUNTANTS**

**Partner
Name: Ajit C. Shah
Membership No. 13097**

**PLACE: MUMBAI
DATE: 24/11/2011**

**FOR AND ON BEHALF OF THE
BOARD OF DIRECTORS**

Director

**PLACE: MUMBAI
DATE: 24/11/2011**

BCL Forgings Limited

Schedules forming part of the accounts for the year ended 31st March 2011

	Rupees	As At 31.03.2011 Rupees	As At 31.03.2010 Rupees
<u>SCHEDULE : 1</u>			
<u>SHARE CAPITAL:</u>			
<u>Authorised:</u>			
18,000,000 Equity Shares of Rs. 10/- each		180,000,000	180,000,000
4,000,000 6% Preference Shares of Rs. 30/- each		120,000,000	120,000,000
		300,000,000	300,000,000
<u>Issued:</u>			
16,508,993 (16,508,993) Equity Shares of Rs. 10/- each		165,089,930	165,089,930
		165,089,930	165,089,930
<u>Subscribed & Paid up :</u>			
16,170,000 (16,170,000) Equity Shares of Rs. 10/- each fully paid up (*)		161,700,000	161,700,000
Total		161,700,000	161,700,000

Note:

The above Equity Shares includes 42,500 Equity Shares of Rs. 10 /- each fully paid up issued by way of Bonus Shares by capitalisation of General Reserve.

SCHEDULE : 2

RESERVES & SURPLUS :

CAPITAL RESERVE :

Profit on re-issue of forfeited shares	5,750		5,750
Forfeiture of amounts received on Issue of Warrants	9,990,000		4,500,000
	9,995,750		4,505,750

Add: Forfeiture of amounts received on issue of warrants (Refer Note No. C 8 in Schedule 18)

		9,995,750	5,490,000
		9,995,750	9,995,750

SHARE PREMIUM ACCOUNT :

As per Last Balance Sheet		73,400,000	73,400,000
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REVALUATION RESERVE :

(Refer Note No. C 4 in Schedule 18)

As per last Balance Sheet	3,942,470		4,889,517
Less: Transferred to Profit & Loss Account	239,938		947,047
	3,702,532		3,942,470

Total

	87,098,282	87,338,220
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	As At 31.03.2011 Rupees	As At 31.03.2010 Rupees
<u>SCHEDULE : 3</u>		
<u>SECURED LOANS :</u>		
<u>From Banks :</u>		
<u>Term Loans</u>		
State Bank of India	290,741,934	308,396,380
Add : Interest Accrued and Due	-	5,275,002
	<u>290,741,934</u>	<u>313,671,382</u>
<u>Cash Credit</u>		
State Bank of India (Rupee tied-up)	85,653,292	99,464,032
<u>Hire Purchase Finance :</u>		
Vehicle loan from ICICI Bank Limited	212,567	275,014
Total	<u><u>376,607,793</u></u>	<u><u>413,410,428</u></u>

Loans from State Bank of India are secured by way of first charge on:

- (a) Term Loans - hypothecation of the fixed assets acquired out of the Loan.
(b) Cash credit - hypothecation of the entire stocks, current assets, both present and future.

Further, both the loans are secured by collateral form of equitable mortgage of land and building and plant and machinery and other fixed assets, both

Hire purchase finance for vehicle loan is secured by vehicle purchased thereunder.

SCHEDULE : 4

UNSECURED LOANS :

Inter Corporate Loan	-	5,300,000
Sales Tax Deferral Loan (*)	3,551,791	3,551,791
Total	<u><u>3,551,791</u></u>	<u><u>8,851,791</u></u>

(*) Include Rs. 17,68,191/- (P.Y.Rs. 66,22,291) due within 12 months

BCL Forgings Limited

Schedules forming part of the accounts for the year ended 31st March 2011

	<u>As At</u> 31.03.2011 Rupees	<u>As At</u> 31.03.2010 Rupees
<u>SCHEDULE : 6</u>		
<u>INVESTMENTS :</u>		
<u>LONG TERM (AT COST)</u>		
<u>Trade Investment</u>		
<u>Unquoted :</u>		
In BCL Gaskets Limited (Trade - Unquoted) 1 Equity Share of Rs. 10/- each fully paid up	10	10
 <u>Non - Trade Investment</u>		
<u>Quoted :</u>		
1200 Equity Shares of The Federal Bank Ltd of Rs. 10/- each fully paid up	4,000	4,000
 <u>Unquoted :</u>		
100 Equity Shares of Godavari Urban Co-op Bank of Rs. 10/- each fully paid	1,000	1,000
100 Equity Shares of Janlaxmi Co-op Bank Limited of Rs. 10/- each fully paid.	1,000	1,000
Total	6,010	6,010

Aggregate Cost and Market Value of Investments

	<u>Cost</u>	<u>Market Value</u>
Quoted	4,000	502,680
	(4,000)	(320,340)
UnQuoted	2,010	-
	(2,010)	-

(Note: Previous year figures are given in bracket)

SCHEDULE : 7

INVENTORIES :

(As taken, valued and certified by the Managing Director of the Company) (See Note C 10 in Schedule 18)

Stores and Spare parts	5,202,010	6,158,572
Loose Tools	45,496	164,738
Die Steel and Blocks	61,391,896	60,216,987
Raw Materials	8,260,957	7,468,959
Semi Finished Goods	31,965,064	43,643,607
Total	106,865,423	117,652,863

BCL Forgings Limited

Schedules forming part of the accounts for the year ended 31st March 2011

SCHEDULE: 5 FIXED ASSETS (AT REVALUED COST / COST LESS DEPRECIATION)

Sl. No.	Description	GROSS BLOCK			DEPRECIATION			NET BLOCK		
		As at 01/04/2010 Rupees	Additions during the year Rupees	Deletion during the year Rupees	As at 31/03/2011 Rupees	As at 01/04/2010 Rupees	Depreciation for the year Rupees	Deletion during the year Rupees	As at 31/03/2011 Rupees	As at 31/03/2010 Rupees
1	Land Lease Hold	6,503,000	-	-	6,503,000	2,519,229	65,680	-	3,918,091	3,983,771
2	Office Building	8,775,952	-	-	8,775,952	821,177	143,048	-	7,811,727	7,954,775
3	Factory Building	76,030,072	13,600	-	76,043,672	13,698,576	2,539,435	-	59,810,661	62,331,496
4	Plant & Machinery	224,536,694	-123,449	22,027	224,638,116	99,412,681	7,876,621	344	117,349,158	125,124,013
5	Electrical Installation	2,475,279	209,350	-	2,684,629	2,470,702	12,127	-	201,800	4,577
6	Vehicles	2,886,243	-	-	2,886,243	2,330,769	121,778	-	433,696	555,474
7	Furniture & Fixtures, & Office Equipments	20,580,476	-	-	20,580,476	12,078,767	1,551,387	-	6,950,322	8,501,709
	Total	341,787,716	351,399	22,027	342,117,088	133,331,901	12,310,076	344	196,475,455	208,455,815
	Previous Year	342,304,192	280,956	777,432	341,787,716	121,671,914	12,255,849	595,862	208,455,815	-

Note : Refer Note No. C 4 in Schedule 18

BCL Forgings Limited

Schedules forming part of the accounts for the year ended 31st March 2011

	As At 31.03.2011 Rupees	As At 31.03.2010 Rupees
<u>SCHEDULE : 8</u>		
<u>SUNDRY DEBTORS :</u>		
(Unsecured, Considered good) (See Note C 11 & 16 in Schedule 18)		
Debts outstanding for more than six months	22,601,549	25,167,731
Other debts	18,859,087	25,250,257
Total	41,460,636	50,417,988
 <u>SCHEDULE : 9</u>		
<u>CASH AND BANK BALANCES :</u>		
Cash on Hand	1,861,366	2,507,361
<u>Balances with Scheduled Banks :</u>		
In Current Accounts	395,853	9,002,001
In Fixed Deposits (*)	395,546	377,427
Total	2,652,765	11,886,789
(*) Pledged with Bank against facility of Letter of Credit - Rs.3,50,666 (Rs. 85,35,986)		
 <u>SCHEDULE : 10</u>		
<u>LOANS AND ADVANCES :</u>		
(Unsecured, Considered good)		
Advances recoverable in cash or in kind or for value to be received [includes Rs. 30,645/- in PLA Accounts with Excise Authorities (P.Y. Rs. 19,151/-)] (See Note C 12 , 13 , 14, 15 &16 in Schedule 18)	177,052,764	178,983,228
Tax Payments (Net of Provision) (See Note C 18 in Schedule 18)	116,448	-
<u>Deposits:</u>		
Government & Semi-Government Authorities	2,062,333	2,019,433
Other Deposits	1,324,100	91,324,100
Total	180,555,645	272,326,761
 <u>SCHEDULE : 11</u>		
<u>CURRENT LIABILITIES & PROVISIONS :</u>		
<u>CURRENT LIABILITIES :</u>		
Sundry Creditors (Refer Note No. C 16 & 17 in Schedule 18)	88,020,714	92,076,667
Other Liabilities	11,649,487	12,228,553
	99,670,201	104,305,220
<u>PROVISIONS:</u>		
Leave salary (Refer Note No. C 3(b) in Schedule 18)	2,389,172	2,409,348
Taxation (Net of tax payment)	-	480,861
Total	102,059,373	107,195,429

BCL Forgings Limited

Schedules forming part of the accounts for the year ended 31st March 2011

	<u>For the Year ended 31.03.2011 Rupees</u>	<u>For the Year ended 31.03.2010 Rupees</u>
SCHEDULE : 12		
OTHER INCOME :		
Scrap Sales	20,781,087	22,293,707
Less : Excise Duty	<u>1,848,796</u>	<u>1,670,432</u>
	18,932,291	20,623,275
Profit on sale of fixed assets (Refer Note No. 5 in Schedule 18)	344	5,659,441
Export Incentive	243,651	1,213,844
Miscellaneous Receipts	1,358,529	4,868,011
Interest Received (Gross) (Refer Note No. C 14 in Schedule 18)	104,204	19,120,134
[Tax Deducted at Source Rs. 78,598/- (Rs. 23,629/-)]		
Dividend Received (Gross)	6,000	6,000
Total	<u><u>20,645,019</u></u>	<u><u>51,490,705</u></u>
SCHEDULE : 13		
INCREASE / (DECREASE) IN STOCK		
Stock at close :		
Work in progress	31,965,064	43,643,607
Stock at Commencement :		
Work in progress	43,643,607	54,432,433
Total	<u><u>(11,678,543)</u></u>	<u><u>(10,788,826)</u></u>
SCHEDULE : 14		
RAW MATERIALS CONSUMED :		
Opening Stock	7,468,959	10,063,568
Add: Purchase and Purchase Expenses	<u>162,919,000</u>	<u>195,814,858</u>
	170,387,959	205,878,426
Less: Closing Stock	<u>8,260,957</u>	<u>7,468,959</u>
Total	<u><u>162,127,002</u></u>	<u><u>198,409,467</u></u>
SCHEDULE : 15		
EMPLOYEES REMUNERATION & BENEFITS:		
Salaries, Wages and Bonus	44,402,330	45,327,621
Contribution to Provident Funds and Allied Funds	7,463,844	6,786,343
Gratuity (Refer Note No. C 3(a) in Schedule 18)	2,725,803	1,545,132
Workmen and Staff Welfare Expenses	<u>5,218,773</u>	<u>5,186,691</u>
Total	<u><u>59,810,750</u></u>	<u><u>58,845,787</u></u>

BCL Forgings Limited

Schedules forming part of the accounts for the year ended 31st March 2011

	For the Year ended 31.03.2011 Rupees	For the Year ended 31.03.2010 Rupees
<u>SCHEDULE : 16</u>		
<u>OPERATIONAL AND ESTABLISHMENT EXPENSES:</u>		
Power & Fuel	45,771,377	50,108,871
Stores, Spares, Tools & Die Steel / Blocks Consumed	22,013,855	29,461,429
Labour & Machining Charges	10,490,356	10,423,810
<u>Repairs & Maintenance :</u>		
Buildings	200,652	90,402
Plant & Machinery	2,305,754	2,597,257
Other Assets	64,537	132,721
	2,570,943	2,820,380
Rates & Taxes	600,410	636,405
Insurance	3,414,811	3,301,692
Legal & Professional Charges	1,329,903	1,827,947
<u>Remuneration to Auditors' for:</u>		
Audit Fees	200,000	200,000
Tax Audit	40,000	40,000
Taxation	55,000	55,000
Out of Pocket Expense	8,500	33,500
	303,500	328,500
Travelling and Conveyance Expenses	1,381,905	2,055,505
Commission Expenses	595,500	-
Communication Expenses	682,624	759,407
Sales Tax	14,202,496	15,173,042
Miscellaneous Expenses	2,440,223	1,938,670
Business Promotion Expenses	197,942	106,300
Amortisation of Shares Issues Expenses	-	270,988
Director's Sitting Fees	4,000	4,000
Sundry Debit Balance Written Off	864,126	355,122
Freight, Transport and Delivery Expenses	4,836,853	4,962,166
Octroi Charges	3,564,237	4,172,926
Total	115,265,061	128,707,160
<u>SCHEDULE : 17</u>		
<u>FINANCIAL EXPENSES :</u>		
<u>Interest :</u>		
On Term Loan	8,544,747	5,880,847
On Working Capital Term Loan	26,532,605	18,593,323
On Cash Credit Facilities	16,190,016	21,106,037
To Others	312,283	268,718
	51,579,651	45,848,925
<u>Others :</u>		
Bank Charges	1,456,071	1,741,610
Other Financing Charges	6,576,902	5,760,776
	8,032,973	7,502,386
	59,612,624	53,351,311

BCL Forgings Limited

Schedules forming part of the accounts for the year ended 31st March 2011

SCHEDULE: 18

NOTES ON ACCOUNTING STANDARDS, POLICIES AND OTHER NOTES ON THE ACCOUNTS:

A. NATURE OF OPERATIONS:

The Company is engaged in the business of manufacture of carbon and alloy steel forgings. The said manufacturing activities are carried out on own basis and for others on job basis.

B. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES:

1. GENERAL:

1.1 The financial statements have been prepared in accordance with the Generally Accepted Accounting Principles in India ("GAAP") under the historical cost convention on an accrual basis to comply in all material aspects with the Mandatory Accounting Standards prescribed by the Central Government, in consultation with the National Advisory Committee, Accounting Standards, under the Companies (Accounting Standards) Rules, 2006, referred to in Sub-Section (3C) of Section 211 of the Companies Act, 1956 and the relevant provisions of the Companies Act, 1956.

1.2 The preparation of the accounts requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the accounts and the reported amounts of revenues and expenses during the reporting period. Differences between the actual results and the estimates are recognised in the period in which the results are known / materialised.

2 FIXED ASSETS:

2.1 Fixed Assets other than those re-valued as stated under 2.2 hereunder, are stated at their costs of acquisition inclusive of freight, octroi and other direct and indirect costs (net of refund of duties and taxes) in respect thereof.

2.2 Leasehold Land, Office Buildings, Factory Building, Plant and Machinery and Electrical Installations acquired upto 31st March, 1995 and held as on 1st April, 1996 i.e. the date of revaluation are stated at their "Current Replacement Cost".

3 DEPRECIATION AND AMORTISATION:

3.1 Depreciation in respect of Building and Plant and Machinery is being provided for on "Straight Line Method" and in respect of Other Assets on "Written Down Value Method" in terms of Section 205(2)(b) and 205(2)(a) respectively read with Schedule XIV to the Companies Act, 1956.

3.2 Additional Depreciation in respect of re-valued amounts i.e. difference between the "Current Replacement Cost" and "Original Cost", is transferred from Revaluation Reserve Account to the Profit & Loss Account.

3.3 Premium on Leasehold Land is being amortized equally over a period of Ninety-Nine years.

4. IMPAIRMENT OF ASSETS:

An asset is treated as impaired when the carrying costs of assets exceeds its recoverable value. An impairment loss is charged off to the Profit and Loss Account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting periods is reversed if there is a change in the estimate of the recoverable amount.

5 VALUATION OF INVENTORIES:

- 5.1 Stores & Spares, Oil, Die Steel and Loose Tools are valued at cost on "Weighted Average" basis.
- 5.2 Die blocks are valued at cost or at their "Estimated Recovery Value", whichever is lower.
- 5.3 Raw Materials are valued at cost on "Weighted Average" basis.
- 5.4 Work in Progress and Finished Goods are valued at "Estimated Cost or Market Value", whichever is lower. The cost for this purpose is computed on the basis of cost of direct materials, direct and other overheads.
- 5.5 Scrap Materials are valued at their "Net Estimated Realizable Value".

6 INVESTMENTS:

Long-term investments are stated at cost. Provision for diminution in the value thereof is made to recognize a decline, other than of a temporary nature.

7. REVENUE RECOGNITION:

Sales and Labour & Machining charges are being recognised upon transfer of property in goods and rendering of services. Sales are inclusive of excise duty and sales tax collected. Interest income is accounted for on time proportion basis. Export Incentive (Duty Entitlement Pass Book) is accounted for on recognising export sales.

8 EMPLOYEE BENEFITS:

- 8.1 The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by the employees are recognized during the period when the employee renders the services.
- 8.2 Contributions payable to the Government Provident Fund, which is a defined contribution scheme, is charged off to the Profit and Loss Account.
- 8.3 The Liability in respect of Gratuity is being funded with Met Life Insurance Company Limited under its "Group Gratuity Scheme", [Refer Note No. C.3 (a)]
- 8.4 The Company provided for un-encashed leave benefit on an accrual basis upto the year ended 31st March, 2004. [Refer Note No. C.3 (b)]
- 8.5 The Company had provided for leave wages in terms of earlier "Union Settlement" at the rate of five days wages for every completed year of service which are payable to the employees at the time of their retirement. As per the new understanding between the management and labour, the employees are not entitled to such leave wages effective year ended 31st March, 2002 and onwards. The balance of provision is / shall be utilised for paying the accumulated un-encashed leave wages till 31st March, 2001 at the time of retirement. The difference between the amounts provided for and paid to the employees is / shall be charged in the year of payment.

9 BORROWING COSTS:

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as a part of cost of such assets till their capitalisation. 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.

10. **FOREIGN CURRENCY TRANSACTIONS AND TRANSLATIONS:**
Foreign currency transactions are initially recorded at the exchange rate prevailing at the time of entering of the relevant transaction.
- Monetary items denominated in foreign currency are translated at the closing rate.
- Gains/Losses arising out of fluctuations in exchange rate on settlement/ translation are accounted for in the Profit and Loss Account.
11. **TAXES ON INCOME:**
Tax expenses comprises of current and deferred tax.
- Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable provisions of the Income-tax Act, 1961.
- Deferred tax is recognized, on timing differences, being the differences between the taxable income and accounting income that originate in one year and are capable of reversal in one or more subsequent year(s).
12. **PROVISION AND CONTINGENCIES:**
Provisions are recognized when there is a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made.
- A disclosure for a contingent liability is made when there is a possible or present obligation that may, but probably will not require an outflow of resources. When there is a possible obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.
- Contingent assets are neither recognized nor disclosed in the financial statements.
13. **CASH FLOW STATEMENT:**
Cash flows from operating activities are reported by using the indirect method, whereby net profit or loss is adjusted for the effects of transactions of non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and items of income or expenses associated with investing or financing cash flows. Cash flows from investing and financing activities include major gross cash receipts and payments arising from each stream of the activities.
14. **EARNING PER SHARE:**
The basic and diluted earnings per share is computed by dividing the net profit/ (loss) attributable to the equity shareholders for the year by the weighted average number of equity shares outstanding during the reporting year. In case of computing the diluted earnings per share, the net profit/(loss) attributable to the equity shareholders for the year and the weighted average number of equity shares outstanding during the reporting year are adjusted for the effects of all dilutive potential equity shares.
15. Accounting policies not specifically referred to above are in consonance with the generally accepted accounting policies.

C. OTHER NOTES TO THE ACCOUNTS:

1. The net worth of the Company has substantially eroded. However, these accounts have been prepared by applying the assumption of Going Concern in view of continuing business operations. Further, the Management of the Company is taking steps towards optimisation of its operations and is of the view that same shall enable the Company to achieve positive results and the restoration of positive net worth.

<u>PARTICULARS</u>	For the year ended 31 st March, 2011	For the year ended 31 st March, 2010
2 <u>Contingent Liabilities:</u>		
(a) The Company has imported capital goods under the EPCG Scheme at concessional duty with an export obligation for which bank guarantee has been provided for in favour of Government of India. In the event export obligation is not fulfilled the Company would be liable to pay the custom duty saved along with interest thereon. The amount of custom duty saved is Rs. 1,07,65,944/-.	18,00,000	18,00,000
(b) Excise demands, where favourable decision of the Appellate Authorities are disputed by the Excise Department in further appeals.	58,313	58,313
3 <u>No provision has been made for:</u>		
(a) Estimated gratuity payable to its employees at a future date, being the difference between the liability determined on actuarial valuation and the fund balance	2,13,31,769	1,76,73,792
(b) Estimated leave salary payable to its employees at a future date, representing the difference between the liability determined on actuarial valuation and the provision made therefor as upto 31 st March, 2007. Further, effective year ended 31 st March, 2008 actuarial valuation has not been carried out.	10,19,514	10,19,514
4 The Company had revalued its leasehold land, buildings, electrical installations and plant and machinery acquired upto 31 st March, 1995 and held as on 1 st April, 1996 at their "Current Replacement Cost" on the basis of a report by an approved valuer by transferring the resultant difference between the "Current Replacement Cost" and "Original Cost" of Rs. 5,13,83,446/- to the "Revaluation Reserve Account". Difference in depreciation in respect of revalued assets as provided on "Current Replacement Cost" and "Original Cost" is adjusted as under:		
(a) Till 31 st March, 1996 depreciation adjusted to Revaluation Reserve Account is Rs. 2,16,57,503/-.		
(b) For the year depreciation transferred from Revaluation Reserve Account to the Profit and Loss Account is Rs.2,39,938 /- (Previous Year Rs.9,47,047/-).		
5. During the previous year, the Company had sold its freehold land situated at Pathardi, Nasik for Rs. 58,00,000/- and earned profit of Rs. 56,37,254/-, representing an extraordinary item. The said profit is included in the amount of Profit on Sale of Fixed Assets under the Schedule of Other Income.		

6. During the previous year, the Company had written back excess provision for depreciation of Rs. 11,60,650/- on plant and machinery representing depreciation provided as upto the year ended 31st March 2009 in excess of 95% of the cost of the respective assets, the impact of which is included in the amount of depreciation on plant and machinery for.
7. The Company's 36,70,000 6% Cumulative Convertible Preference Shares of Rs. 30/- each were converted into 36,70,000 equity shares of Rs. 10/- each fully paid up at a premium of Rs. 20/- per share on 26th September, 2007. However, the Company has not paid the Cumulative Dividend of Rs. 1,42,97,918/- in respect of the said 6% Cumulative Convertible Preference Shares upto the date of their conversion into equity shares, as the management is of the view that the same is not payable as not declared.
8. The Company in accordance with the approval accorded by its shareholders at its extraordinary general meeting held on 8th January, 2008 had issued 18,30,000 Zero Percent Convertible Warrants of Rs. 30/- per warrant convertible into 18,30,000 equity shares of Rs. 10/- each at a premium of Rs. 20/- per share on preferential basis by way of private placement as per the SEBI (Disclosure & Investor Protection) Guidelines, 2000. The said warrants were convertible upon expiry of 18 months from the date of allotment i.e. 9th June 2008. Against the said issue of warrants, the Company had received Rs. 54,90,000/-, being 10% of the amount receivable on issue thereof. During the previous year, on account of non-receipt of 90% of the amounts payable on conversion thereof, the said warrants were cancelled by the Board of Directors at their meeting held on 28th January, 2010 and consequently, the application money received there against was forfeited and credited to Capital Reserve Account.

9. Remuneration to Managing Director: -

Particulars	For the year ended	For the year ended
	31 st March, 2011	31 st March, 2010
	Rupees	Rupees
Salary and Allowances	20,72,000	24,20,000
Employer's Contribution to Provident Fund	1,72,167	1,73,371
Perquisites	1,68,094	3,62,842
Total	24,12,261	29,56,213

- 9.1. In the absence of "Net Profit" as computed under Section 349 of the Companies Act, 1956, no provision for commission payable to the Managing Director is required to be made. Consequently, the computation of "Net Profit" under Section 349 of the Companies Act, 1956 has not been shown.
10. The Company is in the process of evaluating the utility as well as realisable value of certain inventories of stores, spare parts and die blocks which have remained unmoved for ascertaining whether there is any need to provide for obsolescence/impairment. Upon completion of such exercise, necessary provision shall be made thereof, if required.
11. No provision for doubtful debts aggregating to Rs. 2,36,49,749 (Previous Year Rs. 2,49,34,621) has been made as the Company continues its efforts to recover them by taking appropriate legal steps and or personal follow up actions.

12. The Company had entered into an agreement effective 1st April, 2005 with Messrs. Investwell for portfolio management and investment activities for 24 Months. In accordance with the said agreement, the "profits" (Net) earned during the period of 24 months were to be shared equally and the "losses" (Net) incurred were to be borne by Messrs. Investwell. The said Agreement was mutually extended for a further period of 12 months. As on 31.03.2011, there is a debit balance of Rs. 6,32,66,282/- in the name of Messrs. Investwell, which comprises of funds utilized and losses and costs incurred in relation to the said activities. The management is of the view that the said amount of Rs. 6,32,66,282/- due from M/s Investwell is good for recovery.

13. Loans and Advances include Rs. 2,75,69,994/-, being the aggregate amounts paid to Prathamesh Investment & Trading Private Limited including, on their behalf, for certain services rendered by them in connection with Preferential Issue of Shares and Warrants by the Company in the earlier period(s).

No provision has been made for the fees payable by the Company to them, as the amount payable has not been agreed upon by and between the Company and the said Prathamesh Investment & Trading Private Limited as yet. The management has decided that as and when the said fees are determined, then amount thereof shall be charged off to Share Premium Account in accordance with the provisions of Section 79 of the Companies Act, 1956 and hence, provision at this junction is not necessary.

14. The Company had entered into a "license cum operating agreement" (the agreement) with Business Combine Limited (BCL) under which, w.e.f. 1st April, 2005, BCL had granted the Company an exclusive license to operate its factory for manufacture of S.G. Iron Castings of various types & machine components, as per the terms and conditions as stated therein. The said agreement has been discontinued w.e.f. 1st October, 2008 and consequently, the amount of security deposit of Rs. 9,00,00,000/- placed by the Company has been refunded during the year.

As on 31st March, 2011 an amount of Rs. 7,04,68,215/- is recoverable from BCL, which includes the following which are subject to reconciliation and confirmation by them.

- (a) Interest of Rs. 1,86,57,778 charged by the company during the previous year on the outstanding balances recoverable from BCL. However, the Company has not charged such interest on the outstanding balances recoverable from BCL for the year.
- (b) Labour charges of Rs. 81,60,395/- credited by the Company to BCL towards products manufactured by them for and upto years ended 31st March, 2011.
- (c) Debit notes issued by the Company for rejection(s) as well as reimbursement of expenses for and upto years ended 31st March, 2011.

The aforesaid debit of interest/rejection(s)/reimbursement of expenses and credits for conversion charges are subject to acceptance by BCL. The necessary adjustments if any arising upon finalization/settlement of the aforesaid claims shall be made in the year in which the same are concluded.

Further, in the opinion of the Management of the Company, the amount due from BCL as on 31.03.2011 of Rs. 7,04,68,215/- is good for recovery, though it is a Sick Industrial Company as it continues its business operations and the Company endeavors to recover the same.

15. Advances includes Rs. 1,07,87,214 (Previous Year Rs. 1,05,28,192) paid to suppliers which are subject to reconciliation and necessary adjustment entries shall be passed upon reconciliation thereof.

16. The balances of Sundry Debtors, Loans and Advances and Sundry Creditors are subject to confirmation/reconciliation. Necessary adjustment entries shall be passed upon receipt of confirmations/reconciliations.

17. The Company does not have any information as regards status of the vendors covered under the Micro, Small and Medium Enterprises Act, 2006 and consequently, no disclosure of the amount due to such vendors along with interest payable, if any, has been made.

18. No provision has been made for the income tax demand of Rs. 64,96,611 for earlier years as the same are disputed in appeals.

19. The Company has constituted an audit committee under Section 292A of the Companies Act, 1956. The audit committee had functioned during the year. However, the Management of the Company is taking steps to make the same more effective.

20. **SEGMENT REPORTING PURSUANT TO ACCOUNTING STANDARD -17:**
The Company is engaged in the business of manufacture and sale of carbon and alloy steel forgings and hence, The company has only one business segment. Further, the Company does not have any geographical segment.

21. **TAXATION:**

(a) Deferred tax : In accordance with Accounting Standard (AS - 22) on Accounting for Tax on Income notified by the Companies (Accounting Standards) Rules,2006 , Deferred Tax Assets consist of substantial amounts of 'carry forward' losses and unabsorbed depreciation under the Income Tax Act, 1961. However, since the availability of sufficient future taxable income against which the said benefits can be set off is not possible to be ascertained with virtual certainty, Deferred Tax Assets have not been recognised as a measure of abundant caution.

(b) Current Tax :Company has incurred loss during the year and hence no provision for current tax has been made during the year.

22. **DISCLOSURE IN RESPECT OF RELATED PARTIES PURSUANT TO ACCOUNTING STANDARD - 18:**

A. Related Parties and their relationship:

1. Mr. C. D. Dhongde: Managing Director, a Key Management Personnel (KMP)

2. Business Combine Limited: Promoter Company (*)

3. Hindustan Hardy Spicer Limited and XLO India Limited: Companies in which a director of the Promoter Company exercises significant influence (*).

(*) Referred to as "Associated Enterprises"

Note: Related parties and their relationship are as identified by the Company and relied upon by the Auditors.

B. Details of transactions during the year and outstanding balance as of year end:

		Associated Enterprises		KMP		
		For the year ended 31.03.2011	For the year ended 31.03.2010	For the year ended 31.03.2011	For the year ended 31.03.2010	
B.1	TRANSACTIONS:					
	1.	Managerial Remuneration			24,12,261	29,56,213
	2.	Labour charges paid (Net of Rejection)	21,67,294	59,93,101		
	3.	Sale of carbon and alloy steel forgings	3,05,35,686	2,52,10,337		
	4.	Sale of Freehold Land	-	58,00,000		
	5.	Interest charged on amount recoverable	-	1,86,57,778		
	6.	Cash discount granted to	-	129		
B.2	OUTSTANDING BALANCES:		As at 31.3.2011	As at 31.3.2010	As at 31.3.2011	As at 31.3.2010
	1.	Against managerial remuneration payable			-	1,37,540
	2.	Security deposit	-	9,00,00,000	-	-
	3.	Receivables	7,36,48,203	7,97,39,238		

23. EARNINGS PER SHARE:

Sr. No.	Particulars	For the year ended 31 st March, 2011	For the year ended 31 st March, 2010
		Rupees	Rupees
1	Net (Loss) for the year	(8,52,51,663)	(5,25,67,580)
2	Weighted average number of equity shares outstanding:		
	(a) Basic	1,61,70,000	1,61,70,000
	(b) Diluted	1,61,70,000	1,61,70,000
3	Earning Per Share:		
	(a) Basic	(5.27)	(3.25)
	(b) Diluted	(5.27)	(3.25)
4	Face Value of an Equity Share	10.00	10.00

Note: In quantifying Net Profit, impact on account of items for which provision has not been made has not been considered.

24. CAPACITIES, PRODUCTION, TURNOVER, STOCKS & OTHER INFORMATION:

DESCRIPTION	CAPACITY		ACTUAL PRODUCTION
	LICENSED (M.T.)	INSTALLED (M.T.)	QTY (M.T.)
<u>Own Material</u> Carbon & Alloy Steel Forgings	- (-)	21,600 (21,600)	3,247 (4,625)
<u>Party's material</u> (on conversion basis) Carbon & Alloy Steel Forgings			926 (187)

Notes:

1. Since the industry is de-licensed, there is no licensed capacity.
2. Installed capacity is evaluated on three shifts basis as certified by a Director of the Company and accepted by the Auditors, being a technical matter.
3. The Company has outsourced the manufacture of S.G. Iron Castings from Business Combine Limited.
4. Production is net of rejections and write-off.

	For the year ended 31.03.2011		For the year ended 31.03.2010	
	QTY (M.T.)	VALUE Rupees	QTY (M.T.)	VALUE Rupees
<u>Turnover information :</u> <u>Carbon & Alloy Steel</u> <u>Forgings :</u> (a) Own Materials (b) Party's Materials(on conversion basis)	3380 878	31,34,56,972 2,01,88,983	4,566 225	36,17,44,666 43,88,323
Others Sales		65,41,460		1,69,51,398
<u>Raw Materials consumed</u> <u>with</u> <u>respect to :</u> <u>Carbon & Alloy Steel</u> <u>Forgings :</u> Steel Bars Others	4151	16,21,27,002	5,863	19,32,33,538 51,75,929

	For the year ended 31.03.2011		For the year ended 31.03.2010	
		Value		Value
	%	Rupees	%	Rupees
Break-up of Raw Materials consumed:				
Indigenous	100	16,21,27,002	100	19,84,09,467
Break-up of stores, spares, tools, die blocks, die steel consumed :				
Indigenous	100	2,20,13,855	100	2,94,61,429

	For the year ended 31.03.2011		For the year ended 31.03.2010	
		Rupees		Rupees
	FOB Value of Exports		1,01,16,521	

25. Figures in bracket relate to those of previous year, wherever applicable.
26. The previous year's figures have been re-grouped and re-classified, wherever necessary so as to confirm the current year's presentation.

BCL Forgings Limited

Schedules forming part of the accounts for the period ended 31st March 2011

27 BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE :		
I. <u>REGISTRATION DETAILS :</u>		
Registration No.	:	11-13737
State Code	:	011
Balance Sheet Date	:	31.03.2011
II. <u>CAPITAL RAISED DURING THE YEAR :</u>		
Public Issue	:	NIL
Rights Issue	:	NIL
Bonus Issue	:	NIL
Private Placement	:	NIL
III. <u>POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS :</u>		
<u>(AMOUNTS IN RS. THOUSANDS)</u>		
Total Liabilities	:	628,958
Total Assets	:	628,958
<u>SOURCES OF FUNDS :</u>		
Paid-up Capital	:	161,700
Warrants	:	-
Reserves & Surplus	:	87,098
Secured Loans	:	376,608
Unsecured Loans	:	3,552
<u>APPLICATION OF FUNDS :</u>		
Net Fixed Assets	:	196,475
Investments	:	6
Net Current Assets	:	229,475
Miscellaneous Expenses	:	-
Accumulated Losses	:	203,001
IV. <u>PERFORMANCE OF COMPANY :</u>		
<u>(AMOUNTS IN RS. THOUSANDS)</u>		
Total Income	:	335,312
Total Expenditure	:	420,564
Profit before tax	:	(85,252)
Profit after tax	:	(85,252)
Earnings per share	:	(5.27)
Dividend Rate %	:	
V. <u>GENERIC NAME OF THREE PRINCIPAL PRODUCTS / SERVICES</u>		
<u>OF THE COMPANY</u>		
Item Code No. (ITC CODE)	:	Not Applicable
Product description	:	Manufacturer of Steel Forgings and S.G.Iron Castings

SIGNATURES TO SCHEDULES 1 TO 18
As per our separate report of even date attached.

**FOR M.A.PARIKH & CO.
CHARTERED ACCOUNTANTS**

**Partner
Name: Ajit C. Shah
Membership No. 13097**

**FOR AND ON BEHALF OF THE
BOARD OF DIRECTORS**

Director

**PLACE: MUMBAI
DATE: 24/11/2011**

**PLACE: MUMBAI
DATE: 24/11/2011**

BCL FORGINGS LIMITED
Regd. Office: Bombay Footwear Building, Deonar Village Road, Opp: N.K.G.S.B. Bank-
 Deonar, Mumbai -400088.

ATTENDANCE SLIP

NAME OF THE SHAREHOLDER:	
LF NO.	
NO. OF SHARES	

I hereby record my presence at the Annual General Meeting, held at Sunville Deluxe Pavillion, 9, Dr. Annie Besant Road, Worli, Mumbai 400 018, Friday, December 30, 2011 at 3.00 p.m. as a shareholder / Proxy.

NAME OF PROXY IN BLOCK CAPITALS

SIGNATURE OF THE SHAREHOLDER

Notes:

- 1) Shareholder / Proxy-holder wishing to attend the meeting must bring the Attendance slip to the meeting and handover the same at the entrance duly signed.
- 2) Shareholder / Proxy-holder desiring to attend the meeting should bring his copy of the Annual Report for reference at the meeting.

BCL FORGINGS LIMITED
Regd. Office: Bombay Footwear Building, Deonar Village Road, Opp: N.K.G.S.B. Bank-
 Deonar, Mumbai -400088.

PROXY FORM

LF NO.	NO. OF SHARES

I/We.....of.....
being a member/ members of BCL Forgings Limited, hereby appoint..... of
or failing him /her..... of..... as
 my / our proxy to vote for me /us and on my/our behalf at the ANNUAL GENERAL MEETING of the
 Company, to be held at Sunville Deluxe Pavillion, 9, Dr. Annie Besant Road, Worli, Mumbai 400 018,
 Friday, December 30, 2011 at 3.00 p.m and at any adjournment thereof.

Signed thisday of 2011

Date of Receipt2011
 (for office use only)

Signature

Affix Re. 1/- Revenue Stamp

N.B.: Proxies to be valid must be deposited at the Registered Office of the Company not later than 48 hours before the time for holding the meeting.