



24th
ANNUAL
REPORT
2006-07

PRADEEP METALS LIMITED

PRADEEP METALS LIMITED



BOARD OF DIRECTORS

Pradeep Goyal
Chairman & Managing Director

R. D. Shroff

O. P. Agarwal

R. K. Agarwal

Dinesh Parekh

Suresh G. Vaidya

COMPANY SECRETARY

Abhinay Kapoor

BANKERS

Union Bank of India

AUDITORS

S. R. Rege & Co.
Chartered Accountants

REGISTERED OFFICE & WORKS

R-205, TTC Indl. Area, MIDC
Rabale, Navi Mumbai 400 701
Maharashtra

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NOTICE

NOTICE IS HEREBY GIVEN THAT THE TWENTY FOURTH ANNUAL GENERAL MEETING OF PRADEEP METALS LIMITED will be held at the Registered Office at R-205, TTC Industrial Area, MIDC, Rabale, Navi Mumbai 400 701 on Tuesday, 11th September, 2007, at 4.00 p.m. to transact the following business:

Ordinary Business

1. To receive and adopt the Directors' Report, Auditors' Report and Audited Profit and Loss Account for the year ended 31st March, 2007 and the Balance Sheet as at that date.
2. To appoint Shri Pradeep Goyal, Director who retires by rotation, but being eligible, offers himself for re-appointment.
3. To appoint Shri Omprakash Agarwal, Director who retires by rotation, but being eligible, offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration.

By Order of the Board of Directors
For PRADEEP METALS LTD

Navi Mumbai
June 7, 2007

ABHINAY KAPOOR
COMPANY SECRETARY

REGISTERED OFFICE:

Pradeep Metals Ltd.
R-205, TTC Industrial Area
MIDC, Rabale, Navi Mumbai 400 701

Notes:

- (a) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF. THE PROXY NEED NOT BE A MEMBER. THE PROXY IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
- (b) Members are requested to intimate any change in their address to the Registrar and Transfer Agents of the Company, Intime Spectrum Registry Ltd., C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup West, Mumbai 400 078 immediately.
- (c) Members who hold shares in identical order of names in more than one Folio are requested to write to the Company to enable consolidation of their holdings in one Folio.
- (d) Members are requested to intimate to the Company, details, if any, required in relation to this Annual Report atleast 7 (seven) days before the meeting to enable the Management to keep the information ready at the meeting.
- (e) All documents referred to in the accompanying Notice and Explanatory Statement, are open for inspection at the Registered Office of the Company on all working days between 11.00 a.m to 1.00 p.m. upto the date of the Annual General Meeting except on Sundays and other holidays.
- (f) Members/Proxies are requested to bring their copies of the Annual Report to the meeting.
- (g) The Company's Equity Shares are the scripts which the Securities and Exchange Board of India (SEBI) has specified for settlement only in dematerialised form by all investors.
- (h) The Register of Members & Transfer Books of the Company in respect of Equity Shares will remain closed from 4th September, 2007 to 11th September, 2007 (both days inclusive).

PRADEEP METALS LIMITED

Item Nos. 2 & 3

Details of the Directors seeking reappointment in Annual General Meeting to be held on 11th September, 2007

Name of the Director	Shri Pradeep Goyal	Shri O P Agarwal
Date of Birth	20-11-1955	25-03-1940
Date of Appointment	12-08-1983	10 th May, 2001
Expertise in Specific functional area	Technical & Management Expert	Engineer
Qualification	B.Tech (Metallurgy), IIT, Kanpur S.M (Materials Science & Engineering), MIT, Cambridge, USA	B.E. (Mech), Birla College of Engineering, Pilani
List of outside Directorships held	United Phosphorus Ltd. Nelito Systems Ltd. Indian Resources Information & Management Technology Ltd. Uniphos Enterprises Ltd. S.V. Shah Construction Pvt. Ltd. Flashnet Info Solutions (India) Ltd. Esvee Pharma Pvt. Ltd.	Economic Forge (P) Ltd. Supreme Heat Treaters (P) Ltd.
Chairman/Member of the Committee of the Board of Directors of the Company	Nil	Member, Shareholders'/Investors' Grievance Committee
Chairman/Member of the Committee of Directors of other companies:-		
a) Audit Committee	2	Nil
b) Shareholders / Investors' Grievance Committee	2	Nil
c) Remuneration Committee	2	Nil

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DIRECTORS' REPORT

To,
The Shareholders

Your Directors are pleased to present the Twenty Fourth Annual Report together with the audited accounts for the year ended 31st March, 2007.

FINANCIAL RESULTS:

	2006-07	Rs. in Lacs 2005-06
Profit before Interest, Depreciation, and Tax	697.04	495.01
Less : Interest	317.76	226.67
Profit before Depreciation and Tax	379.28	268.34
Less: Depreciation	126.09	116.24
Preliminary expenses written off	0.21	0.21
Profit before Tax	252.98	151.89
Less: Provision for Tax	0.65	-
Profit for the year	252.33	151.89

DIVIDEND:

In view of the past losses and need to conserve resources for future growth, your Directors do not recommend payment of any dividend.

PERFORMANCE:

The Company has significantly improved its' turnover to Rs. 5503.87 lacs during the year as compared to Rs. 4643.30 lacs in the previous year registering an increase of 19%. The profit before interest, depreciation and tax has gone up by 41%. However, the cash accruals have only increased to Rs. 379.28 lacs as compared to cash accruals of Rs. 268.34 lacs during the previous year due to higher interest cost in view of rising interest rates.

EXPORTS:

During the year, exports of the Company were valued at Rs.2739.74 lacs as compared to Rs. 2292.34 lacs in the previous year showing an increase of 20%. This has been achieved mainly due to higher value added products and greater consumer satisfaction. Your company hopes to sustain and increase its exports performance in the coming years.

QUALITY:

Your company's focus on maintaining high level of quality consciousness is evident from its continued certification as an ISO 9001-2000 and Pressure Equipment Directive 97/23/EC (PED) approved manufacturing unit. Your company makes concerted efforts for constant improvement in quality of its products.

Your Company has added several machines for precision machining of forged products and also enhanced its die making capability by installing modern CNC / VMC machines. These measures will further improve the quality of finished components.

DEPOSITS:

The Company has not accepted any loans or deposits from the public in terms of Section 58A of the Companies Act, 1956 and rules framed under the Companies (Acceptance of Deposits) Rules, 1975.

PARTICULARS OF EMPLOYEES:

There was no employee of the Company who received remuneration in excess of the limits prescribed under

PRADEEP METALS LIMITED

Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

HUMAN RESOURCE DEVELOPMENT:

The company continuously carries out Training and Development programs for the benefit of the employees. The process for updating technical skills of employees and developing good work culture on the shop floor is ongoing regularly.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, RESEARCH & DEVELOPMENT AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

The particulars prescribed under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in Report of Board of Directors) Rules, 1988, are set out in the Annexure A and form part of this Report.

CORPORATE GOVERNANCE:

In compliance with the recommendations of Securities Exchange Board of India on Corporate Governance Report and the listing agreement of the Stock Exchange, a separate report on Corporate Governance and Management Discussion and Analysis giving details of the Company's business and operating results is annexed as Annexure B.

DIRECTORS:

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Shri Pradeep Goyal and Shri Omprakash Agarwal, Directors of the Company, retire by rotation and being eligible; have offered themselves for re-appointment.

Dr. V. Gopinathan, Director has resigned from the Board of Directors w.e.f. 27th January, 2007.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, the Board of Directors confirm:

- a. that in the preparation of the Annual Accounts for the financial year ended 31st March, 2007, the applicable accounting standards have been followed alongwith proper explanation relating to material departures;
- b. that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 31st March, 2007 and of the profit or loss of the Company for the year ended on that date;
- c. that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- d. that the Directors have prepared the Annual Accounts on a going concern basis.

AUDITORS:

The observations made in the Auditors' Report are to be read with the Notes to Accounts, which are self-explanatory and no further comments are necessary under Section 217(3) of the Companies Act, 1956. M/s. S. R. Rege & Co., Chartered Accountants, retires at the conclusion of the 24th Annual General Meeting and, being eligible, offer themselves for re-appointment.

ACKNOWLEDGEMENT:

Your Directors wish to express their gratitude for the assistance and co-operation received from Industrial Development Bank of India, Union Bank of India, Maharashtra State Electricity Board, Maharashtra Industrial

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Development Corporation, Navi Mumbai Municipal Corporation and other government and semi-government authorities, corporations and institutions.

The Directors also thank all the shareholders and investors for reposing continued confidence in the Company. Your Directors also wish to place on record their deep sense of appreciation for the devoted services of all the employees of the Company and their unstinted efforts for the progress of the Company.

By Order of the Board of Directors

PRADEEP GOYAL
CHAIRMAN & MANAGING DIRECTOR

June 7, 2007

REGISTERED OFFICE:

Pradeep Metals Ltd.
R - 205, T.T.C. Industrial Area
M.I.D.C., Rabale, Navi Mumbai - 400 701.

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Information pursuant to Section 217 (1) (e) of the Companies Act, 1956

ANNEXURE A

1. CONSERVATION OF ENERGY:

The Company continuously introduces new methods to conserve energy. The unit consumption of fuel has improved during the year. An energy efficient conservair system has been installed which has reduced the air losses in the system and brought down the power cost from 849 units/Mt to 834 units/Mt. The power factor is at 0.99 which is considered excellent and the Company is getting rebate in power bills for the same.

2. TOTAL ENERGY CONSUMPTION & ENERGY CONSUMPTION PER UNIT OF PRODUCTION:

A. Power & Fuel Consumption:

	31/03/2007	31/03/2006
1. Electricity		
a. Purchased (Unit Nos.)	2,985,515	2,969,986
Total amount (Rs.)	17,971,640	13,078,975
Average rate (Rs./unit)	6.02	4.40
b. Own generation	N.A.	N.A.
2. Furnace Oil		
Quantity (Ltrs.)	761,440	691,080
Total amount (Rs.)	15,520,018	12,811,734
Average rate (Rs./Ltr.)	20.38	18.54
3. Light Diesel Oil (LDO)		
Quantity (Ltrs.)	119,760	210,560
Total amount (Rs.)	3,569,438	5,833,728
Average rate (Rs./Ltr.)	29.80	27.71

B. Consumption per unit of Production:

Quantity (Mt)	3953	3563
Electricity Unit/Mt	755	834
Furnace Oil Ltrs./Mt	193	194
LDO Ltrs./Mt	30	59

C. TECHNOLOGY ABSORPTION:

1. Research & Development:

The Company is constantly improving the design of dies and trim tools to reduce raw material consumption and achieve better quality and yield.

2. Benefits derived:

Improvement in productivity and quality and yield.

3. Future Plans:

CNC lathes have been installed and commenced production to enable the company to supply high value added products.

4. Expenditure on Research & Development:

Since Research & Development is carried out in-house, as a part of ongoing manufacturing operations, the expenditure is not separately accounted for and the same is debited to the respective accounts.

5. Technology Absorption, Adoption and Innovation:

Continuous improvements in the manufacturing process, wherever feasible, and focus on development of intricate precision forgings for export, form part of the ongoing operations of the Company. The Company has adopted lean manufacturing methods to further improve manufacturing practices and to reduce WIP.

D. FOREIGN EXCHANGE EARNINGS AND OUTGO:

Total foreign exchange used and earned:

Used : Rs. 3,535,027 /-

Earned : Rs. 273,973,556 /-

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CORPORATE GOVERNANCE

ANNEXURE B

The Directors present the Company's Report on Corporate Governance for the year ended 31st March, 2007 as required under Clause 49 of the Listing Agreement with the Bombay Stock Exchange Ltd:

1. Company's philosophy on corporate governance.

Pradeep Metals Limited (PML) is committed to the highest standards of corporate governance in all its endeavors. PML believes in corporate governance as a necessary culture for achieving superior performance and its core being transparency, accountability, equity and openness in the working of the management and the board. Sound corporate governance in line with clause 49 of the Listing Agreement and SEBI guidelines has been put in place.

2. Board of Directors

In terms of the Company's corporate governance policy, all statutory and other significant and material information are placed before the Board to enable it to discharge its responsibilities of supervision, control and direction of the Company.

(A) Composition of Board

The Board of Directors consists of Executive and Non-Executive Directors. The total number of Directors of the Company is SIX, including the Managing Director.

Name of Director	Category Promoters, Executive, Non-Executive, Independent	No. of Board Meetings attended	Last AGM attended	No. of Directorships held in Other Companies		Committee Membership(s) of Other Companies	
				Public	Private	Member	Chairman
Pradeep Goyal	Promoter, Chairman & Managing Director	5	Yes	5	2	3	3
Omprakash Agarwal	Non-Executive, Independent	5	Yes	Nil	2	Nil	Nil
R. D. Shroff	Non-Executive, Independent	Nil	No	11	4	Nil	Nil
R. K. Agarwal	Non-Executive, Independent	4	No	3	5	Nil	Nil
Dinesh T Parekh	Non-Executive, Independent	2	Yes	Nil	Nil	Nil	Nil
Suresh Vaidya	Non-Executive, Independent	4	Yes	2	Nil	Nil	Nil
V. Gopinathan*	Non-Executive, Independent	3	Yes	Nil	Nil	Nil	Nil

* Resigned w.e.f. 27th January, 2007

B) Meetings

During the financial year 2006 – 2007, five meetings of the Board were held on 13th May, 2006, 24th June, 2006, 28th July, 2006, 28th October, 2006 and 27th January, 2007.

(C) Code of Conduct

The Board has laid down a code of conduct which binds all the Board members and senior management of the Company.

3. Committees of the Board

The Board has constituted three committees viz, Audit Committee, Shareholders'/Investors' Grievances Committee and Remuneration Committee

i) Audit Committee

The Company has set up an Audit Committee in accordance with the requirements of Section 292A of the Companies Act, 1956 and the terms of reference are in conformity with the revised Clause 49 of the Listing Agreement entered into with the Stock Exchange.

The broad terms of reference of the Audit Committee include reviewing of financial statements before submission to the Board, reviewing the report of internal audit, reviewing accounting and financial policies and procedures, financial reporting systems, internal control procedures and risk management policies. In addition, the powers and

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role of the Audit Committee are as laid down under clause 49 II C & D of the Listing Agreement and section 292 A of the Companies Act, 1956.

The Committee met four times during the financial year on 24th June, 2006, 28th July, 2006, 28th October, 2006 and 27th January, 2007.

The Audit Committee consists of the following Directors as on 31st March' 07:

Sr.No.	Name of Director	Executive, Non-Executive, Independent	No. of Meetings attended
1	Dinesh T Parekh	Chairman, Non-Executive, Independent	2
2	R. D. Shroff	Member, Non Executive, Independent	Nil
3	R.K. Agarwal	Member, Non Executive, Independent	3
4	Suresh Vaidya	Member, Non Executive, Independent	3

All the members of the audit committee are independent and non-executive Directors. They possess adequate knowledge of Accounts, Audit, and Finance etc.

There is no subsidiary company.

ii) Shareholders'/Investors' Grievances Committee

Pursuant to Clause 49 of the Listing Agreement, the Company has formed a Shareholders'/Investors' Grievances Committee of the Board of Directors.

The Committee oversees redressal of shareholder and investor grievances like transfer of shares, non-receipt of Balance Sheet or dividends and approves the sub-division, transmission or issue of duplicate shares, etc. The Committee overviews the steps to be taken for further value addition in the quality of service to the investors.

The Committee consists of the following Directors:

Sr.No.	Name of Director	Position	No. of Meetings attended
1	R. K. Agarwal	Chairman	3
2	Dinesh T. Parekh	Member	2
3	O. P. Agarwal	Member	4
4	Dr. V. Gopinathan*	Member	3

* Resigned w.e.f. 27th January, 2007

During the year, the Company received 21 complaints, which were resolved within 30 days to the satisfaction of the Shareholders/Investors. As on 31st March, 2007, no complaints were pending.

iii) Remuneration Committee

The Remuneration Committee has been constituted to review and recommend the remuneration package to be paid to the Directors.

During the year, no meeting of Remuneration Committee was held.

During the financial year 2006-07, the Company paid remuneration to its Directors as per the details given below:

Name of Director	Remuneration (In Rs.)	Remarks
Pradeep Goyal Chairman & Managing Director	1,379,921.00	Salary & perquisites
Dr. V. Gopinathan * Director	336,210.00	Professional fees towards technical services

* Resigned w.e.f. 27th January, 2007

The following Directors have been paid sitting fees:

Name of Director	Sitting fees (In Rs.)
O. P. Agarwal	12000
R. K. Agarwal	12000
Dinesh T. Parekh	12000
Suresh Vaidya	9000
Dr. V. Gopinathan	9000

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Apart from the above, none of the Non-executive Directors had any pecuniary relationship or transactions with the company.

4. Annual General Meeting

The particulars of the last three Annual General Meetings (AGM) of the Company are as under:

Year	Date	Time	Venue
2005-06	29 th September, 2006	4.00 P.M.	Registered office of the company
2004-05	16 th September, 2005	4.00 P.M.	Registered office of the company
2003-04	24 th September, 2004	4.00 P.M.	Registered office of the company

No Special Resolution was put through Postal Ballot last year nor proposed in the ensuing Annual General Meeting.

5. Disclosures

There are no materially significant related party transactions i.e. transactions of the company of material nature, with its promoters, the directors or the management or relatives, etc. (other than remuneration paid to Shri Pradeep Goyal, Chairman & Managing Director and professional fees for technical services paid to Dr. V Gopinathan, Director) that may have potential conflict with the interests of the Company at large.

During the period under review, no penalties have been imposed nor strictures have been passed on the Company by Stock Exchanges or SEBI or any other Statutory Authority on any matters related to the capital market.

6. Means of Communication

The Company publishes its quarterly and yearly unaudited financial results in Asian Age (in English) and Dainik Sagar (in Marathi). The Company also sends the financial results to the Stock Exchange immediately after its approval by the Board. The Company is not displaying the financial results on a website. The Company has not sent half yearly report to the shareholders. No presentation was made to the institutional investors or analysts during the year under review.

7. Internal Control System and Adequacy:

There is an Internal Control System in order to ensure efficient use of the Company's resources to improve its profit margin through effective control on stock and debtors. The Company has adequate internal control procedures commensurate with its size and nature of the business. The Internal Control System provides for well-documented policies, guidelines, authorization and procedures. The prime objective is to test the adequacy and effectiveness of all internal controls and to suggest improvements therein.

8. Human Resources :

The Company focuses its efforts on continuous training of its personnel and regularly reviews policies and processes to provide a healthy work environment.

The industrial relations were cordial during the year. The Company continues to maintain its thrust on human resources development.

9. Management Discussion and Analysis

Company Background:

Pradeep Metals Limited is engaged in manufacture of intricate closed die steel forgings and semi-finished machined components mainly for automobile, petrochemical and Engineering industries.

The Company employs modern technology for manufacturing press forgings and has sophisticated tool-room equipment. The dies and tools play a key role in the production of forgings. The company employs modern CAD/CAM aids for die design and to manufacture tooling. It has an integrated plant with complete facilities for testing, cutting, die making, forging, heat treatment and finishing. The Company has expanded its machining capacity by addition of CNC/VMC lathes. The Company has experienced manpower and highly trained work force.

The Company has well equipped laboratory in the factory and employs Process Control & Online computer system to integrate operations. The quality assurance systems have been approved by global Original Equipment Manufacturers. The company is ISO 9001-2000 and Pressure Equipment Directive 97/23/EC (PED) certified.

The customers include world leaders from India, USA, UK, Singapore, China, Sweden, Denmark, France and Germany. The Company has capability and capacity to meet discerning quality standards, which make its products readily acceptable in the OE market.

Performance:

The Company has further improved its performance during the year with 13% increase in production and 19% increase in sales. The EBITDA level has been sustained at approx 13% in spite of substantial increase in cost of power and fuel, consumable stores and freight charges. The interest rates have shown increasing trend resulting in higher interest cost for the year which, has gone up in percentage terms from 3.27% to 4.58%. The Company has also suffered due

PRADEEP METALS LIMITED

to reduction in value of US Dollar with respect to Rupee.

During the year the company has added several new CNC lathes to increase its machining capacity and manufacture semi-finished components in-house to satisfy the discerning customers in the export market. These machines have come into production during the current year will reflect in an improved performance in the coming years.

The Company has plans to improve the capacity utilization and increase turnover both in the export and domestic market which will result in higher profitability.

Quality And Management Information Systems :

The Company adopts high standards of technology and modern manufacturing practices, which is amply reflected in continuation of ISO 9001-2000 certification by TUV, Germany for the eleventh year. The Company's products have also been certified by TUV, Germany for Pressure Equipment Directive (PED), which is an essential pre-requisite for exports to Germany.

The Company has strengthened the Management Information System, inventory planning and cost control measures by introducing ERP software in order to improve its productivity and profitability.

Business Environment :

The overall business environment continues to be robust with good demand prospects both in India and abroad. However, due to increased capacities in the forging industry, there was pressure on pricing resulting in lower margins.

The steel prices have also been continuously increasing and the world oil prices have had an impact on cost of power and fuel, consumable stores etc. This has adversely affected the operations of the company. The exchange rate fluctuations and strong ness of Rupee has further affected the performance.

Future Outlook :

The automobile sector continues to be in high growth trajectory. However, the record increase in world oil prices and steep increase in interest rates and inflation both globally and in India, have started having an effect on user industry such as automobiles and engineering industries which may slow down the growth in the coming years.

The Company continues to focus its efforts to increase export revenue and has expanded the market to several new customers in developed countries and emerging markets.

Cautionary Statement :

Details given hereinabove relating to various activities and future plans may be "forward-looking statements" within the meaning of applicable laws and regulations. Actual performance may differ substantially or materially from those expressed or implied. The Company may need to change plans or other projections due to changes in Government policies, tax laws and other incidental factors.

10. General Shareholders Information

1. Disclosures regarding Appointment/Re-appointment of Directors

Shri Pradeep Goyal retires by rotation and being eligible, has offered himself for re-appointment.

Shri Omprakash Agarwal retires by rotation and being eligible, has offered himself for re-appointment.

2. CEO/CFO Certification

The Board of Directors has appointed Shri Pradeep Goyal, Chairman & Managing Director of the Company as the CEO. Shri Dilip Dalvi, Manager - Accounts shall be the CFO.

The Annual General Meeting is scheduled to be held as under:

Date : 11th September, 2007

Time : 4.00 P.M.

Venue : Pradeep Metals Ltd. R-205, T.T.C. Industrial Area, M.I.D.C., Rabale, Navi Mumbai - 400 701.

i) Book Closure :

4th September, 2007 to 11th September, 2007 (Both days inclusive)

ii) Financial Calendar :

The financial calendar year of the Company is from 1st April, 2007 to 31st March, 2008.

Financial reporting for

Unaudited Financial Results for the quarter ending 30 th June, 2007.	On or before last week of July 2007
Unaudited Financial Results for the half year ending 30 th September, 2007.	On or before last week of October, 2007
Unaudited Financial Results for the quarter ending 31 st December, 2007.	On or before last week of January, 2008
Audited Financial Results for the Year ending 31 st March, 2008	On or before last week of June 2008

Equity Shares of Pradeep Metals Limited are listed on the Bombay Stock Exchange Limited.

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The Company has paid listing fees for the current year to the Bombay Stock Exchange Limited vide its letter dated 4th April, 2007 acknowledged by them on 5th April, 2007.

iii) Stock Code:

Name of the Exchange

Bombay Stock Exchange Ltd.

Code

513532

iv) ISIN No. for Dematerialisation of shares

Demat ISIN Number in NSDL & CDSL for equity shares: INE-770A01010

v) Market Price Data :

The high and low prices of the Company's Shares at Bombay Stock Exchange Limited and performance in relation to BSE SENSEX are as under:

Month		Pradeep Metals Ltd.		BSE Sensex	
		High (Rs.)	Low (Rs.)	High	Low
April	2006	18.95	16.65	12042.56	11237.23
May	2006	24.15	15.00	12612.38	10398.61
June	2006	16.45	13.65	10609.25	8929.44
July	2006	16.10	14.30	10930.09	10007.34
August	2006	16.67	14.85	11723.92	10751.66
September	2006	18.45	15.95	12454.42	11550.69
October	2006	18.65	17.15	13024.26	12204.01
November	2006	19.05	17.05	13773.89	13033.04
December	2006	17.45	15.20	13972.03	12995.02
January	2007	19.15	15.70	14282.72	13362.16
February	2007	17.90	13.80	14652.09	12938.09
March	2007	16.75	12.88	13308.03	12415.04

vi) Address for correspondence :

Shareholders can correspond to:

Secretarial Department

Pradeep Metals Ltd.

R-205, T.T.C. Industrial area, M.I.D.C., Rabale, Navi Mumbai - 400 701.

Tel: 91-22-27691026

Fax: 91-22-27691123

e-mail: pramet@vsnl.com

OR

Intime Spectrum Registry Ltd.

(R&T Agent)

C-13, Pannalal Silk Mills Compound,

LBS Marg, Bhandup (West), Mumbai - 400 078.

Tel: 91-22-25963838

Fax: 91-22-25946969

e-mail: isrl@vsnl.com

Shareholders holding shares in electronic mode should address their correspondence to their respective Depository Participants.

vii) Compliance Officer :

Shri. Abhinav Kapoor

Company Secretary

Pradeep Metals Ltd.

R-205, T.T.C. Industrial area, M.I.D.C., Rabale, Navi Mumbai - 400 701

Tel: 91-22-27691026

Fax: 91-22-27691123

e-mail: pramet@vsnl.com

viii) Share Transfer System :

All the transfers received are processed and approved by the Share Transfer Committee, which normally meets twice in a month.

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ix) Dematerialisation of Shares :

Trading in Equity Shares of the Company is permitted only in dematerialized form with effect from 28th January 2001 as per notification issued by the Securities & Exchange Board of India. As on 31st March, 2007, 90,66,87 Equity Shares out of 1,27,20,000 Equity Shares are held in dematerialized form with NSDL and CDSL.

Transfer-cum-demat facility is available to all Shareholders of the Company, who request for such facility.

x) Distribution of Shareholding as on 31st March, 2007.

No. of Shares held	No. of Shareholders	No. of Shares held	Shareholding (%)
1 to 5000	6335	1058899	8.325
5001 to 10000	588	520599	4.093
10001 to 20000	300	468516	3.683
20001 to 30000	112	294953	2.319
30001 to 40000	36	131492	1.034
40001 to 50000	47	225902	1.7760
50001 to 100000	60	454674	3.574
100001 and above	80	9564965	75.196
	7558	12720000	100

xi) Shareholding Pattern as on 31st March, 2007

Category	No. of Shares Held	Percentage of Shareholding
Promoter's holding		
1. Promoters		
Indian Promoters	1361700	10.71
Foreign Promoters		
2. Persons acting in concert		
Sub-Total	1361700	10.71
Non-Promoters holding		
3. Institutional Investors		
Mutual Funds and UTI	9600	0.07
Banks, Financial Institutions,		
Insurance Companies (Central/		
State Government Institutions/		
Non-Government Institutions)		
FIIs	4500	0.04
Sub-Total	14100	0.11
4. Others		
Bodies Corporate		
a) Individual (Capital <= Rs.1 lakh)	5559538	43.70
b) Individual (Capital > Rs.1 lakh)	2696340	21.20
Any other (Specify)	1846078	12.94
NFI		
Overseas Bodies Corporate	1207658	9.49
Clearing Member	230000	1.81
Sub-Total	4586	0.04
Grand Total	11344200	89.18
	12720000	100

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To,
The Board of Directors
Pradeep Metals Limited
R-205, MIDC, Rabale
Navi Mumbai 400 701

Ref: Certificate under Clause 49 of the Listing Agreement

This is to certify that

- a) We have reviewed financial statements and the cash flow statement for the year (2006-07) and that to the best of our knowledge and belief:
 - i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- c) We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the auditors and the Audit Committee
 - i) significant changes in internal control during the year
 - ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii) instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system.

For Pradeep Metals Ltd.

Dilip Dalvi
Manager-Accounts & CFO

Navi Mumbai
June 7, 2007

Pradeep Goyal
Chairman & Managing Director

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To The Shareholders of Pradeep Metals Limited

We have examined the compliance of conditions of Corporate Governance by Pradeep Metals Limited, for the year ended 31st March 2007, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementations thereof, adopted by the Company for ensuring compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that based on the report given by the Registrars of the Company to the Investors' Grievance Committee, as on March 31st, 2007, there were no investor grievance matters against the Company remaining unattended/pending for more than 30 days.

We further state that such compliance is neither an assurance as to the further viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

for S. R. REGE & COMPANY
Chartered Accountants

Mumbai
June 7, 2007

S.M. PATKI
Partner
Membership No. 37690

PRADEEP METALS LIMITED

AUDITORS' REPORT TO

THE SHAREHOLDERS OF PRADEEP METALS LTD.

- 1 We have audited the attached balance sheet of Pradeep Metals Ltd., as at 31st March, 2007 and also the Profit and Loss account for the year ended on that date annexed thereto and the cash flow statement for the year ended on that date. 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 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 management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3 As required by the Companies (Auditor's Report) Order, 2003, as amended, issued by the Central Government of India in term of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraph 4 and 5 of the said order.
- 4 Further to our comments in the Annexure referred to above, we report that :
 - i 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;
 - ii In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of the books.
 - iii The Balance Sheet, the Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with

the books of account;

- iv The Company is accounting for the payment of gratuity and leave encashment on cash basis and accordingly no provision for the same is made in the books of account. This is in violation of Accounting Standard 15 specified by the Institute of Chartered Accountants of India. Subject to above, in our opinion, the Balance Sheet, the Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub section (3C) of section 211 of the Companies Act, 1956 (See note 10).
- v On the basis of written representations received from the directors, as on 31st March, 2007, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2007 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- vi In the absence of actuarial valuation, the amount of provision to be made for the payment of gratuity and leave encashment has not been ascertained and provided for in the accounts. As a consequence, the net profit for the year shown in the books of account is more by the amount of provision that should have been made for the aforesaid liability.
- vii Subject to vi above, in our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with the 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, 2007;
 - ii) in the case of the Profit and Loss Account, of the Profit for the year ended on that date; and

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iii) and in the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

FOR S.R. REGE & CO.
CHARTERED ACCOUNTANTS

S. M. PATKI
PARTNER

Membership No. 37690

Mumbai
June 7, 2007

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE,

Fixed Assets

- 1 a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b. All assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

Inventories

- 2 a. The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- b. 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.
- c. The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material having regard to the size of the operations of the company.

Loans granted or taken

- 3 According to the books and records of the Company examined by us and the information and explanations given to us, the Company has not granted or taken any loan, secured or

unsecured, to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Consequently, clauses (iii) (b), (iii) (c), (iii) (d), (iii) (f) and (iii) (g) of the Order are not applicable.

Internal Control

- 4 In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods. During the course of our audit we have not observed any continuing failure to correct major weaknesses in internal control.

Contracts and Agreements

- 5 a. To the best of our knowledge and belief and according to the information and explanations given to us, the transactions that needed to be entered into the register maintained under Sec. 301 of the Companies Act, 1956, have been so entered.
- b. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of the contracts or agreements entered in the register maintained under Sec. 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time, except that reasonableness could not be ascertained where comparable quotations are not available having regard to the specialized nature of some of the transactions of the Company.

Public deposits

- 6 The Company has not accepted any deposits from the public.

Internal Audit

- 7 In our opinion, the Company has an internal

PRADEEP METALS LIMITED

audit system commensurate with the size and the nature of its business.

Cost records

- 8 To the best of our knowledge and according to the information given to us, the Central Government has not prescribed maintenance of cost records under section 209(1)(d) of the Companies Act, 1956, in respect of to any product of the Company.

Statutory dues

- 9 a The Company has been generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, custom-duty, excise-duty, cess and other material statutory dues applicable to it.
- b According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty, excise duty and cess were in arrears, as at March 31, 2007 for a period of more than six months from the date they became payable.
- c According to the information and explanations given to us, there are no dues of sale tax, income tax, customs duty, wealth tax, excise duty and cess which have not been deposited on account of any dispute.

Accumulated losses

- 10 a Accumulated losses of the Company at the end of the financial year are more than 50% of its net worth.
- b The Company has not incurred any cash losses during the financial year covered by our audit and the immediately preceding financial year.

Default in repayments of dues

- 11 According to the records of the Company examined by us and the information and explanations given to us, during the year covered by our audit, the Company has not defaulted in

repayment of dues to a financial institution, bank or debenture holders.

Loans and dealing in shares etc.

- 12 To the best of our knowledge and belief and according to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- 13 In our opinion and according to the information and explanations given to us, the Company is not a *chit fund* or a *nidhi* or mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- 14 To the best of our knowledge and belief and according to the information and explanations given to us, the Company is not dealing in or trading in shares, securities, debentures or any other securities. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- 15 To the best of our knowledge and belief and 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.

Borrowings, funds raised and their utilization

- 16 In our opinion and to the best of our knowledge and belief and according to the information and explanations given to us, the term loans availed by the Company have, *prima facie*, been applied for the purpose for which they were raised.
- 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 raised on short-term basis have been used for long-term investment. No long-term funds have been used to finance short-term assets except permanent working capital.
- 18 According to the books and records of the Company examined by us and the information and explanations given to us, during the period

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covered by our audit report, the Company has not made any preferential allotment to any party or company covered in the register maintained under Section 301 of the Act. Hence, the provisions of clause 4(xviii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company

19 To the best of our knowledge and belief and according to the information and explanations given to us, the Company has not made any debenture issue during the year under audit. Therefore, provisions of clause 4(xix) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company

20 To the best of our knowledge and belief and according to the information and explanations given to us, during the year under audit the Company has not raised any money by way of public issue.

Frauds

21 During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, we have neither come across any instances of fraud by the Company, notice or reported during the year, nor have we been informed of any such case by the management.

FOR S.R. REGE & CO.
CHARTERED ACCOUNTANTS

S. M. PATKI
PARTNER

Membership No. 37690

Mumbai
June 7, 2007

PRADEEP METALS LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2007

	Schedule No.	31st March, 2007 (Rs. in lacs)	31st March, 2006 (Rs. in lacs)
SOURCES OF FUNDS			
1. SHAREHOLDERS' FUNDS			
a) Capital	1	1,847.20	1,847.20
b) Reserves and Surplus	2	334.48	334.48
		2,181.68	2,181.68
2. LOAN FUNDS			
a) Secured Loans	3	3,250.58	3,247.05
b) Unsecured Loans	4	353.00	353.00
		3,603.58	3,600.05
TOTAL		5,785.26	5,781.73
APPLICATION OF FUNDS			
1. FIXED ASSETS	5		
a) Gross Block		2,927.49	2,594.72
b) Less: Depreciation		1,275.87	1,157.33
c) Net Block		1,651.62	1,437.39
d) Capital work in progress		86.99	239.81
		1,738.61	1,677.20
2. INVESTMENTS	6	1.00	1.00
3. CURRENT ASSETS, LOANS & ADVANCES			
a) Inventories	7	2,316.39	1,929.27
b) Sundry Debtors	8	1,235.39	968.46
c) Cash and Bank Balances	9	15.37	8.48
d) Loans and Advances	10	369.43	364.47
		3,936.58	3,270.68
Less:			
CURRENT LIABILITIES & PROVISIONS			
a) Liabilities	11	1,007.10	535.86
b) Provisions		2,929.48	2,734.82
4. MISCELLANEOUS EXPENDITURE TO THE EXTENT NOT WRITTEN OFF	12	1,116.17	1,368.71
TOTAL		5,785.26	5,781.73

Notes forming part of the Accounts

16

As per Our Report of Even Date
For S.R.Rege & Co.
Chartered Accountants

S.M.Patki
Partner
Membership No - 37690

Mumbai
June 7, 2007.

For and on behalf of the Board
PRADEEP GOYAL Chairman & Managing Director

O.PAGARWAL Director

R.K.AGARWAL Director

DINESH PAREKH Director

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PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31ST MARCH, 2007

	Schedule No.	31st March, 2007 (Rs. In lacs)	31st March, 2006 (Rs. In lacs)
INCOME			
Sales, Operating Income etc.	13	5,700.03	4,778.47
		<u>5,700.03</u>	<u>4,778.47</u>
EXPENDITURE			
Manufacturing Expenses	14	4,451.92	3,826.67
Other Expenses	15	869.04	683.67
Depreciation		126.09	116.24
		<u>5,447.05</u>	<u>4,626.58</u>
Net Profit before Taxation		252.98	151.89
Less : Provision for Taxation		0.65	-
Net Profit carried to Balance Sheet		<u>252.33</u>	<u>151.89</u>

Notes forming part of the Accounts 16

As per Our Report of Even Date
For S.R.Rege & Co.
Chartered Accountants

S.M.Patki
Partner
Membership No - 37690

Mumbai
June 7, 2007.

For and on behalf of the Board
PRADEEP GOYAL Chairman & Managing Director

O.PAGARWAL Director

R.KAGARWAL Director

DINESH PAREKH Director

PRADEEP METALS LIMITED



SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH, 2007

	31st March, 2007 Rs. In lacs	31st March, 2006 Rs. In lacs
SCHEDULE-1: SHARE CAPITAL		
Authorised:		
13,000,000 Equity Shares of Rs.10 each	1,300.00	1,300.00
{Previous year 13,000,000 Equity Shares of Rs.10 each}		
700,000 Preference Shares of Rs.100 each	700.00	700.00
{Previous year 7,00,000 Preference Shares of Rs.100 each}		
TOTAL	2,000.00	2,000.00
Issued and Subscribed:		
12,720,000 Equity Shares of Rs.10 each fully paid up	1,272.00	1,272.00
{Previous year 10,580,000 Equity Shares of Rs.10 each}		
Less : Calls in Arrears	0.74	0.74
(of the above 27,600 Equity Shares (Previous Year 27,600 Equity Shares) are allotted as fully paid up pursuant to contracts without payment being received in cash and 462,500 Equity Shares (Previous Year 462,500 Equity Shares) are allotted as fully paid up Bonus Shares by capitalising General Reserve.)		
519,800 10% Optionally Convertible Cumulative Redeemable Preference Shares of Rs.100 each	519.80	519.80
(Previous Year 519,800 - 10% Optionally Convertible Cumulative Redeemable Preference Shares of Rs. 100 each)		
Share Application Money	56.14	56.14
TOTAL	1,847.20	1,847.20
SCHEDULE-2: RESERVES & SURPLUS		
Share Premium Account:		
As per last Balance Sheet	266.25	266.25
Less : Calls in Arrears	0.37	0.37
	265.88	265.88
General Reserve		
As per last Balance Sheet	68.60	68.60
TOTAL	334.48	334.48

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	31st March, 2007 Rs. In lacs	31st March, 2006 Rs. In lacs
SCHEDULE-3: SECURED LOANS		
LOANS FROM FINANCIAL INSTITUTIONS & BANKS		
Term Loan from Union Bank of India (Secured by first Charge on the fixed assets of the Company, present and future)	359.69	194.83
Working Capital Term Loan from Union Bank Of India (Secured by hypothecation of core stock of dies and first charge on all the fixed assets of the Company.) (In the previous year, Secured by hypothecation of core stock of dies and second charge on the fixed assets)	674.67	1,097.90
Working Capital Loan from Union Bank of India (Secured by hypothecation of inventories and book debts, including bills discounted/purchased and other current assets and second charge on the fixed assets.)	2,208.44	1,951.90
(All the above loans are secured by Personal guarantees of the Chairman and Managing Director and his two relatives)		
Loan from Citicorp Maruti Finance Ltd (Secured by hypothecation of a vehicle)	3.96	
Loan from ICICI Bank Ltd (Secured by hypothecation of a vehicle)	3.82	2.42
TOTAL	<u>3,250.58</u>	<u>3,247.05</u>
SCHEDULE-4: UNSECURED LOANS		
Inter Corporate Deposits	353.00	353.00
TOTAL	<u>353.00</u>	<u>353.00</u>

PRADEEP METALS LIMITED

SCHEDULE - 5: FIXED ASSETS

(Rs. in lacs)

	Gross Block			Depreciation			Net Block	
	As At 01.04.2006	Additions during the year	Sales during the year	As at 31.03.2007	As at 01.04.2006	For the year	On Sales	As at 31.03.2007
FIXED ASSETS								
Leasehold Land	58.22	-	-	58.22	-	-	-	58.22
Factory Buildings	292.68	31.05	-	323.73	114.34	10.29	-	199.10
Office Premises	19.38	-	19.38	-	3.83	0.17	4.00	-
Plant & Machinery	2,184.27	321.06	10.40	2,494.93	1,020.02	111.94	0.90	1,363.87
Furniture & Fixtures	21.32	3.46	-	24.78	12.88	1.35	-	10.55
Vehicles	18.85	11.13	4.15	25.83	6.26	2.32	2.63	19.88
Total	2,594.72	366.70	33.93	2,927.49	1,157.33	126.07	7.53	1,651.62
Capital Work-in-progress including advances on Capital Account (Previous Year RS- 239.81 lacs)]								
								86.99
Previous Year	2,463.75	146.06	15.09	2,594.72	1,047.97	116.24	6.88	1,437.39

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	31st March, 2007 Rs. In lacs	31st March, 2006 Rs. In lacs
SCHEDULE-6: INVESTMENTS (AT COST)		
Long Term, Unquoted (Non-trade)		
10 Shares of Rs.10 each of Janakalyan Sahakari Bank Ltd. (Previous year 10 shares of Rs.10 each)	0.00	0.00
1,000 Shares of Rs.50 each of Dombivli Nagari Sahakari Bank Ltd. (Previous year 1,000 Shares of Rs.50 each)	0.50	0.50
1,000 Shares of Rs. 50 each of The Thane Janata Sahakari Bank Ltd. (Previous year 1,000 Shares of Rs.50 each)	0.50	0.50
TOTAL	1.00	1.00
SCHEDULE-7: INVENTORIES		
At cost or market value whichever is lower and as taken and certified as to the value and quantity by the Managing Director of the Company.		
Raw material	376.22	258.66
Work in process & Semi-finished goods	927.46	752.21
Fuel	4.84	5.35
Dies		
Core Stock	84.24	163.34
Others	791.30	645.91
Consumable, stores & spares	118.05	95.86
Scrap	14.28	7.94
TOTAL	2,316.39	1,929.27
SCHEDULE-8: SUNDRY DEBTORS		
Unsecured		
a) Debts outstanding for more than six months		
Considered good	67.51	28.48
b) Others		
Considered good	1,167.88	939.98
TOTAL	1,235.39	968.46
SCHEDULE-9: CASH & BANK BALANCES		
Cash on hand	13.32	1.79
Balances with Scheduled banks		
(a) In Current Accounts	0.67	5.32
(b) In Fixed Deposits	1.38	1.37
TOTAL	15.37	8.48

PRADEEP METALS LIMITED



	31st March, 2007 Rs. In lacs	31st March, 2006 Rs. In lacs
SCHEDULE-10: LOANS & ADVANCES		
(Unsecured, considered good unless otherwise stated.)		
Deposits	37.54	24.90
Advances recoverable in cash or in kind or for value to be received including export benefits, excise and sales tax refunds and balances.	328.50	337.18
Income Tax Deducted at Source	3.39	2.39
TOTAL	369.43	364.47
SCHEDULE-11: CURRENT LIABILITIES		
Sundry creditors	796.07	305.95
Sundry creditors for Capital Goods	15.61	58.43
Advances from Debtors	7.79	1.60
Outstanding liabilities for expenses	113.98	74.88
Long term liabilities	73.00	95.00
Provision for Taxation	0.65	
TOTAL	1,007.10	535.86
SCHEDULE-12: MISCELLANEOUS EXPENDITURE TO THE EXTENT NOT WRITTEN OFF		
Profit and Loss Account		
As per last Balance Sheet	1,367.12	1,519.01
Less: Profit for the year	252.33	151.89
	1,114.79	1,367.12
Preliminary Expenses	1.38	1.59
TOTAL	1,116.17	1,368.71

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SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2007

	31st March, 2007	31st March, 2006
	Rs. in lacs	Rs. in lacs
SCHEDULE-13:		
SALES, OPERATING INCOME ETC.		
Sales	5,260.92	4,523.59
Job Work Receipts	242.95	119.71
	5,503.87	4,643.30
Interest from banks	0.03	0.10
Sales Tax refund	86.43	53.86
Other income	109.70	81.21
TOTAL	5,700.03	4,778.47
SCHEDULE-14: MANUFACTURING EXPENSES		
Raw Material consumed	3,019.54	2,580.62
Dies consumed	189.82	160.36
Purchases for resale	142.75	67.23
(Increase)/Decrease in Stocks:		
Stock on 1st April, 2006		
Work in process and finished goods	752.21	643.85
Scrap	7.94	4.57
Less:	760.15	648.42
Stock on 31st March, 2007		
Work in process and finished goods	927.46	752.21
Scrap	14.28	7.94
	(181.59)	(111.73)
Consumable stores and spares	304.77	207.59
Power, fuel and water	338.10	297.07
Payments to sub contractors	121.58	183.31
Wages	320.64	235.46
Employee's welfare expenses	23.60	24.88
Contribution to Provident and other funds	28.81	25.65
Repairs and Maintenance:		
Machinery	23.36	28.03
Factory Buildings	7.83	24.69
Others	14.11	6.55
	45.30	59.27
Inward Freight and Octroi & Other expenses	98.60	96.96
TOTAL	4,451.92	3,826.67

PRADEEP METALS LIMITED



	31st March, 2007		31st March, 2006	
	Rs. in lacs	Rs. in lacs	Rs. in lacs	Rs. in lacs
SCHEDULE-15: OTHER EXPENSES				
Salaries		55.26		32.04
Conveyance and travelling expenses		35.01		32.15
Other administrative expenses		100.10		69.90
Selling expenses		214.46		200.19
Insurance		9.04		8.04
Payments to Auditors				
Audit fees	1.68		1.13	
Tax Audit fees	0.34		0.22	
Taxation Matters	0.28		0.20	
Others	0.30	7.60	0.41	1.96
Financial Charges		317.76		226.67
Bank charges and other expenses		43.49		50.80
Duty and taxes		35.94		29.55
Preliminary expenses written off		0.21		0.21
Loss on sale of Assets		1.14		1.98
Bad-Debts written off		10.55		0.16
Loss on Foreign Exchange fluctuations		43.48		30.02
TOTAL		869.04		683.67

SCHEDULE - 16: NOTES FORMING PART OF THE ACCOUNTS

A) Significant Accounting Policies:

(1) Basis for preparation of Accounts.

The accounts have been prepared under the historical cost convention in accordance with the generally accepted accounting principles in India and the Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI) and the relevant provisions of the Companies Act, 1956.

(2) System of Accounting

The Company generally follows the mercantile System of accounting and recognizes income and expenditure on accrual basis, except income from investments, which is accounted for on receipt basis and payment of gratuity and leave encashment, which is accounted for when actually paid.

(3) Fixed Assets

Fixed Assets are stated at cost less depreciation. Borrowing costs that are attributable to the acquisition or construction of assets are capitalised as part of the cost of such assets. Depreciation on assets acquired after 31st December, 1987 has been provided for on straight line method at the rates specified in Schedule XIV of the Companies Act, 1956 as amended by Circular No.GSR 756 (E) dated 16th December, 1993 issued by the Department of Company Affairs.

Depreciation on the assets acquired prior to 1st January 1988 is provided for at the rates prevailing at the time of their acquisition. Depreciation on additions to assets is calculated on pro-rata basis from the month of acquisition.

(4) Inventories

- Raw material is valued at cost. The cost is arrived at on First-in-First-out basis.
- Components, stores and spares are valued at cost.
- Dies and tools are valued at cost, including the cost of design, development, testing and sampling

A

d. Work in process and semi finished goods are valued at lower of cost or estimated net realizable value.

Sales are inclusive of income from job-work, excise duty, export incentives and exchange fluctuations on export receivables.

(7) Foreign Currency transactions

(8) Preliminary expenses are being amortized over a period of 10 years.

31 st March, 2007 (Rs.)	31 st March, 2006 (Rs.)
---------------------------------------	---------------------------------------

	(Rs.)	(Rs.)
(1) Contingent Liabilities not provided for		
a) Letter of Guarantee issued by Union Bank of India (secured by 100 % margin)	83,252	82,497
b) Estimated amount of contracts remaining to be executed on Capital Account not provided for	-	5,546,716
(2) Value of import calculated on CIF basis		
Raw Material and Consumable goods :	46,717	-
Capital goods :	2,741,810	17,040,970
(3) Expenditure in foreign currency – Travelling	746,500	631,235
Others	-	73,923
(4) Earning in foreign currency : FOB value of Exports	273,973,556	229,234,230
(5) Managerial Remuneration u/s 198 of the Companies Act 1956		
- Salaries	1,330,000	480,000
- Perquisites	40,561	93,033
- Provident Fund	9,360	9,360
(6) Earnings Per Share :	(Rs. In lacs)	
(a) Net Profit before Tax	252.98	
Less : Provision for Taxation	0.65	
Net Profit after Tax	<u>252.33</u>	
Less : 10% Dividend on Optionally Convertible Cumulative Redeemable Preference Shares (Including Dividend Tax and Surcharge thereon)	59.27	
Profit after Tax for EPS	<u>193.06</u>	

PRADEEP METALS LIMITED



(b) The weighted average number of ordinary Shares for EPS

12720000

Earnings Per Share

Rs. 1.52

- (7) In view of substantial amount of accumulated losses and unabsorbed depreciation under the Income Tax Act, 1961, the Company considers it prudent not to create any Deferred Tax Asset as required by the Accounting Standard 22 on Accounting for Taxes on Income issued by the Institute of Chartered Accountants of India.
- (8) The Company has duly complied with the Accounting Standards referred to in sub-section 3(c) of Section 211 of the Companies Act, 1956, except in respect of the following matter for reasons mentioned herein:
Since the Company is consistently accounting for retirement benefits on cash basis since inception, no provision for future liability in respect of gratuity and leave encashment is made for the year.
- (9) As per the information available with the Company, an amount of Rs. 539,250/- was due to the Small Scale Industrial Units as on 31st March, 2007, out of which Rs. 337,230/- was overdue for more than 30 days.
- (10) The Company has provided Income Tax in the books as per the provisions of Section 115JB of the Income Tax Act, 1961.
- (11) Previous year's figures have been regrouped, wherever necessary.

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Additional information pursuant to the provisions of part II of Schedule VI to the Companies Act, 1956.

A) CAPACITY

Product	Unit	Licensed Capacity		Installed Capacity	
		31st March, 2007	31st March, 2006	31st March, 2007	31st March, 2006
Forgings & other steel products					
1	Based on Forged weight	Mt.	N.A	N.A	12000 *
2	Based on Machined weight	Mt.	N.A	N.A	12000 *

* Varies according to the product mix.

B) PRODUCTION, SALES, PURCHASES, CONSUMPTION AND INVENTORY:

PRODUCT	31st March, 2007		31st March, 2006	
	Quantity Mt.	Amount Rs. in lacs	Quantity Mt.	Amount Rs. in lacs
1 PRODUCTION *				
Own Production	3953.183	4658.14	3563.283	4131.69
Job Work	155.475	242.95	173.392	119.71
Total		4901.09		4251.40
* Includes finished components at their machined weights.				
2 SALES				
Forgings and other steel products	3733.172	4482.89	3519.630	4023.33
Traded goods	70.206	176.25	63.539	86.05
Scrap	1789.607	601.78	1224.239	414.21
Job work	155.475	242.95	173.392	119.71
Total		5503.87		4643.30
3 PURCHASE OF TRADED GOODS				
Forgings and other steel products	70.206	142.75	63.539	67.23
Total		142.75		67.23
4 RAW MATERIAL AND COMPONENTS CONSUMED				
Steel Bars and Billets	5493.134	3019.54	4597.160	2580.62
Other Components		494.59		367.95
Total		3514.13		2948.57
5 OPENING STOCK				
Work in process and semi finished goods	464.677	752.21	421.024	643.85
Stock of traded goods	0.000	0.00	0.000	0.00
Scrap	24.600	7.94	13.050	4.57
Total		760.15		648.42
6 CLOSING STOCK				
Work in process and semi finished goods	684.688	927.46	464.677	752.21
Stock of traded goods	0.000	0.00	0.000	0.00
Scrap	25.895	14.28	24.600	7.94
Total		941.74		760.15

As per Our Report of Even Date
For S.R.Rege & Co.
Chartered Accountants

S.M.Patki
Partner
Membership No - 37690

Mumbai
June 7, 2007.

For and on behalf of the Board

PRADEEP GOYAL

Chairman & Managing Director

O.P.AGARWAL

Director

R.K.AGARWAL

Director

DINESH PAREKH

Director

PRADEEP METALS LIMITED

CASH FLOW STATEMENT PURSUANT TO CLAUSE 32 OF THE LISTING AGREEMENT FOR THE YEAR ENDED 31ST MARCH, 2007.

	31st March 2007 (Rs. In lacs)	31st March 2006 (Rs. In lacs)
A. CASH FLOW FROM OPERATING ACTIVITIES:		
NET PROFIT/LOSS BEFORE TAX AND EXTRAORDINARY ITEMS	252.33	151.89
ADJUSTMENTS FOR:		
DEPRECIATION	126.09	116.24
LOSS ON SALE OF ASSETS	1.14	1.98
LEASE RENTALS		
DIVIDEND RECEIVED	(0.25)	(0.01)
INTEREST EXPENSE	317.76	226.67
MISC EXPENDITURE WRITTEN OFF	0.21	0.21
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	697.28	496.98
ADJUSTMENTS FOR:		
TRADE AND OTHER RECEIVABLES	(270.89)	(376.06)
INVENTORIES	(387.12)	(286.79)
TRANSFER FROM CAPITAL WORK IN PROGRESS	152.82	
TRADE PAYABLE	471.24	20.71
PROFIT ON SALE OF ASSETS	(29.22)	(10.56)
CASH GENERATED FROM OPERATIONS	634.11	(155.72)
INTEREST PAID	(317.76)	(226.67)
DIRECT TAXES PAID - TDS	(1.00)	(0.15)
CASH FLOW BEFORE EXTRAORDINARY ITEMS	315.35	(382.54)
EXTRAORDINARY ITEMS		
NET CASH USED IN OPERATING ACTIVITIES	315.35	(382.54)
B. CASH FLOW FROM INVESTING ACTIVITIES:		
PURCHASE OF FIXED ASSETS	(366.70)	(385.87)
SALE OF FIXED ASSETS	54.46	16.80
DIVIDEND RECEIVED	0.25	0.01
NET CASH FLOW FROM INVESTING ACTIVITIES	(311.99)	(369.06)
C. CASH FLOW FROM FINANCING ACTIVITIES		
PROCEEDS FROM ISSUE OF SHARE CAPITAL (SHARE APPLICATION MONEY)	-	(95.00)
PROCEEDS FROM WORKING CAPITAL BORROWINGS	(1.83)	622.93
PRELIMINARY EXPENSES INCURRED	-	-
PROCEEDS FROM OTHER BORROWINGS (NET)	5.36	221.44
PAYMENT OF FINANCE LEASE LIABILITIES	-	-
NET CASH FROM FINANCING ACTIVITIES	3.53	749.37
NET INCREASE IN CASH AND CASH EQUIVALENTS	6.89	(2.23)
CASH AND CASH EQUIVALENTS AS AT 31/03/2006 (OPENING BALANCE)	8.48	10.71
CASH AND CASH EQUIVALENTS AS AT 31/03/2007 (CLOSING BALANCE)	15.37	8.48
	6.89	(2.23)

AUDITOR'S CERTIFICATE

We have examined the attached cash flow statement of Pradeep Metals Limited for the period ended 31st March, 2007. The statement has been prepared by the company in accordance with the requirement of clause 32 of the Listing Agreement with Stock Exchange and based on and in agreement with the corresponding Profit and Loss Account and Balance Sheet of the Company covered by our report dated 7th June, 2007 to the members of the Company.

FORSYTH & CO.
Chartered Accountants

Mumbai
June 7, 2007.

S.M. Patil
Partner
Membership No- 37690



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BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. REGISTRATION DETAILS

REGISTRATION

1 1 - 2 6 1 9 1

STATE CODE

1 1

(REFER CODE LIST)

BALANCE SHEET DATE

3 1

DATE

0 3

MONTH

2 0 0 7

YEAR

II. CAPITAL RAISED DURING THE YEAR (AMOUNT IN RS. THOUSANDS)

PUBLIC ISSUE

0 0 0 0 0 0 N I L

RIGHTS ISSUE

0 0 0 0 0 0 N I L

BONUS ISSUE

0 0 0 0 0 0 N I L

PRIVATE PLACEMENT

0 0 0 0 0 0 N I L

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUND (AMOUNT IN RS. THOUSANDS)

TOTAL LIABILITIES

0 0 5 7 8 5 2 6

TOTAL ASSETS

0 0 5 7 8 5 2 6

SOURCES OF FUNDS

PAID-UP CAPITAL

0 0 1 8 4 7 2 0

RESERVES & SURPLUS

0 0 3 3 4 4 8

SECURED LOANS

0 0 3 2 5 0 5 8

UNSECURED LOANS

0 0 3 5 3 0 0

APPLICATION OF FUNDS

NET FIXED ASSETS

0 0 1 7 3 8 6 1

INVESTMENTS

0 0 1 0 0

NET CURRENT ASSETS

0 0 2 9 2 9 4 8

MISC. EXPENDITURE

0 0 1 3 8

ACCUMULATED LOSSES

0 0 1 1 1 4 7 9

IV. PERFORMANCE OF COMPANY (AMOUNT IN RS. THOUSANDS)

TURNOVER

0 0 5 7 0 0 0 3

TOTAL EXPENDITURE

0 0 5 4 4 7 0 5

PROFIT/LOSS BEFORE TAX

+

0 0 2 5 2 9 8

PROFIT/LOSS AFTER TAX

+

0 0 2 5 2 3 3

(PLEASE TICK APPROPRIATE BOX + FOR PROFIT, - FOR LOSS)

EARNING PER SHARE IN RS.

0 0 1 5 2

DIVIDEND

0 0 0 0 0 0 N I L

PRADEEP METALS LIMITED



V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF COMPANY (AS PER MONETARY TERMS)

ITEM

CODE NO.
(ITC CODE)

7 3 2 6 1 9 0 0

PRODUCT
DESCRIPTION

OTHER ARTICLES OF IRON
OR STEEL FORGED STAMPED
BUT NOT FURTHER WORKED.
OTHER

ITEM

CODE NO.
(ITC CODE)

7 3 2 6 9 0 1 5

PRODUCT
DESCRIPTION

FINISHED AND SEMI-FINI-
SHED STEEL FORGINGS NES.
EG FLANGES FOR STEEL PI
PES AND TUBES AUTO SPAR
ES EARTH MOVING ETC.

ITEM

CODE NO.
(ITC CODE)

7 3 2 6 9 0 1 7

PRODUCT
DESCRIPTION

FINISHED AND SEMI-FINI-
SHED STEEL FORGINGS NES.
FOR AUTO SPARES AND EAR
TH MOVING IMPLEMENTS
ETC.

PRADEEP METALS LIMITED

Regd. Office : R-205, TTC Indl. Area, MIDC, Rabale, Navi Mumbai 400 701.
(Maharashtra)

ATTENDANCE SLIP

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL

DP ID *	
Client ID *	

Folio No.	
No. of Share(s) held	

NAME AND ADDRESS OF THE SHAREHOLDER

I hereby record my presence at the 24th ANNUAL GENERAL MEETING of the Company at R-205, TTC Indl. Area, MIDC, Rabale, Navi Mumbai 400 701 on Tuesday, 11th September, 2007, at 4.00 p.m.

Signature of the Shareholder/Proxy
(To be signed at the time of handing over this slip)

* Applicable for investors holding shares in electronic form.

-Tear here -

PRADEEP METALS LIMITED

Regd. Office : R-205, TTC Indl. Area, MIDC, Rabale, Navi Mumbai 400 701.
(Maharashtra)

PROXY FORM

I/We of being a Member/Members of
PRADEEP METALS LIMITED hereby appoint of
..... or failing him/her of
..... as/my / our Proxy to attend and vote for me/us and on my/our behalf
at the 24th Annual General Meeting of the Company to be held on Tuesday, 11th September, 2007, at 4.00
p.m. and at any adjournment thereof.

Signed this day of 2007

Folio No. DP ID*, Client ID*

No. of Shares held

Affix
Revenue
Stamp

(Signature of the Shareholder)

* Applicable for investors holding shares in electronic form.

Notes :

1. The proxy need not be a member.
2. The proxy form duly signed across Revenue Stamp should reach Company's Registered Office atleast 48 hours before the time of the meeting.