



25th
ANNUAL
REPORT
2007-08

**PRADEEP METALS LIMITED**

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**BOARD OF DIRECTORS**

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**Pradeep Goyal**

Chairman & Managing Director

**Rajnikant D. Shroff**

**Omprakash Agarwal**

**Rakesh Kumar Agarwal**

**Dinesh T. Parekh**

**Suresh G. Vaidya**

**Raj Kumar Mittal**

**Kewal Krishan Nohria**

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**COMPANY SECRETARY**

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Abhinay Kapoor

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**BANKERS**

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Union Bank of India

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**AUDITORS**

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S. R. Rege & Co.

Chartered Accountants

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**REGISTERED OFFICE & WORKS**

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

# 25th ANNUAL REPORT 2008



## NOTICE

NOTICE IS HEREBY GIVEN THAT THE TWENTY FIFTH 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 Friday, 5<sup>th</sup> September, 2008, 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 31<sup>st</sup> March, 2008 and the Balance Sheet as at that date.
2. To appoint Shri Rakesh Kumar Agarwal, Director who retires by rotation, but being eligible, offers himself for re-appointment.
3. To appoint Shri Suresh G. Vaidya, Director who retires by rotation, but being eligible, offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration.

### Special Business

5. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an **ORDINARY RESOLUTION**:

"**RESOLVED THAT** Shri Raj Kumar Mittal, who was appointed as an Additional Director on 29<sup>th</sup> January, 2008 in accordance with the provisions of Section 260 of the Companies Act, 1956 and the Articles of Association of the Company and holds the office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice from a member under Section 257 of the Companies Act, 1956 signifying his intention to propose his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

6. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an **ORDINARY RESOLUTION**:

"**RESOLVED THAT** Dr. Kewal Krishan Nohria, who was appointed as an Additional Director on 14<sup>th</sup> April, 2008 in accordance with the provisions of Section 260 of the Companies Act, 1956 and the Articles of Association of the Company and holds the office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice from a member under Section 257 of the Companies Act, 1956 signifying his intention to propose his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

By Order of the Board of Directors  
For PRADEEP METALS LTD

Navi Mumbai  
July 19, 2008

ABHINAY KAPOOR  
COMPANY SECRETARY

### REGISTERED OFFICE:

Pradeep Metals Ltd.  
R-205, 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 29<sup>th</sup> August, 2008 to 5<sup>th</sup> September, 2008 (both days inclusive).



## EXPLANATORY STATEMENT

Explanatory Statement under Section 173(2) of the Companies Act, 1956 forming part of the Notice dated 19<sup>th</sup> July, 2008

### **Item No. 5**

Shri Raj Kumar Mittal was appointed as an Additional Director of the Company on 29<sup>th</sup> January, 2008 by the Board of Directors to hold the office upto the date of this Annual General Meeting.

Shri Mittal is a Commerce graduate from Delhi University and a Chartered Accountant with over 35 years experience in the field of banking, financial planning and restructuring, etc. (Detailed particulars are given in annexure attached)

It is in the interest of the Company to continue to have the benefit of his immense experience and valuable advice as a member of the Board.

The Company has received a notice from a member of the Company under Section 257 of the Companies Act, 1956 proposing his candidature for the office of Director.

The Board recommends the resolution for approval of the members.

None of the Directors except Shri Raj Kumar Mittal concerned or interested in the resolution.

### **Item No. 6**

Dr. Kewal Krishan Nohria was appointed as an Additional Director of the Company on 14<sup>th</sup> April, 2008 by the Board of Directors to hold the office upto the date of this Annual General Meeting.

Dr. Nohria graduated in Electrical Engineering from Benaras Hindu University (BHU) in 1954 and pursued post graduation and Management studies at Manchester Technical College, UK. He was awarded an Honorary D.Litt Degree from BHU.

Dr. Nohria, a successful technocrat, was the Chairman & Managing Director of Crompton Greaves Ltd. He is on the board of IIM – Indore and many other Indian companies. He has over 50 years experience in Electrical and Electronics Industry. He is Chairman of Thapar University, Patiala. (Detailed particulars are given in annexure attached)

It is in the interest of the Company to continue to have the benefit of his immense experience and valuable advice as a member of the Board.

The Company has received a notice from a member of the Company under Section 257 of the Companies Act, 1956 proposing his candidature for the office of Director.

The Board recommends the resolution for approval of the members.

None of the Directors except Dr. Kewal Krishan Nohria concerned or interested in the resolution.

**By Order of the Board of Directors  
For PRADEEP METALS LTD**

Navi Mumbai  
July 19, 2008

**ABHINAY KAPOOR  
COMPANY SECRETARY**

## **REGISTERED OFFICE:**

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



# PRADEEP METALS LIMITED



## Item Nos. 2, 3, 5 & 6

Information required to be furnished under Clause 49 of the Listing Agreement in respect of Directors being appointed/re-appointed

1. Name	Shri Rakesh Kumar Agarwal
Date of Birth	10 <sup>th</sup> June, 1963
Date of Appointment	31 <sup>st</sup> October, 2001
Qualification	B.E (Mech)
Expertise	Expert on international trade and technical matters
Other Directorships	Shirdi Industries Ltd. Asis Global Ltd Asis Logistics Ltd Labh Capital Services Pvt. Ltd. Repute Properties Pvt. Ltd. Asis Industries Pvt. Ltd. Swanbay Technologies Pvt. Ltd. Christ Consultancy Pvt. Ltd. Emeca Finance & Investment Pvt. Ltd. Poona Pearls Biotek Ltd.
Chairman/Member of the Committee of the Board of Directors of the Company	Member, Audit Committee Chairman, Shareholders'/Investors' Grievance Committee
Chairman/Member of the Committee of Directors of other companies:-	
a) Audit Committee	Nil
b) Shareholders / Investors' Grievance Committee	Nil
c) Remuneration Committee	Nil
2. Name	Shri Suresh G. Vaidya
Date of Birth	1 <sup>st</sup> April, 1939
Date of Appointment	24 <sup>th</sup> June, 2005
Qualification	L.T.M., B. Text
Expertise	Technical & General Management
Other Directorships	Victoria Mills Ltd: Vaidya and Associates Textile Consultants Pvt. Ltd.
Chairman/Member of the Committee of the Board of Directors of the Company	Member, Audit Committee
Chairman/Member of the Committee of Directors of other companies:-	
a) Audit Committee	Nil
b) Shareholders / Investors' Grievance Committee	Nil
c) Remuneration Committee	Nil



3.	Name	Shri Raj Kumar Mittal
	Date of Birth	5 <sup>th</sup> May, 1944
	Date of Appointment	29 <sup>th</sup> January, 2008
	Qualification	B.Com (Hons), F.C.A
	Expertise	Financial Expert
	Other Directorships	Elegant Marbles & Grani Industries Ltd. Theseus Global Research Ltd. CS Enterprises Pvt. Ltd. Vithal Finvest and Consultants Pvt. Ltd. Market Entry Solutions Pvt. Ltd. B.S. Metal Pvt. Ltd. Mumbai Vaish Seva Sansthan
	Chairman/Member of the Committee of the Board of Directors of the Company	Chairman, Audit Committee
	Chairman/Member of the Committee of Directors of other companies:- a) Audit Committee b) Shareholders / Investors' Grievance Committee c) Remuneration Committee	Chairman - 1  Chairman - 1 Member - 1
4.	Name	Dr. Kewal Krishan Nohria
	Date of Birth	4 <sup>th</sup> October, 1932
	Date of Appointment	14 <sup>th</sup> April, 2008
	Qualification	B.E. (Elect.), D.Litt from BHU
	Expertise	Technical and Management Expert
	Other Directorships	Kale Consultants Ltd. CG-PPI Adhesive Products Ltd. Igarashi Motors Ltd. International Components India Ltd. CG Actaris Elec. Management Ltd. Cologicx systems Ltd. Grow Talent Company Ltd. Final Quadrant Solutions Ltd. Fontus Water Ltd. Acquire Talent Services Ltd. CTR Manufacturing Industries Ltd. Jollyboard Ltd.
	Chairman/Member of the Committee of the Board of Directors of the Company	Nil
	Chairman/Member of the Committee of Directors of other companies:- a) Audit Committee b) Shareholders / Investors' Grievance Committee c) Remuneration Committee	Chairman - 1, Member - 1  Member - 1 Member - 2



**DIRECTORS' REPORT**

To,  
The Shareholders

Your Directors are pleased to present the Twenty Fifth Annual Report together with the audited accounts for the year ended 31<sup>st</sup> March, 2008.

**FINANCIAL HIGHLIGHTS :**

	2007-08	Rs. in lacs 2006-07
Profit before Interest, Depreciation and Tax	954.24	697.04
Less :Interest	387.32	317.76
Profit before Depreciation and Tax	566.92	379.28
Less: Depreciation	135.08	126.09
Preliminary expenses written off	0.21	0.21
Profit before Tax	431.63	252.98
Less: Provision for Income Tax	50.00	0.65
Provision for Fringe Benefit Tax	5.00	-
Profit for the year	376.63	252.33

**DIVIDEND:**

In view of the past losses and need to conserve resources for future growth, your Directors are unable to recommend payment of any dividend.

**PERFORMANCE :**

The Company has significantly improved its' turnover to Rs. 7077.67 lacs (inclusive of Rs. 4.79 lacs income from Industrial Microwave Research Center) during the year as compared to Rs. 5503.87 lacs in the previous year registering an increase of 29%. The profit before interest, depreciation and tax has gone up by 37%. The cash accruals also have increased to Rs. 511.92 lacs as compared to Rs. 378.63 lacs during the previous year i. e. 35%.

Your Directors are also happy to inform you that your company has embarked on a new Research & Development program to improve the efficiency of manufacturing of metals and metal products by using microwaves at high temperature. This is an exciting new field which is the technology of the future. The Center for Research & Development is called Industrial Microwave Research Center and we have technical collaboration with Pennsylvania State University, USA.

**EXPORTS :**

During the year, exports of the Company were Rs. 3981.78 lacs as compared to Rs. 2739.74 lacs in the previous year showing an increase of 45%. 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.



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## **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 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 are annexed as **Annexure B**.

## **DIRECTORS :**

In order to broaden the Board of Directors, Shri Raj Kumar Mittal, a Chartered Accountant and Dr. Kewal Krishan Nohria, an Industrialist have been appointed on the Board as Additional Directors on 29<sup>th</sup> January, 2008 and 14<sup>th</sup> April, 2008 respectively who will hold office till the ensuing Annual General Meeting. Notices proposing appointment of Shri Raj Kumar Mittal and Dr. Kewal Krishan Nohria as Directors have been received from the members of the Company in terms of Section 257 of the Companies Act, 1956.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Shri Rakesh Kumar Agarwal and Shri Suresh G. Vaidya, Directors of the Company, retire by rotation and being eligible; have offered themselves for re-appointment.

## **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 31<sup>st</sup> March, 2008, 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 31<sup>st</sup> March, 2008 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.



# **PRADEEP METALS LIMITED**



## **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, retire at the conclusion of the 25<sup>th</sup> 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 Union Bank of India, Maharashtra State Electricity Board, Maharashtra Industrial Development Corporation, Navi Mumbai Municipal Corporation and other government and semi-government authorities, corporations and institutions.

Your 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**

Navi Mumbai  
19<sup>th</sup> July, 2008

## **REGISTERED OFFICE :**

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



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

### 1. CONSERVATION OF ENERGY :

The Company continuously introduces new methods to conserve energy.

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 :

	2007-08	2006-07
1. Electricity		
a. Purchased (Unit Nos.)	4,610,010	3,407,103
Total amount (Rs.)	23,304,480	17,971,640
Average rate (Rs./unit)	5.06	5.27
b. Own generation	N.A.	N.A.
2. Furnace Oil Quantity (Ltrs.)	619,280	761,440
Total amount (Rs.)	14,565,992	15,520,018
Average rate (Rs./Ltr.)	23.52	20.38
3. Light Diesel Oil (LDO)		
Quantity (Ltrs.)	72,000	119,760
Total amount (Rs.)	2,137,967	3,569,438
Average rate (Rs./Ltr.)	29.69	29.80

#### B. Consumption per unit of Production :

Quantity (Mt)	3979	3953
Electricity Unit/Mt	1159	862
Furnace Oil Ltrs./Mt	156	193
LDO Ltrs./Mt	18	30

\* The figures of units of electricity consumed are taken from the bills of M. S. E. B.

#### 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. 853,940

Earned : Rs. 398,178,101



### REPORT ON CORPORATE GOVERNANCE

The Directors present the Company's Report on Corporate Governance for the year ended 31<sup>st</sup> March, 2008 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 EIGHT, including the Managing Director.

Name of Director	Category Promoters, Executive, Non-Executive, Independent	No. of Board Meetings attended	Last AGM attended	No. of Other Directorships held (excluding private & foreign companies as on 31/03/2008)	Committee Membership(s) of Other Companies	
					Member	Chairman
Pradeep Goyal	Promoter, Chairman & Managing Director	5	Yes	5	3	3
Omprakash Agarwal	Non-Executive, Independent	5	Yes	Nil	Nil	Nil
R. D. Shroff	Non-Executive, Independent	Nil	No	11	Nil	Nil
Rakesh Kumar Agarwal	Non-Executive, Independent	3	No	4	Nil	Nil
Dinesh T. Parekh	Non-Executive, Independent	5	Yes	Nil	Nil	Nil
Suresh G. Vaidya	Non-Executive, Independent	2	Yes	1	Nil	Nil
Raj Kumar Mittal*	Non- Executive Independent	Nil	NA	2	1	2
Kewal Krishan Nohria**	Non- Executive Independent	Nil	NA	12	1	3

\* Appointed w.e.f 29<sup>th</sup> January, 2008

\*\* Appointed w.e.f. 14<sup>th</sup> April, 2008

##### (B) Meetings

During the financial year 2007 – 2008, five meetings of the Board were held on 5<sup>th</sup> May, 2007, 7<sup>th</sup> June, 2007, 31<sup>st</sup> July, 2007, 31<sup>st</sup> October, 2007 and 29<sup>th</sup> January, 2008.

##### (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.



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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 and risk management policies. In addition, the powers and 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 7<sup>th</sup> June, 2007, 31<sup>st</sup> July, 2007, 31<sup>st</sup> October, 2007 and 29<sup>th</sup> January, 2008.

The Audit Committee consists of the following Directors as on 31<sup>st</sup> March '08:

Sr.No	Name of Director	Executive, Non-Executive, Independent	No. of Meetings attended
1	Raj Kumar Mittal *	Chairman, Non-Executive, Independent	NA
2	Dinesh T Parekh	Member, Non Executive, Independent	4
3	R. D. Shroff	Member, Non Executive, Independent	Nil
4	Rakesh Kumar Agarwal	Member, Non Executive, Independent	3
5	Suresh G. Vaidya	Member, Non Executive, Independent	1

\* appointed w.e.f. 29<sup>th</sup> January, 2008

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	Rakesh Kumar Agarwal	Chairman	3
2	Dinesh T Parekh	Member	4
3	Omprakash Agarwal	Member	4

During the year, the Company received 11 complaints, which were resolved within 30 days to the satisfaction of the Shareholders'/Investors. As on 31<sup>st</sup> March, 2008, 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 ended 31<sup>st</sup> March, 2008, 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	16,85,418/-	Salary & perquisites

The following Directors have been paid sitting fees:

Name of Director	Sitting fees (in Rs.)
Omprakash Agarwal	14000
Rakesh Kumar Agarwal	12000
Dinesh T Parekh	18000
Suresh G. Vaidya	5000

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:



# PRADEEP METALS LIMITED



Year	Date	Time	Venue
2006-07	11 <sup>th</sup> September, 2007	4.00 p.m.	Registered office of the company
2005-06	29 <sup>th</sup> September, 2006	4.00 P.M.	Registered office of the company
2004-05	16 <sup>th</sup> September, 2005	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) 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. Constituents of Pradeep Metal Group within the meaning of group under SEBI (Substantial Acquisition of Shares and Take over) Regulation, 1997 include

- |   |  |
|---|--|
| i) Flashnet Info Solutions (India) Ltd. | ii) S. V. Shah Construction Services Pvt. Ltd. |
| iii) Shri. V. P. Goyal                  | iv) Smt. Chandrakanta Goyal                    |
| v) Shri. Pradeep Goyal                  | vi) Smt. Neeru Goyal                           |
| vii) Shri. Abhinav Goyal                | viii) Shri. Piyush Goyal                       |
| ix) Smt. Seema Goyal                    |  |

## 7. 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 uploads its financial results, shareholding pattern and other information on the EDIFAR website maintained by the National Informatics Centre (NIC), which can be assessed through the Website of the Securities and Exchange Board of India (SEBI): <http://sebi.gov.in>. 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.

## 8. 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 commensurable 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.

## 9. 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.

## 10. 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, 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 36% increase in production and 29% 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 4.58% to 5.32%.

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 twelfth 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 strongness of Rupee has further affected the performance.

## **Future Outlook :**

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.

## **11. General Shareholders Information**

### **1. Disclosures regarding Appointment/Re-appointment of Directors**

Shri Suresh G. Vaidya retires by rotation and being eligible, has offered himself for re-appointment. Further, Shri Raj Kumar Mittal and Dr. Kewal Krishan Nohria who were appointed as Additional Directors on 29<sup>th</sup> January, 2008 and 14<sup>th</sup> April, 2008 respectively, will retire at the forthcoming annual General Meeting and are proposed to be appointed as Directors. Their brief particulars are given below:

Shri Vaidya is a technocrat with B. Text. degree from University of Mumbai and is a certified Management Consultant. He has advised entrepreneurs in India and abroad, Banks and Financial Institutions, in India and abroad, Commonwealth Secretariat and governments. He was Chairman of the Maharashtra State Textile Corporation Ltd. He was a member of Board of Directors/Governing Council/Managing Committee of various reputed public limited companies covering wide spectrum of industries/activities such as manufacturers of cotton yarn, fabrics, and textile machinery, engineering companies, finance companies, merchant bank, scheduled bank, Bombay Stock Exchange Ltd., etc.

Shri Raj Kumar Mittal, a Commerce Graduate and Chartered Accountant, has over 35 years experience in the fields of banking, financial planning and restructuring etc., and has specialized in corporate finance services.

Dr. Kewal Krishan Nohria graduated in Electrical Engineering from Benaras Hindu University (BHU) in 1954 and pursued post graduation and Management studies at Manchester Technical College, UK. He was awarded an Honorary D.Litt Degree from BHU. Dr. Nohria, a successful technocrat, is the former Chairman & Managing Director of Crompton Greaves Ltd. He is on the board of IIM – Indore and many other Indian companies. He has over 50 years experience in Electrical and Electronics Industry. He is Chairman of Thapar University, Patiala.

### **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.



# PRADEEP METALS LIMITED



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

**Date :** 5<sup>th</sup> September, 2008

**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 :**

29<sup>th</sup> August, 2008 to 5<sup>th</sup> September, 2007 (Both days inclusive)

**ii) Financial Calendar :**

The financial calendar year of the Company is from 1st April, 2008 to 31st March, 2009.

Financial reporting for	
Unaudited Financial Results for the quarter ending 30 <sup>th</sup> June, 2008.	On or before last week of July 2008
Unaudited Financial Results for the half year ending 30 <sup>th</sup> September, 2008.	On or before last week of October, 2008
Unaudited Financial Results for the quarter ending 31 <sup>st</sup> December, 2008.	On or before last week of January, 2009
Audited Financial Results for the Year ending 31 <sup>st</sup> March, 2009	On or before last week of June 2009

Equity Shares of Pradeep Metals Limited are listed on the Bombay Stock Exchange Limited. Listing fees for the current year has been paid to the Stock Exchange within the stipulated time.

**iii) Stock Code:**

**Name of the Exchange**      **Code**  
Bombay Stock Exchange Ltd.    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		Bombay Stock Exchange Ltd.		BSE Sensex	
		High (Rs.)	Low (Rs.)	High	Low
April	2007	15.85	14.40	14228.88	12455.37
May	2007	15.50	13.50	14544.46	13765.46
June	2007	14.25	13.00	14650.51	14003.03
July	2007	13.45	12.06	15794.92	14664.26
August	2007	15.08	12.31	15318.60	13989.11
September	2007	16.00	13.42	17291.10	15422.05
October	2007	14.30	12.60	19977.67	17328.62
November	2006	23.11	12.11	19976.23	18526.32
December	2007	21.90	17.95	20375.87	19079.64
January	2008	22.95	15.40	20873.33	16729.94
February	2008	16.50	14.00	18663.16	16608.01
March	2008	14.15	9.20	16677.88	14809.49

**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, Nav Mumbai – 400 701.  
Tel: 91-22-27691026 Fax: 91-22-27691123  
e-mail: pramet.investors@vsnl.net

**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. Abhinay Kapoor  
Company Secretary



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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.investors@vsnl.net

## viii) Share Transfer System :

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

## ix) Dematerialisation of Shares :

Trading in Equity Shares of the Company is permitted only in dematerialized form with effect from 29th January, 2001 as per notification issued by the Securities & Exchange Board of India. As on 31st March, 2008, 91,60,870 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.

### Distribution of Shareholding as on 31st March, 2008.

No. of Shares held	No. of Shareholders	No. of Shares held	Shareholding (%)
1 to 5000	6135	1014802	7.98
5001 to 10000	583	512015	4.03
10001 to 20000	284	442384	3.48
20001 to 30000	102	265075	2.08
30001 to 40000	40	145910	1.15
40001 to 50000	51	246210	1.94
50001 to 100000	56	413728	3.25
100001 and above	74	9679876	76.10
	<b>7325</b>	<b>12720000</b>	<b>100</b>

## x) Shareholding Pattern as on 31st March, 2008

Category	No. of Shares Held	Percentage of Shareholding
<b>Promoter's holding</b>		
1. Promoters		
Indian Promoters	1361700	10.71
Foreign Promoters	-	-
2. Persons acting in concert	-	-
<b>Sub-Total</b>	<b>1361700</b>	<b>10.71</b>
<b>Non-Promoters holding</b>		
3. Institutional Investors		
Mutual Funds and UTI Banks,	9600	0.07
Financial Institutions,		
Insurance Companies		
(Central/State Government	-	-
Institutions/ Non-Government Institutions)		
FI's	4500	0.04
Trusts	1000	0.01
<b>Sub-Total</b>	<b>15100</b>	<b>0.12</b>
4. Others - Bodies Corporate	5575635	43.83
a) Individual (Capital ≤ Rs.1 lakh)	2600060	20.44
b) Individual (Capital > Rs.1 lakh)	1373459	10.80
c) Any Other (specify)		
NRI	1498857	11.78
Overseas Bodies Corporate	230000	1.81
Clearing Member	65189	0.51
<b>Sub-Total</b>	<b>11343200</b>	<b>89.17</b>
<b>Grand Total</b>	<b>12720000</b>	<b>100</b>





## 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 31<sup>st</sup> March 2008, 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 31<sup>st</sup> March, 2008, 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 & CO.**  
Chartered Accountants

Mumbai  
July 19, 2008

**S. M. PATKI**  
Proprietor  
Membership No. 37690

## CEO / CFO CERTIFICATION

**The Board of Directors**  
**Pradeep Metals Ltd.**  
**Navi Mumbai.**

We, Pradeep Goyal, Chairman & Managing Director and Dilip Dalvi, Manager (Accounts), responsible for the finance function certify that:

- a) We have reviewed financial statements and the cash flow statement for the year ended 31st March 2008 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.

Navi Mumbai  
July 19, 2008

**Dilip Dalvi**  
Manager – Accounts

**Pradeep Goyal**  
Chairman & Managing Director



## AUDITORS' REPORT

TO

### THE SHAREHOLDERS OF PRADEEP METALS LTD.

- 1 We have audited the attached balance sheet of Pradeep Metals Ltd., as at 31<sup>st</sup> March, 2008 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 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 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
- v On the basis of written representations received from the directors, as on 31st March, 2008, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2008 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 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, 2008;
  - ii) in the case of the Profit and Loss Account, of the Profit for the year ended on that date; and
  - 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**  
PROPRIETOR  
Membership No. 37690

Mumbai  
July 19, 2008

### 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

- 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 of 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 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, 2008 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.
- 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 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**  
PROPRIETOR  
Membership No. 37690

MUMBAI  
July 19, 2008



# PRADEEP METALS LIMITED



## BALANCE SHEET AS AT 31ST MARCH, 2008

	Schedule No	Rs. in lacs 31st March, 2008 (Audited)		Rs. in lacs 31st March, 2007 (Audited)	
<b>SOURCES OF FUNDS</b>					
<b>1. SHAREHOLDERS' FUNDS</b>					
a) Capital	1	1,844.20		1,847.20	
b) Reserves and Surplus	2	<u>334.48</u>	2,178.68	<u>334.48</u>	2,181.68
<b>2. LOAN FUNDS</b>					
a) Secured Loans	3	3,374.83		3,250.58	
b) Unsecured Loans	4	<u>353.00</u>	3,727.83	<u>353.00</u>	3,603.58
<b>TOTAL</b>			<u>5,906.51</u>		<u>5,785.26</u>
<b>APPLICATION OF FUNDS</b>					
<b>1. FIXED ASSETS</b>					
a) Gross Block	5	3,015.38		2,927.49	
b) Less: Depreciation		<u>1,391.36</u>		<u>1,275.87</u>	
c) Net Block		1,624.02		1,651.62	
d) Capital work in progress		<u>7.43</u>	1,631.45	<u>86.99</u>	1,738.61
<b>2. INVESTMENTS</b>		6	1.00		1.00
<b>3. CURRENT ASSETS, LOANS &amp; ADVANCES</b>					
a) Inventories	7	2,534.58		2,316.39	
b) Sundry Debtors	8	1,676.69		1,235.39	
c) Cash and Bank Balances	9	4.93		15.37	
d) Loans and Advances	10	<u>527.87</u>		<u>369.43</u>	
		4,744.07		3,936.58	
Less:					
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>					
a) Liabilities	11	1,229.50	3,514.57	1,007.10	2,929.48
b) Provisions					
<b>4. MISCELLANEOUS EXPENDITURE TO THE EXTENT NOT WRITTEN OFF</b>					
	12		759.49		1,116.17
<b>TOTAL</b>			<u>5,906.51</u>		<u>5,785.26</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  
Proprietor  
Membership No - 37690

Mumbai  
July 19, 2008.

for and on behalf of the Board

PRADEEP GOYAL	Chairman & Managing Director
OMPRAKASH AGARWAL	Director
RAKESH KUMAR AGARWAL	Director
DINESH T. PAREKH	Director
SURESH G. VAIDYA	Director
KEWAL KRISHAN NOHRIA	Director
RAJ KUMAR MITTAL	Director



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## PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31ST MARCH, 2008

	Schedule	Rs. in lacs 31st March, 2008 (Audited)	Rs. in lacs 31st March, 2007 (Audited)
	No.		
<b>INCOME</b>			
Sales, Operating Income etc.	13	7,231.59	5,700.03
		<u>7,231.59</u>	<u>5,700.03</u>
<b>EXPENDITURE</b>			
Manufacturing Expenses	14	5,794.13	4,451.92
Other Expenses	15	870.75	869.04
Depreciation		135.08	126.09
		<u>6,799.96</u>	<u>5,447.05</u>
Net Profit before Taxation		431.63	252.98
Less : Provision for Income Tax		50.00	0.65
Less : Provision for Fringe Benefit Tax		5.00	-
Net Profit carried to Balance Sheet		<u>376.63</u>	<u>252.33</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  
Proprietor  
Membership No - 37690

Mumbai  
July 19, 2008.

for and on behalf of the Board

PRADEEP GOYAL	Chairman & Managing Director
OMPRAKASH AGARWAL	Director
RAKESH KUMAR AGARWAL	Director
DINESH T. PAREKH	Director
SURESH G. VAIDYA	Director
KEWAL KRISHAN NOHRIA	Director
RAJ KUMAR MITTAL	Director



# PRADEEP METALS LIMITED



## SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH, 2008

		Rs. in lacs 31st March, 2008 (Audited)		Rs. in lacs 31st March, 2007 (Audited)
<b>SCHEDULE-1: SHARE CAPITAL</b>				
<b>Authorised:</b>				
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}				
<b>TOTAL</b>		<b>2,000.00</b>		<b>2,000.00</b>
<b>Issued and Subscribed:</b>				
12,720,000 Equity Shares of Rs.10 each fully paid up	1,272.00		1,272.00	
{Previous year 12,720,000 Equity Shares of Rs.10 each}				
Less : Calls in Arrears	<u>0.74</u>	1,271.26	<u>0.74</u>	1,271.26
(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 (Previous Year 519,800 - 10% Optionally Convertible Cumulative Redeemable Preference Shares of Rs. 100 each)		519.80		519.80
Share Application Money		53.14		56.14
<b>TOTAL</b>		<b>1,844.20</b>		<b>1,847.20</b>
<b>SCHEDULE-2: RESERVES &amp; SURPLUS</b>				
<b>Share Premium Account:</b>				
As per last Balance Sheet	266.25		266.25	
Less : Calls in Arrears	<u>0.37</u>	265.88	<u>0.37</u>	265.88
<b>General Reserve</b>				
As per last Balance Sheet		68.60		68.60
<b>TOTAL</b>		<b>334.48</b>		<b>334.48</b>



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	Rs. in lacs 31st March, 2008 (Audited)	Rs. in lacs 31st March, 2007 (Audited)
<b>SCHEDULE-3: SECURED LOANS</b>		
<b>LOANS FROM FINANCIAL INSTITUTIONS &amp; BANKS</b>		
Term Loan from Union Bank of India (Secured by first Charge on the fixed assets of the Company, present and future)	265.25	359.69
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)	367.78	674.67
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.)	2,734.76	2,208.44
(All the above loans are secured by personal guarantee of the Chairman and Managing Director)		
Loan from Citicorp Maruti Finance Ltd (Secured by hypothecation of a vehicle)	5.57	3.96
Loan from ICICI Bank Ltd (Secured by hypothecation of a vehicle)	1.47	3.82
<b>TOTAL</b>	<b>3,374.83</b>	<b>3,250.58</b>
<b>SCHEDULE-4: UNSECURED LOANS</b>		
Inter Corporate Deposits	353.00	353.00
<b>TOTAL</b>	<b>353.00</b>	<b>353.00</b>



# PRADEEP METALS LIMITED

## SCHEDULE - 5: FIXED ASSETS

(Rs. in lacs)

FIXED ASSETS	Gross Block			Depreciation				Net Block	
	As At 01.04.2007	Additions during the year	Sales during the year	As at 31.03.2008	As at 01.04.2007	For the year	On Sales	As at 31.03.2008	As at 31.03.2008
Leasehold Land	58.22	-	-	58.22	-	-	-	-	58.22
Factory Buildings	323.73	7.13	-	330.86	124.64	10.97	-	135.61	195.25
Office Premises	-	-	-	-	-	-	-	-	-
Plant & Machinery	2,494.93	109.35	34.63	2,569.65	1,131.06	119.84	19.61	1,231.29	1,338.36
Furniture & Fixtures	24.78	0.99	-	25.77	14.24	1.50	-	15.74	10.03
Vehicles	25.83	5.05	-	30.88	5.95	2.77	-	8.72	22.16
<b>Total</b>	<b>2,927.49</b>	<b>122.52</b>	<b>34.63</b>	<b>3,015.38</b>	<b>1,275.89</b>	<b>135.08</b>	<b>19.61</b>	<b>1,391.36</b>	<b>1,624.02</b>
Capital Work-in-progress including advances on Capital Account (Previous Year Rs- 86.99 lacs)]									7.43
<b>Previous Year</b>	<b>2,594.72</b>	<b>366.70</b>	<b>33.93</b>	<b>2,927.49</b>	<b>1,157.33</b>	<b>126.07</b>	<b>7.53</b>	<b>1,275.87</b>	<b>1,651.62</b>



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	Rs. in lacs 31st March, 2008 (Audited)	Rs. in lacs 31st March, 2007 (Audited)
<b>SCHEDULE-6: INVESTMENTS (AT COST)</b>		
Long Term, Unquoted (Non-trade)		
10 Shares of Rs.10 each of Janakalyan Sahakari Bank Ltd.	-	-
(Previous year 10 shares of Rs.10 each)		
1,000 Shares of Rs.50 each of Dombivli Nagari Sahakari Bank Ltd.	0.50	0.50
(Previous year 1,000 Shares of Rs.50 each)		
1,000 Shares of Rs. 50 each of The Thane Janata Sahakari Bank Ltd.	0.50	0.50
(Previous year 1,000 Shares of Rs.50 each)		
<b>TOTAL</b>	<b>1.00</b>	<b>1.00</b>
<b>SCHEDULE-7: INVENTORIES</b>		
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	425.26	376.22
Work in process & Semi-finished goods	1,090.23	927.46
Fuel	5.82	4.84
<u>Dies</u>		
Core Stock	34.74	84.24
Others	853.84	791.30
Consumable stores & spares	105.18	118.05
Scrap	19.51	14.28
<b>TOTAL</b>	<b>2,534.58</b>	<b>2,316.39</b>
<b>SCHEDULE-8: SUNDRY DEBTORS</b>		
Unsecured		
a) Debts outstanding for more than six months		
Considered good	150.83	67.51
b) Others		
Considered good	1,525.86	1,167.88
<b>TOTAL</b>	<b>1,676.69</b>	<b>1,235.39</b>
<b>SCHEDULE-9: CASH &amp; BANK BALANCES</b>		
Cash on hand	2.88	13.32
<u>Balances with Scheduled banks</u>		
(a) In Current Accounts	0.67	0.67
(b) In Fixed Deposits	1.38	1.38
<b>TOTAL</b>	<b>4.93</b>	<b>15.37</b>



# PRADEEP METALS LIMITED



	Rs. in lacs 31st March, 2008 (Audited)	Rs. in lacs 31st March, 2007 (Audited)
<b>SCHEDULE-10: LOANS &amp; ADVANCES</b> (Unsecured, considered good unless otherwise stated.)		
Deposits	36.28	37.54
Advances recoverable in cash or in kind or for value to be received including export benefits, excise and sales tax refunds and balances.	482.14	328.50
Income Tax Deducted at Source	9.45	3.39
<b>TOTAL</b>	<b>527.87</b>	<b>369.43</b>

## SCHEDULE-11: CURRENT LIABILITIES

Sundry creditors	918.51	796.07
Sundry creditors for Capital Goods	3.91	15.61
Advances from Debtors	9.29	7.79
Advance Received towards sale of Dombivli Unit	80.00	-
Outstanding liabilities for expenses	124.14	113.98
Long term liabilities	38.00	73.00
Provision for Fringe Benefit Tax	5.00	-
Provision for Income Tax	50.65	0.65
<b>TOTAL</b>	<b>1,229.50</b>	<b>1,007.10</b>

### NOTE:

The Company has not received information from Vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosure relating to amount unpaid as at the year end and together with interest paid / payable under the Act have not been given.

## SCHEDULE-12:

### MISCELLANEOUS EXPENDITURE TO THE EXTENT NOT WRITTEN OFF

Profit and Loss Account			
As per last Balance Sheet	1,114.79	1,367.12	
Add - Charge on Account of the transitional provision of Accounting Standard 15 (Revised) on Employee Benefits.	20.16	-	
	1,134.95	1,367.12	
Less: Profit for the year	376.63	252.33	
	758.32		1,114.79
Preliminary Expenses	1.17		1.38
<b>TOTAL</b>	<b>759.49</b>		<b>1,116.17</b>



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	Rs. in lacs 31st March, 2008 (Audited)	Rs. in lacs 31st March, 2007 (Audited)
<b>SCHEDULE-13:</b>		
<b>SALES, OPERATING INCOME, ETC.</b>		
Sales	6,955.09	5,260.92
Job Work Receipts	122.58	242.95
	<u>7,077.67</u>	<u>5,503.87</u>
Interest from banks	0.05	0.03
Sales Tax refund	73.50	86.43
Other income	80.37	109.70
<b>TOTAL</b>	<u><u>7,231.59</u></u>	<u><u>5,700.03</u></u>

## SCHEDULE-14: MANUFACTURING EXPENSES

Raw Material consumed	4,170.80	3,019.54
Dies consumed	256.93	189.82
Purchases for resale	48.40	142.75
(Increase)/Decrease in Stocks:		
Stock on 1st April, 2007		
Work in process and finished goods	927.46	752.21
Scrap	14.28	7.94
Less:	941.74	760.15
Stock on 31st March, 2008		
Work in process and finished goods	1,090.23	927.46
Scrap	19.51	14.28
	<u>(168.00)</u>	<u>(181.59)</u>
Consumable stores and spares	339.11	304.77
Power, fuel and water	358.14	338.10
Payments to sub contractors	173.52	121.58
Wages	408.02	320.64
Employee's welfare expenses	26.03	23.60
Contribution to Provident and other funds	35.84	28.81
Repairs and Maintenance:		
Machinery	13.43	23.36
Factory Buildings	3.80	7.83
Others	10.82	14.11
	<u>28.05</u>	<u>45.30</u>
Inward Freight and Octroi & Other expenses	117.29	98.60
<b>TOTAL</b>	<u><u>5,794.13</u></u>	<u><u>4,451.92</u></u>



	Rs. in lacs 31st March, 2008 (Audited)	Rs. in lacs 31st March, 2007 (Audited)
<b>SCHEDULE-15: OTHER EXPENSES</b>		
Salaries	55.89	55.26
Conveyance and travelling expenses	41.89	35.01
Other administrative expenses	83.55	100.10
Selling expenses	137.53	214.46
Insurance	7.65	9.04
Payments to Auditors	2.95	2.60
Financial Charges	387.32	317.76
Bank charges and other expenses	49.46	43.49
Duty and taxes	30.59	35.94
Preliminary expenses written off	0.21	0.21
Loss on sale of Assets	-	1.14
Bad-Debts written off	12.19	10.55
Loss on Foreign Exchange fluctuations	61.52	43.48
<b>TOTAL</b>	<b>870.75</b>	<b>869.04</b>

## 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 notified under the Companies (Accounting Standards) Rules, 2006 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.

#### (3) Use of Estimates

The preparation of Financial Statement is in accordance with generally accepted accounting principles. As per the Management, the best estimates and assumption are made wherever necessary and reported in the amount of assets and liabilities as on the date of financial statement as well as in the amount of revenue and expenses during the reporting period. The Management believes that the estimates used in the preparation of the financial statement are prudent and reasonable. Actual results could differ from these estimates. Any variance is recognized prospectively in current or future period in which the results are known/materialized.

#### (4) Fixed Assets and Depreciation

Fixed Assets are stated at cost less depreciation. Depreciation on assets acquired on or after 1<sup>st</sup> January 1988 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 16<sup>th</sup> December, 1993 issued by the Department of Company Affairs.

Depreciation on the assets acquired prior to 1<sup>st</sup> 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.

(5) Borrowing Costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are charged to revenue.

(6) Inventories

- a. Raw material is valued at cost. The cost is arrived at on First-in-First-out basis.
- b. Components, stores and spares are valued at cost.
- c. Dies and tools are valued at cost, including the cost of design, development, testing and sampling based on its life and usage till the year-end.
- d. Work in process and semi finished goods are valued at lower of cost or estimated net realizable value.

(7) Investment

Investments are stated at Cost.

(8) Sales

Sales are inclusive of income from job work, excise duty, export incentives, exchange fluctuations on export receivables and income from Microwave Operation. The revenue from sale of goods are recognised when title to goods is transferred on delivery of goods.

(9) Foreign Currency transactions

Transactions in foreign currency are recorded at the original rates of exchange in force at the time the transactions are effected. Monetary items denominated in foreign currency are restated using the exchange rates prevailing at the date of the Balance sheet. The exchange difference between the rate prevailing on the date of transaction and on the date of settlement is recognized as income or expense, as the case may be.

(10) Provisions, Contingent Liabilities and Contingent Assets

Provision, to the extent found necessary as per the Management, have been made based on best estimates and are also recognized in respect of present liability in respect of prior activity. Contingent Assets have not been recognized and hence not reported.

(11) Employee Benefits (Refer Note 7 to Notes on Account)

Contributions payable to the Government Provident Fund are charged to revenue.

The liabilities in respect of gratuity and leave at the year end. Encashment are charged to revenue based on actuarial value.

(12) Impairment

At the end of each year, the Company determines whether a provision should be made for impairment loss on fixed assets by considering the indications that an impairment loss may have occurred in accordance with Accounting Standard (AS-28) which deals with "Impairment of Assets", as issued by the Institute of Chartered Accountants of India. During the year, no such loss was observed and hence no provision for impairment loss has been made.

(13) The Company manufactures forgings of various types at one location only. Hence Accounting Standard 17 regarding Segment Reporting issued by the Institute of Chartered Accountants of India is not applicable to the Company.

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



# PRADEEP METALS LIMITED



## B) Notes on Accounts

	31 <sup>st</sup> March, 2008 (Rs.)	31 <sup>st</sup> March, 2007 (Rs.)
(1) Contingent Liabilities not provided for		
a) Letter of Guarantee issued by Union Bank of India (secured by 100 % margin)	83,252	83,252
(2) Value of import calculated on CIF basis		
Raw Material and Consumable goods :	38,418	46,717
Capital goods :	-	2,741,810
(3) Expenditure in foreign currency – Travelling	815,522	746,500
(4) Earning in foreign currency :		
FOB value of Exports	398,178,101	273,973,556
(5) Managerial Remuneration u/s 198 of the Companies Act 1956		
- Salaries	1,500,000	1,330,000
- Perquisites	176,058	40,561
- Provident Fund	9,360	9,360
(6) Earnings Per Share :	Rs. in lacs	
(a) Net Profit before Tax	431.63	
Less : Provision for Income Tax	50.00	
Provision for Fringe Benefit Tax	5.00	
Net Profit after Tax	376.63	
Less : 10% Dividend on Optionally Convertible Cumulative Redeemable Preference Shares (Including Dividend Tax and Surcharge thereon)	59.27	
Profit after Tax for EPS	317.36	
(b) The weighted average number of ordinary Shares for EPS	12720000	
Earnings Per Share (Rs.)	2.49	
(7) The Company has adopted revised Accounting Standard 15 on "Employee Benefit" AS-15 (Revised) notified under the Company's (Accounting Standards) rules, 2006.		

This being the first year of the implementation of AS-15 (Revised), Employee Benefit that have accumulated prior to the adoption of this standard aggregating to Rs. 10,96,323/- on account of Leave Encashment and Rs. 89,81,386/- on account of gratuity, as on April 1, 2007, have been accounted as per the transitional provision stated in AS-15 (Revised) and accordingly the Company has charged Rs. 20,15,542/- , (being 20% of the said expenditure) to the debit balance in Profit and Loss Account as on the said date.

(a) The disclosure as required under AS-15 regarding Company's Gratuity Plan is as follows:

Particulars	2007-2008 Rs.
<u>Change in Defined Benefit Obligation</u>	
Opening Net Liability	89,81,386
Current Service Cost	11,01,450
Interest Cost	7,10,545
Actuarial Losses / (Gain)	(13,01,998)
Closing Defined Benefit Obligation	94,91,383
Employer's Contribution	(1,99,159)
Amount Recognized in the Balance Sheet	92,92,224



The Companies Gratuity plan is not funded and liability is provided for in the account.

Particulars	2007-2008 Rs.
Current Service Cost	11,01,450
Interest Cost	7,10,545
Net Actuarial Losses / (Gains) Recognized in year	(13,01,998)
Expenses recognized in the Profit and Loss Account	5,09,997
Assumptions :	
Discount Rate (p.a)	8.00 %
Salary Escalation Rate (p.a)	12.00 %
(b) The following are the assumptions used in computing the Leave Encashment Liability :	
Discount Rate (p.a)	8.00 %
Salary Escalation Rate (p.a)	12.00 %
Attrition Rate (p.a)	16.50 %

## (8) Payment to Auditors

	2007-08	Rs. 2006-07
(i) Audit Fees	1,96,630	1,68,360
(ii) Tax Audit Fees	39,326	33,672
(iii) For Certification and Consultation in finance and tax matters	33,708	28,060
(iv) Reimbursement of Expenses	25,220	29,702

(9) (a) The Company has provided Income Tax in the books as per the provisions of Section 115JB of the Income Tax Act, 1961.

(b) In View of Substantial amount of accumulated losses and the 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.

(10) The Company has duly complied with the Accounting Standards referred to in sub-section 3(c) of Section 211 of the Companies Act, 1956.

(11) Previous year's figures have been regrouped, wherever necessary, to conform to this year's classification.

## NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2008.

(1) The cash flow statement has been prepared in accordance with the requirements of Accounting Standard 3 "Cash Flow Statement" issued by the Institute of Chartered Accountants of India.

(2) Figures in brackets indicate cash outgo.

(3) Previous year's figures have been regrouped, wherever necessary, to conform to this year's classification.



# **PRADEEP METALS LIMITED**



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, 2008	31st March, 2007	31st March, 2008	31st March, 2007
Forgings & other steel products	Mt.	N.A	N.A	12000 *	12000 *
1 Based on Forged weight	Mt.	N.A	N.A	7200 *	7200 *
2 Based on Machined weight					
* Varies according to the product mix.					

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

PRODUCT	31st March, 2008		31st March, 2007	
	Quantity Mt.	Amount Rs. in lacs	Quantity Mt.	Amount Rs. in lacs
<b>1 PRODUCTION *</b>				
Own Production	3978.813	6312.97	3953.183	4658.14
Job Work	98.896	122.58	155.475	242.95
<b>Total</b>		<b>6435.55</b>		<b>4901.09</b>
* Includes finished components at their machined weights.				
<b>2 SALES</b>				
Forgings and other steel products	4080.015	6150.20	3733.172	4482.89
Traded goods	24.735	59.84	70.206	176.25
Scrap	1416.391	745.05	1789.607	601.78
Job work	98.896	122.58	155.475	242.95
<b>Total</b>		<b>7077.67</b>		<b>5503.87</b>
<b>3 PURCHASE OF TRADED GOODS</b>				
Forgings and other steel products	24.735	48.40	70.206	142.75
<b>Total</b>		<b>48.40</b>		<b>142.75</b>
<b>4 RAW MATERIAL AND COMPONENTS CONSUMED</b>				
Steel Bars and Billets	5343.641	4170.80	5493.134	3019.54
Other Components		610.55		494.59
<b>Total</b>		<b>4781.35</b>		<b>3514.13</b>
<b>5 OPENING STOCK</b>				
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
<b>Total</b>		<b>941.74</b>		<b>760.15</b>
<b>6 CLOSING STOCK</b>				
Work in process and semi finished goods	583.486	1090.23	684.688	927.46
Stock of traded goods	0.000	0.00	0.000	0.00
Scrap	21.301	19.51	25.895	14.28
<b>Total</b>		<b>1109.74</b>		<b>941.74</b>

As per Our Report of Even Date

For S. R.Rege & Co.  
Chartered Accountants

S. M. Patki  
Proprietor  
Membership No - 37690

Mumbai  
July 19, 2008.

for and on behalf of the Board

PRADEEP GOYAL	Chairman & Managing Director
OMPRAKASH AGARWAL	Director
RAKESH KUMAR AGARWAL	Director
DINESH T. PAREKH	Director
SURESH G. VAIDYA	Director
KEWAL KRISHAN NOHRIA	Director
RAJ KUMAR MITTAL	Director



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## CASH FLOW STATEMENT PURSUANT TO CLAUSE 32 OF THE LISTING AGREEMENT FOR THE YEAR ENDED 31ST MARCH 2008

	31st March 2008 (Rs. In lacs)	31st March 2007 (Rs. In lacs)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
NET PROFIT/LOSS BEFORE TAX AND EXTRAORDINARY ITEMS	376.63	252.33
ADJUSTMENTS FOR:		
DEPRECIATION	135.08	126.09
LOSS ON SALE OF ASSETS	-	1.14
LEASE RENTALS	-	-
DIVIDEND RECEIVED	(0.08)	(0.25)
INTEREST EXPENSES	387.32	317.76
MISC EXPENDITURE WRITTEN OFF	0.21	0.21
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	899.16	697.28
ADJUSTMENTS FOR:		
TRADE AND OTHER RECEIVABLES	(593.68)	(270.89)
INVENTORIES	(218.19)	(387.12)
TRANSFER FROM CAPITAL WORK IN PROGRESS	79.56	152.82
TRADE PAYABLE	222.40	471.24
PROFIT ON SALE OF ASSETS	(0.62)	(29.22)
CASH GENERATED FROM OPERATIONS	388.63	634.11
INTEREST PAID	(387.32)	(317.76)
DIRECT TAXES PAID - TDS	(6.06)	(1.00)
CASH FLOW BEFORE EXTRAORDINARY ITEMS	(4.75)	315.35
EXTRAORDINARY ITEMS	-	-
NET CASH USED IN OPERATING ACTIVITIES	(4.75)	315.35
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
PURCHASE OF FIXED ASSETS	(122.52)	(366.70)
SALE OF FIXED ASSETS	15.66	54.46
DIVIDEND RECEIVED	0.08	0.25
NET CASH FLOW FROM INVESTING ACTIVITIES	(106.78)	(311.99)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
PROCEEDS FROM ISSUE OF SHARE CAPITAL (SHARE APPLICATION MONEY)	(3.00)	-
PROCEEDS FROM WORKING CAPITAL BORROWINGS	124.99	(1.83)
PROVISION FOR GRATUITY AND LEAVE ENCASHMENT AS PER AS 15	(20.16)	-
PRELIMINARY EXPENSES INCURRED	-	-
PROCEEDS FROM OTHER BORROWINGS (NET)	(0.74)	5.36
PAYMENT OF FINANCE LEASE LIABILITIES	-	-
NET CASH FROM FINANCING ACTIVITIES	101.09	3.53
NET INCREASE IN CASH AND CASH EQUIVALENTS	(10.44)	6.89
CASH AND CASH EQUIVALENTS AS AT 31/03/2007 (OPENING BALANCE)	15.37	8.48
CASH AND CASH EQUIVALENTS AS AT 31/03/2008 (CLOSING BALANCE)	4.93	15.37
	(10.44)	6.89

### AUDITOR'S CERTIFICATE

We have examined the attached cash flow statement of Pradeep Metals Limited for the period ended 31st March, 2008. 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 19th July, 2008 to the members of the Company.

**FOR S.R. REGE & CO.**  
Chartered Accountants

**S.M. Patki**  
Proprietor  
Membership No- 37690

Mumbai  
July 19, 2008.



# PRADEEP METALS LIMITED



## 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 8

YEAR

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

PUBLIC ISSUE

N I L

RIGHTS ISSUE

N I L

BONUS ISSUE

N I L

PRIVATE PLACEMENT

N I L

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

TOTAL LIABILITIES

5 9 0 6 5 1

TOTAL ASSETS

5 9 0 6 5 1

#### SOURCES OF FUNDS

PAID-UP CAPITAL

1 8 4 4 2 0

RESERVES & SURPLUS

3 3 4 4 8

SECURED LOANS

3 3 7 4 8 3

UNSECURED LOANS

3 5 3 0 0

#### APPLICATION OF FUNDS

NET FIXED ASSETS

1 6 3 1 4 5

INVESTMENTS

1 0 0

NET CURRENT ASSETS

3 5 1 4 5 7

MISC. EXPENDITURE

1 1 7

ACCUMULATED LOSSES

7 5 8 3 2

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

TURNOVER

7 2 3 1 5 9

TOTAL EXPENDITURE

6 7 9 9 9 6

PROFIT/LOSS BEFORE TAX

+

4 3 1 6 3

PROFIT/LOSS AFTER TAX

+

3 7 6 6 3

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

EARNING PER SHARE IN RS.

2 . 4 9

DIVIDEND

N I L



# 25th ANNUAL REPORT 2008



## 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

O	T	H	E	R		A	R	T	I	C	L	E	S		O	F		I	R	O	N	
O	R		S	T	E	E	L		F	O	R	G	E	D		S	T	A	M	P	E	D
B	U	T		N	O	T		F	U	R	T	H	E	R		W	O	R	K	E	D	-
O	T	H	E	R																		

ITEM

CODE NO.

(ITC CODE)

	7	3	2	6	9	0	1	5
--	---	---	---	---	---	---	---	---

PRODUCT

DESCRIPTION

F	I	N	I	S	H	E	D		A	N	D		S	E	M	I	-	F	I	N	I	-
S	H	E	D		S	T	E	E	L		F	O	R	G	I	N	G	S		N	E	S
E	G		F	L	A	N	G	E	S		F	O	R		S	T	E	E	L		P	I
P	E	S		A	N	D		T	U	B	E	S		A	U	T	O		S	P	A	R
E	S		E	A	R	T	H		M	O	V	I	N	G		E	T	C				

ITEM

CODE NO.

(ITC CODE)

	7	3	2	6	9	0	1	7
--	---	---	---	---	---	---	---	---

PRODUCT

DESCRIPTION

F	I	N	I	S	H	E	D		A	N	D		S	E	M	I	-	F	I	N	I	-
S	H	E	D		S	T	E	E	L		F	O	R	G	I	N	G	S		N	E	S
F	O	R		A	U	T	O		S	P	A	R	E	S		A	N	D		E	A	R
T	H		M	O	V	I	N	G		I	M	P	L	E	M	E	N	T	S			
E	T	C																				



## 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 25th ANNUAL GENERAL MEETING of the Company at R-205, TTC Indl. Area, MIDC, Rabale, Navi Mumbai 400 701 on Friday, 5<sup>th</sup> September, 2008, 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 25th Annual General Meeting of the Company to be held on Friday, 5<sup>th</sup> September, 2008, at 4.00  
p.m. and at any adjournment thereof.

Signed this ..... day of ..... 2008

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.



BOOK-POST

*If undelivered, please return to :*

**PRADEEP METALS LIMITED**  
R-205, TTC Industrial Area, MIDC,  
Rabale, Navi Mumbai - 400 701.  
Maharashtra.