

<b>31st</b>
<b>ANNUAL</b>
<b>REPORT</b>
<b>2013-14</b>

**PRADEEP METALS LIMITED**

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# 31st ANNUAL REPORT 2014

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## 31st ANNUAL REPORT 2014

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### COMPANY INFORMATION

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#### Board of Directors

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Pradeep Goyal	: Chairman and Managing Director
Kewal Krishan Nohria	: Non-Executive Director
Suresh G. Vaidya	: Independent Director
Raj Kumar Mittal	: Independent Director
Rajeev D. Mehrotra	: Independent Director
Jaidev R. Shroff	: Independent Director
Omprakash Agarwal	: Non-Executive Director
Neeru Pradeep Goyal	: Non-Executive Director

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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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#### Statutory Auditors

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S.R. Rege & Co., Chartered Accountants

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#### Registered Office

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R-205, MIDC, Rabale, Navi Mumbai 400 701.

Tel: +91-22-27691026

Fax: +91-22-27691123

e-mail: [investors@pradeepmetals.com](mailto:investors@pradeepmetals.com)

Website: [www.pradeepmetals.com](http://www.pradeepmetals.com)

CIN: L99999MH1982PLC026191

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#### Registrar and Transfer Agents

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Link Intime India Pvt. Ltd.

C-13, Pannalal Silk Mills Compound, LBS Marg,  
Bhandup (West), Mumbai- 400 078.

Tel. +91-22-25946970 Fax: +91-22-25946969

e-mail: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)

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**PRADEEP METALS LIMITED**
**PERFORMANCE AT A GLANCE**

	(Rs. in Lacs)				
	2013-14	2012-13	2011-12	2010-11	2009-10
<b>Sales and Other Income (Net of Excise Duty)</b>	11,542	12,703	11,129	8,342	5,081
<b>Profit before Interest, Depreciation and Tax</b>	1,444	1,398	1,360	1,134	584
Less : Interest	332	423	440	342	309
Less: Depreciation and Amortization Cost	206	200	184	168	144
<b>Profit before Tax</b>	906	775	736	624	131
Less: Provision for Tax	314	259	228	124	24
(Add) / Less: Income Tax adjustment for prior years	-	81	-	1	-
(Add) / Less : Provision for Deferred Tax Assets/Liability	(12)	(6)	75	277	74
<b>Profit for the year</b>	604	441	583	222	33
Earning per Equity Share of Rs. 10/- each (in Rupees) :-					
(a) Basic	3.50	2.62	3.68	1.27	0.37
(b) Diluted	3.50	2.56	3.51	1.15	0.37
Net Worth	3,377	3,015	2,648	2,258	2,318

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## DIRECTORS' REPORT

To,  
The Shareholders

Your Directors are pleased to present the Thirty First Annual Report and the Audited Accounts for the year ended 31<sup>st</sup> March, 2014.

### FINANCIAL HIGHLIGHTS

	Rs. in Lacs	
	2013-14	2012-13
Revenues from Operations and Other Income (Net of Excise Duty)	11,542.02	12,703.29
EBDITA	1,444.01	1,398.18
Finance Costs	331.43	423.20
Depreciation and Amortization cost	206.14	199.76
Profit before Tax	906.44	775.22
Provision for Income Tax	313.69	259.33
Income Tax Adjustment for prior years	-	80.31
Provision for Deferred Tax (Assets)/Liability	(11.62)	(5.67)
	604.37	441.25
Balance of Profit and Loss Account from previous year	584.08	348.20
Amount transferred to General Reserve	23.00	-
Proposed Dividend on Equity Shares for the year (including dividend distribution tax Rs. 35.22 Lacs (previous year Rs. 28.02 Lacs)	242.46	205.37
Balance Carried Forward	922.99	584.08

### PERFORMANCE

Your Company has achieved Revenues from Operations and Other Income (Net) of Rs. 11,542.02 Lacs during the current financial year, as against Rs. 12,703.29 Lacs in the previous year. But, PBT for the year has improved by 16.9% in spite of reduction in the Income by 9.1% and increase in Employees' Cost by 10.6%. Detailed analysis and future outlook of the Company's business are dealt in the Management Discussion and Analysis.

### DIVIDEND

The Directors of the Company are pleased to recommend a dividend of 12% i.e. Rs. 1.20 per equity share of Rs. 10 each for the financial year 2013-14 (10% i.e. Re. 1.00 per share for previous year). The total amount of dividend proposed to be distributed and tax thereon aggregate to Rs. 242.46 Lacs and dividend payout ratio comes to 40.1%. A sum of Rs. 23.00 Lacs is proposed to be transferred to General Reserve.

### WHOLLY OWNED SUBSIDIARY COMPANY

During the year under review, your Company has invested a sum of USD 5,000 (Rs. 2.72 Lacs) for 100% equity in Pradeep Metals Ltd., New York, USA, in order to facilitate Just-In-Time delivery of the Company's products to certain discreet customers. It will also steadily help in identifying new potential customers and growing exports to USA. The products worth USD 1.3 Million (Rs. 815.26 Lacs) were exported to the Subsidiary during the year. The Subsidiary has achieved turnover of USD 1.2 Million (Rs. 716.51 Lacs) and earned profit after tax of USD 18,351 (Rs. 11.03 Lacs) during its first year of operation.

### DEPOSITS

Your Company has not invited or accepted any fixed deposits from the public and, as such, no amount of principal or interest was outstanding on the date of the Balance Sheet.

### PARTICULARS OF EMPLOYEES

In terms of the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, the names and other particulars of employees are required to be set out in the annexure to the Directors' Report. However, as per the provisions of Section 219(1)(b)(iv) of the said Act, the Annual Report excludes the aforesaid information. Any Member interested in obtaining such particulars may write to the Company Secretary.

**HUMAN RESOURCE DEVELOPMENT**

The Company believes that human resources are a valuable asset. The Company continuously conducts 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 the Securities Exchange Board of India on Corporate Governance Report and the listing agreement of the Stock Exchange, a separate report on Corporate Governance is included in this Annual Report.

**DIRECTORS**

- In accordance with the provisions of Companies Act, 2013 and the Articles of Association of the Company, Mr. Omprakash Agarwal retires by rotation at ensuing AGM and, being eligible, has offered himself for re-appointment.
- On recommendation of Nomination & Remuneration Committee, Board has approved re-appointment of Mr. Pradeep Goyal as Chairman and Managing Director of the Company for term of 3 years with effect from 17<sup>th</sup> December, 2014, subject to approval of Members.
- On recommendation of Nomination & Remuneration Committee, Board has approved appointment of Mr. Raj Kumar Mittal, Mr. Suresh G. Vaidya, Mr. Rajeev D. Mehrotra and Mr. Jaidev R. Shroff as Non-Executive Independent Directors for the term of 5 (Five) consecutive years for a term upto the conclusion of 36<sup>th</sup> Annual General Meeting of the Company in the calendar year 2019, subject to approval of Members.

The Board recommends the appointment/re-appointment of the above named Directors.

**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, 2014, the applicable accounting standards have been followed along with 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, 2014 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' REPORT**

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.

**AUDITORS**

M/s. S. R. Rege & Co., Chartered Accountants, (Firm Registration No. 108813W), retire at the forthcoming Annual General Meeting and have confirmed their eligibility and willingness to accept office if re-appointed.

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### **COST AUDITORS**

The Board of Directors has appointed M/s. J.J. Paleja & Co., Cost Accountants (Registration No. 100656) for conducting the audit of the cost accounting records for the production of the Company as mandated by the Central Government.

### **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 customers, suppliers, 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.

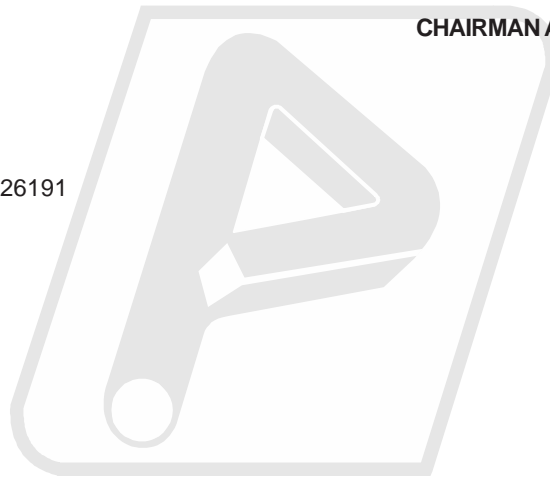
**By Order of the Board of Directors**

Navi Mumbai,  
3<sup>rd</sup> July, 2014

**PRADEEP GOYAL**  
**CHAIRMAN AND MANAGING DIRECTOR**

### **REGISTERED OFFICE:**

Pradeep Metals Ltd.  
R – 205, MIDC, Rabale  
Navi Mumbai – 400 701  
CIN : L99999MH1982PLC026191



**Information pursuant to Section 217 (1) (e) of the Companies Act, 1956**
**1. CONSERVATION OF ENERGY**

The Company continuously makes efforts to conserve energy. Constant monitoring of compressed air leakage is introduced on weekly basis. Electrical system is upgraded to achieve unity power factor, resulting in significant discount from MSEB. High energy consuming machines are preferably operated in night shifts, when power tariff is low. The company has completely switched over to use of gas in place of liquid fuels resulting in lower costs and lower pollution.

The Company has installed a new recuperator on a furnace which has further reduced the fuel consumption by almost 20%.

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

<b>A. Power &amp; Fuel Consumption :</b>	<b>31/03/2014</b>	<b>31/03/2013</b>
1. Electricity *		
a. Purchased (Unit Nos.)	4,514,970	5,473,590
Total amount (Rs.)	32,060,627	39,050,030
Average rate (Rs./unit)	7.10	7.13
b. Own generation	N.A.	N.A.
2. Furnace Oil		
Quantity (Ltrs.)	-	-
Total amount (Rs.)	-	-
Average rate (Rs./Ltr.)	-	-
3. Light Diesel Oil (LDO)		
Quantity (Ltrs.)	-	-
Total amount (Rs.)	-	-
Average rate (Rs./Ltr.)	-	-
4. Piped Natural Gas		
Quantity (Cubic Meter)	864,889	980,030
Total amount (Rs.)	35,830,231	33,336,943
Average rate (Rs./Cubic Meter)	41.43	34.02
<b>B. Consumption per unit of Production :</b>		
Production (MT-forged weight)	4186	4639
Heat Treatment (MT-forged weight)	4300	4585
Electricity (Units/MT)	1079	1180
Cost/MT (Rs./MT)	7659	8418
Furnace Oil/LDO/ Ltrs./MT		
Methyl Ester/RE-100		
Piped Natural Gas	-	211
Fuel Energy Cost** (Rs./MT) (including heat treatment)	8560	7186

\* Total electricity cost decreased by about 17.90% compared to previous year. The cost of electricity (per unit) decreased by only 0.4% and the production decreased by 9.80%. Moreover, significantly higher quantity of parts were sold in machined condition. Hence, there is an overall reduction in specific power consumption.

\*\* Gas consumption includes heat treatment of forgings. The cost of gas increased by 21.8% during the year. Production quantity decreased by 9.8% and heat treatment quantity decreased by 6.2%. The cost of energy per forged ton increased by 19%. Cubic metres of gas per ton of steel processed reduced by 3.8% (from 106m<sup>3</sup> to 102 m<sup>3</sup>/ton).



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### C. Technology Absorption :

#### 1. Research & Development :

The Company is constantly improving the design of dies and trim tools in a focused manner to optimize raw material consumption and achieve better quality and yield.

#### 2. Benefits derived:

Improvement in productivity, quality, yield and energy saving.

#### 3. Future Plans:

The Company is using innovative methods for reducing use of consumables which will result in further savings. All furnaces in the company have been converted to the new recuperator system during the financial year 2013-14. The 6.25 ton hammer has also been converted to hydraulic operation to conserve electricity, based on earlier experience of conversion of 1 ton hammer.

#### Expenditure on Research & Development :

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

#### 4. Technology Absorption, Adoption and Innovation :

Continuous improvements in the manufacturing process and focus on development of intricate precision forgings for export form part of the ongoing operations of the Company. The Company continues to adopt Lean Manufacturing methods to further improve manufacturing practices. Currently the Company has taken up the process of moving some machines as a part of layout improvement which will reduce material movement in the company by almost 50%.

### D. Foreign Exchange Earnings and Outgo:

Total foreign exchange used and earned:

**Used:** Rs. 1,48,40,182/-

**Earned:** Rs. 73,27,86,410/-

**MANAGEMENT DISCUSSION & ANALYSIS**

**Company Background:**

Pradeep Metals Limited (Company) is engaged in the manufacture of intricate closed die stainless, alloy and carbon steel forgings as finished and semi-finished machined components.

The Company uses state-of-the-art machinery with sophisticated tool-room equipment to manufacture its forgings. The Company also employs hi-tech design and analysis software to create dies and tooling that play a key role in the production of forgings. The manufacturing plant is integrated with complete facilities for testing, cutting, die making, forging, heat-treatment and finishing. Recently, the Company improved its machining capacity and capabilities by adding new Computer Numerical Control (CNC) machines and Vertical Machining Centers (VMC) to address the increasing demand for finished machined components.

The Company uses an in-house laboratory, process control, continuous improvement principles, and an online integrated system to closely monitor the quality of its operations. These quality assurance systems have been approved by Global Original Equipment Manufacturers (OEMs) including nuclear grade and high-pressure equipment OEMs in Germany, USA and Canada. The Company is certified to ISO 9001:2008 for Eighteen consecutive years and TÜV Pressure Equipment Directive 97/23/EC (PED) standards.

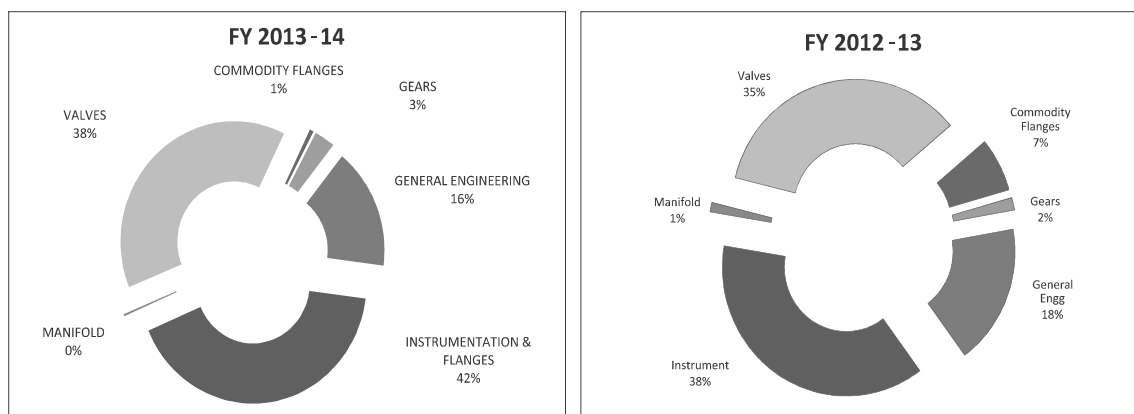
The Company currently serves 5 major industry verticals: instrumentation, oil & gas, petro-chemical, automotive and general engineering. Customers are located in India, USA, UK, Singapore, Sweden, Denmark, France, Germany, Mexico, Argentina and Turkey.

**Performance**

The Income (Net) during the year 2013-14 has fallen by 9.1% as compared to the previous year. It is attributed to a decrease in the US commodity flange market and the weak domestic business environment. However, it is considered as a temporary phase and the Management is already siezed of the matter to expand turnover of the Company as well as its profitability steadily, barring unforeseen circumstances.

Profit before Tax has increased by 16.9%, in spite of 10.6% rise in employees' cost, because of the following efforts: (a) Improvement in yield resulting into lower steel consumption (b) Improvements in tooling design (c) Reduction in energy consumption, and (d) Various cost improvement projects within the plant. The Company has continued to make strides in reducing costs in an environment prone to high inflation. For example, by undertaking major overhauling of key equipments at the expense of production and addition of energy saving equipments, the Company has reduced the energy consumption.

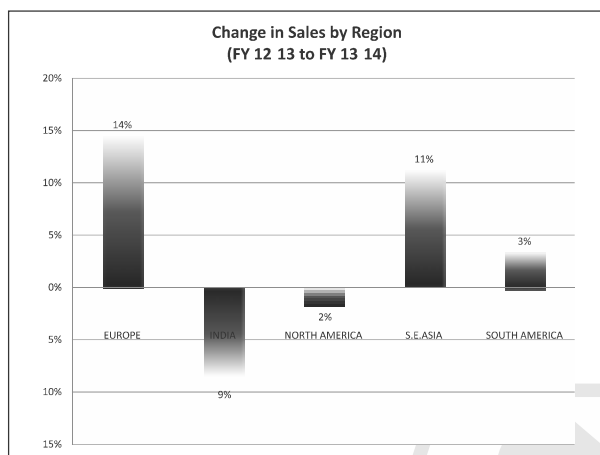
Export sales continue to be the dominant source of revenue, accounting for about 70% of Operating Revenues and the Company's focus to service the niche OEM market has continued to provide long term success. The Management has decided to develop and concentrate on higher value products for exports as well as domestic markets and steadily weed out the products yielding low contribution. The following charts provide a broad breakdown of the percentage sales in various industries compared to the previous year.



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The Company has created a wholly-owned subsidiary in USA in order to cater to Just-In-Time delivery requirements of discreet customers and to better service its overall customer base.

Regional performance of the Company's sales is denoted in the chart below:-



### Business Environment:

The domestic macroeconomic environment in Financial Year 2013-14 was weak due to subdued capital investment outlook and political uncertainty. The Rupee was extremely volatile during the year, the High at Rs. 69.2 and the Low at Rs. 53.6 against the US Dollar. The total domestic economic growth was recorded below 5%. Despite the loss of momentum of the economy, inflation continued to remain elevated and the overall Fabricated Metal manufacturing sector was down by almost 7%.

The global economic growth is seem to be improving. The US is starting to bounce back from the financial crisis and the Oil & Gas industry has seen renewed interest due to investments in shale gas extraction. European countries, such as Germany and France continue to outperform in their respective regions.

### Future Outlook:

The domestic environment shows a positive promise with the new government in place. The Company expects to see a rise in capital investments within India and, as a result, an increase in domestic sales. Export sales will continue to rise as many projects in the pipeline last year will convert to sales in this year. The Company continues its search for new customers and expects a positive growth in turnover for the upcoming years.

The Company continues to work on changes to the existing plant layout to improve the productivity of workers, better utilization of machinery and normalise flow of inventory. It will continue to invest on upgrading machinery, overhauling equipment, replacing old machines with newer technologies, and improving the overall working conditions of the plant.

The Company is planning to increase investments in downstream activities such as CNC machining to meet an increase in fully finished product demand.

### Cautionary Statement:

Details provided hereinabove relating to various activities and future plans may be "forward-looking statements" within the realm 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, market conditions and other incidental factors.

## REPORT ON CORPORATE GOVERNANCE

### Company's philosophy on corporate governance:

Pradeep Metals Limited (PML) is committed to the highest standards of corporate governance in all its endeavors by inculcating in all its operations and processes, the principles of transparency, integrity, professionalism and accountability. 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.

### Board of Directors:

The Company's policy is to maintain optimum combination of Executive and Non-Executive/ Independent Directors. The Board of Directors consists of 8 Directors of whom 1 is Executive, 3 are Non-Executive Directors and 4 are Independent Directors. The Chairman is an Executive Director. The composition of the Board, category, attendance of Directors, number of other Committee memberships are given below:

Name of Director	Category Promoters, Executive, Non-Executive, Independent	No. of Board Meetings attended	Attendance at last AGM held on 8th August, 2013	Other Directorships held (excluding private & foreign companies)	Other Committee positions	
					Member	Chairman
Pradeep Goyal*	Chairman and Managing Director	5	Yes	3	5	3
Kewal K. Nohria	Non-Executive Director	4	Yes	6	5	1
Omprakash Agarwal	Non-Executive Director	2	Yes	Nil	Nil	Nil
Suresh G. Vaidya	Non-Executive Independent	4	Yes	1	1	Nil
Raj Kumar Mittal	Non Executive Independent	5	Yes	1	2	Nil
Mrs. Neeru Pradeep Goyal*	Non-Executive Director	5	Yes	Nil	Nil	Nil
Jaidev R. Shroff	Non-Executive Independent	Nil	No	8	Nil	Nil
Rajeev D. Mehrotra	Non-Executive Independent	2	No	Nil	Nil	Nil

\*No Director is, inter se, related to any other Director on the Board, except Mr. Pradeep Goyal and Mrs. Neeru Goyal, who are related to each other as husband and wife and belong to Promoters' Group.

### Board Meetings

During the financial year 2013-14, five meetings of the Board were held on 6<sup>th</sup> May, 2013, 8<sup>th</sup> August, 2013, 21<sup>st</sup> October, 2013, 11<sup>th</sup> December, 2013 and 25<sup>th</sup> January, 2014. The gap between any two Meetings did not exceed four months.

### Code of Conduct

The Board has laid down a code of conduct which is applicable to all the Board members and Senior Management of the Company. The information as specified in Annexure 1A to Clause 49 of the Listing Agreement, entered into with the BSE Limited, is regularly made available to the Board, whenever applicable and materially significant, for discussion and consideration.

### Committees of the Board:

The Board has constituted five committees namely, Audit Committee, Shareholders'/Investors' Grievance Committee, Nomination & Remuneration Committee, Corporate Social Responsibility Committee and Risk Management Committee.

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### i) Audit Committee

The Board has set up an Audit Committee in accordance with the requirements of Section 177 of the Companies Act, 2013 and the terms of reference are in conformity with the Clause 49 of the Listing Agreement revised by SEBI vide its Circular No. CIR/CFD/POLICY CELL/2/2014 dated 17<sup>th</sup> April, 2014 entered into with the BSE Limited.

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 and reviewing accounting and financial policies, internal control procedures and related party transactions and financial reporting systems. In addition, the powers and role of the Audit Committee are as laid down under Clause 49 III A, B, C, D & E of the Listing Agreement as amended by SEBI vide its Circular CIR/CFD/POLICY CELL/2/2014 dated 17<sup>th</sup> April, 2014 and Section 177 of the Companies Act, 2013.

The Committee met four times during the financial year on 6<sup>th</sup> May, 2013, 8<sup>th</sup> August, 2013, 21<sup>st</sup> October, 2013 and 25<sup>th</sup> January, 2014.

The composition of the Committee is as follows:

Sr.No	Name of Director	Executive, Non-Executive, Independent	No. of Meetings attended
1	Raj Kumar Mittal	Chairman, Non-Executive, Independent	4
2	Suresh G. Vaidya	Member, Non-Executive, Independent	3
3	Kewal K. Nohria	Member, Non-Executive	4

All the Members of the Audit Committee possess adequate knowledge of Accounts, Audit, Finance, etc. The Chairman and Managing Director, the Head of Accounts, Internal Auditor and the Statutory Auditors are permanent invitees to the Meetings. The Company Secretary acted as the Secretary to the Audit Committee. The Chairman of the Audit Committee was present at the 30<sup>th</sup> Annual General Meeting held on 8<sup>th</sup> August, 2013.

### ii) Shareholders'/Investors' Grievance Committee

Pursuant to Clause 49 of the Listing Agreement, the Board has formed a Shareholders'/Investors' Grievance Committee. The Committee's constitution and terms of reference are in compliance with the provisions of Companies Act, 2013 and Clause 49 of the Listing Agreement as amended from time to time. The Committee oversees redress of Shareholders'/Investors' grievances like transfer of shares, non-receipt of Annual Report 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 Board has designated Mr. Abhinay Kapoor, Company Secretary, as the Compliance Officer.

The Committee met four times during the financial year on 6<sup>th</sup> May, 2013, 8<sup>th</sup> August, 2013, 21<sup>st</sup> October, 2013 and 25<sup>th</sup> January, 2014.

The composition of the Committee is as follows:

Sr. No	Name of Director	Position	No of Meetings attended
1	Omprakash Agarwal	Chairman	2
2	Suresh G. Vaidya	Member	3
3	Kewal K. Nohria	Member	4

The details of complaints received, cleared and pending during the financial year 2013-14 are given below:

Nature of Complaints	Received	Cleared	Pending
Non receipt of Dividend/Interest/redemption of Warrant	7	7	0
Non Receipt of Annual Report	1	1	0
Total	8	8	0

### iii) Nomination & Remuneration Committee

The Board has constituted Nomination & Remuneration Committee in accordance with provisions of

Companies Act, 2013 and Clause 49 of the Listing Agreement as amended from time to time. The Board has restated the name of Remuneration Committee as 'Nomination & Remuneration Committee' in confirmation of the provisions of Clause 49 of the Listing Agreement as amended by SEBI vide its Circular CIR/CFD/POLICY CELL/2/2014 dated 17<sup>th</sup> April, 2014 and Companies Act, 2013.

The Remuneration Committee has been constituted to review and recommend the remuneration package to be paid to the Directors, their relatives and key managerial persons, evaluation of Non-Executive/ Independent Directors, etc. In addition, the powers and role of the Nomination & Remuneration Committee are laid down under Clause 49 IV A,B & C of the Listing Agreement as amended by SEBI vide its Circular CIR/CFD/POLICY CELL/2/2014 dated 17<sup>th</sup> April, 2014 and Section 177 of the Companies Act, 2013.

The Committee met once during the financial year on 11<sup>th</sup> December, 2013.

The composition of the Committee is as follows:

Sr. No	Name of Director	Position	No of Meetings attended
1	Rajeev D. Mehrotra*	Chairman	1
2	Suresh G. Vaidya	Member	1
3	Kewal K. Nohria*	Member	1
4	Raj Kumar Mittal**	Member	Nil

\*Appointed as a Member w.e.f. 6<sup>th</sup> May, 2013.

\*\*Appointed as a Member w.e.f. 3<sup>rd</sup> July 2014.

#### iv) Corporate Social Responsibility Committee

The Board has constituted a Corporate Social Responsibility Committee (CSR Committee) of its members in accordance with provisions of Companies Act, 2013 and Clause 49 of the Listing Agreement as amended from time to time, on 10<sup>th</sup> May, 2014. The CSR Committee will be primarily responsible for formulating and monitoring the implementation of the framework of CSR policy and to look into substantially matters related to CSR activities of the Company.

The composition of the CSR Committee is as follows:-

Sr. No	Name of Director	Position
1	Mrs. Neeru Goyal	Chairman
2	Raj Kumar Mittal	Member
3	Rajeev D. Mehrotra	Member

#### v) Risk Management Committee

The Board has constituted a Risk Management Committee of its members in accordance with provisions of Companies Act, 2013 and Clause 49 of the Listing Agreement as amended from time to time, on 10<sup>th</sup> May, 2014. The Risk Management Committee will be primarily responsible to conduct the risk assessment and lay down the procedures for risk minimization. The composition of the Risk Management Committee is as follows:-

Sr. No	Name of Director	Position
1	Pradeep Goyal	Chairman
2	Kewal K. Nohria	Member
3	Raj Kumar Mittal	Member
4	Rajeev D. Mehrotra	Member

#### Details of Subsidiary

Company has a wholly owned subsidiary in United States of America called Pradeep Metals Limited, having registered office at 350, 5<sup>th</sup> Avenue, Suite 5013, New York, New York-10118, USA.

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### Directors' Remuneration

During the financial year ended 31<sup>st</sup> March, 2014, the Company paid remuneration to its Directors as per the details given below:

Name of the Director	Remuneration (Rs)	Remarks
Pradeep Goyal Chairman and Managing Director	95,28,580/-	Salary & Perquisites

The Non-Executive Directors are paid sitting fees of Rs. 5,000/- and Rs. 2,500/- for each meeting of the Board and its Committees attended by them respectively.

The sitting fees have been paid to the Directors as follows:

Name of the Director	Sitting Fees ( Rs.)
Omprakash Agarwal	15,000
Suresh G. Vaidya	35,000
Raj Kumar Mittal	35,000
Kewal K. Nohria	45,000
Mrs. Neeru Pradeep Goyal	25,000
Jaidev R. Shroff	Nil
Rajeev D. Mehrotra	12,500

### Disclosures:

The particulars of transactions between the Company and related parties, as per the Accounting Standards are mentioned separately in Notes to Accounts - No. 1.2.7 - forming part of the Annual Accounts.

**Constituents of Promoters' Group within the meaning of group under SEBI (Substantial Acquisition of Shares and Take over) Regulation, 1997 include:**

- 1 S.V. Shah Construction Services Pvt. Ltd.
- 2 Rabale Engineering (India) Pvt. Ltd.
- 3 Flashnet Info Solutions (India) Ltd.
- 4 Dhanlabh Engineering Works Pvt. Ltd.
- 5 Anchor Engineering Corporation
- 6 Shubh Industrial Park Pvt. Ltd.
- 7 Shubh Buildtech LLP
- 8 Mr. Pradeep Goyal
- 9 Mrs. Neeru Pradeep Goyal
- 10 Mrs. Seema Goyal

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

### General Body Meetings:

#### a. Annual General Meeting:

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

Year	Date	Time	Venue
2012-2013	8 <sup>th</sup> August, 2013	12:30 p.m.	Registered office of the Company
2011-2012	6 <sup>th</sup> September, 2012	12:30 p.m.	—As above—
2010-2011	4 <sup>th</sup> July, 2011	12:30 p.m.	—As above—

#### b. Extra Ordinary General Meeting:-

An Extra Ordinary General Meeting was held on 25<sup>th</sup> January, 2014 at 2.30 p.m. at the Registered Office of the Company for considering the following matters:

- a) Re-appointment of Mr. Pradeep Goyal as Chairman and Managing Director for a tenure of one year with effect from 17<sup>th</sup> December, 2013.

**c. Special Resolution passed through Postal Ballot:**

No Special Resolution was put through Postal Ballot during financial year 2013-14. None of the businesses proposed to be transacted in the ensuing Annual General Meeting require passing a special resolution through postal ballot.

**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 BSE Limited immediately after its approval by the Board. The Company does not send half yearly report to the shareholders. No presentation was made to any institutional investors or analysts during the year under review.

The Company also publishes its yearly audited financial results on its public website [http://www.pradeepmetals.com/investor\\_relation.html](http://www.pradeepmetals.com/investor_relation.html)

**Internal Control System and Adequacy:**

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.

**Human Resources:**

The Company focuses its efforts on continuous training and development 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.

**General Shareholders Information:**

**a. Disclosures regarding Appointment/Re-appointment of Directors**

- Mr. Omprakash Agarwal retires by rotation at ensuing Annual General Meeting and, being eligible, has offered himself for re-appointment.
- On recommendation of Nomination & Remuneration Committee, Board has approved re-appointment of Mr. Pradeep Goyal as Chairman and Managing Director of the Company for term of 3 years with effect from 17<sup>th</sup> December, 2014, subject to approval of Members.
- On recommendation of Nomination & Remuneration Committee, Board has approved appointment of Mr. Raj Kumar Mittal, Mr. Suresh G. Vaidya, Mr. Rajeev D. Mehrotra and Mr. Jaidev R. Shroff as Non-Executive Independent Directors for the term of 5 (Five) consecutive years for a term upto the conclusion of 36<sup>th</sup> Annual General Meeting of the Company in the calendar year 2019, subject to approval of Members.

**b. Chief Executive Officer (CEO) and Chief Financial Officer (CFO) Certification**

As required by Clause 49V of the Listing Agreement, the CEO and CFO certification of the Financial Statements, the Cash Flow Statement and the Internal Control Systems for financial reporting has been obtained from Mr. Pradeep Goyal (Chairman and Managing Director/CEO) and Mr. Dilip Dalvi (Manager – Accounts/CFO).

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

**Date** 4<sup>th</sup> September, 2014

**Time** 12.30 p.m.

**Venue** Monarch Banquets  
Plot No. 110/111, MIDC  
Thane Belapur Road  
Near Rabale Railway Station, Rabale  
Navi Mumbai 400701

**d. Book Closure:**

28<sup>th</sup> August, 2014 to 3<sup>rd</sup> September, 2014 (both days inclusive).

**e. Dividend Payment Date:** On or before 3<sup>rd</sup> October, 2014.



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**f. Financial Calendar:**

Financial reporting for	Tentative date
Unaudited Financial Results for the quarter ending 30 <sup>th</sup> June, 2014	On or before 15 <sup>th</sup> August, 2014
Unaudited Financial Results for the half year ending 30 <sup>th</sup> September, 2014	On or before 15 <sup>th</sup> November, 2014
Unaudited Financial Results for the quarter ending 31 <sup>st</sup> December, 2014	On or before 15 <sup>th</sup> February, 2015
Audited Financial Results for the year ending 31 <sup>st</sup> March, 2015	On or before 30 <sup>th</sup> May, 2015

**Listing on Stock Exchanges:**

The Equity Shares of the Company are listed on BSE Limited.

The Company has paid the listing fees for the current year to the aforesaid Stock Exchange within the stipulated time.

**h. Stock Code / Symbol:**

BSE Limited.	513532, PRADPME
International Securities Identification Number (ISIN)	INE770A01010
Corporate Identity Number (CIN) – allotted by the Ministry of Corporate Affairs	L99999MH1982PLC026191

**i. Custodial Fees to Depositories:**

The annual custodial fees for the financial year 2014-15 have been paid to National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL).

**j. Market Price Data:**

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

Month	BSE Limited		BSE Sensex	
	High (Rs.)	Low (Rs.)	High	Low
April 2013	20.90	16.40	19622.68	18144.22
May 2013	19.70	15.50	20443.62	19451.26
June 2013	16.80	14.10	19860.19	18467.16
July 2013	17.45	13.75	20351.06	19126.82
August 2013	13.65	11.60	19569.20	17448.71
September 2013	14.94	12.29	20739.69	18166.17
October 2013	17.00	13.65	21205.44	19264.72
November 2013	16.15	14.35	21321.53	20137.67
December 2013	18.75	14.75	21483.74	20568.70
January 2014	22.40	16.60	21409.66	20343.78
February 2014	19.50	16.10	21140.51	19963.12
March 2014	21.95	18.05	22467.21	20920.98

**k. Address for correspondence:**

Shareholders can correspond to

Secretarial Department  
Pradeep Metals Ltd.  
R-205, MIDC, Rabale,  
Navi Mumbai - 400 701  
Tel: +91-22-27691026  
Fax: +91-22-27691123  
e-mail: investors@pradeepmetals.com

**OR**

Link Intime India Pvt. Ltd.  
(R&T Agent)  
C-13, Pannalal Silk Mills Compound,  
LBS Marg, Bhandup (West), Mumbai – 400 078.  
Tel: +91-22-25946970  
Fax: +91-22-25946969  
e-mail: rnt.helpdesk@linkintime.co.in

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

**l. Compliance Officer:**

Mr. Abhinay Kapoor  
 Company Secretary  
 Pradeep Metals Ltd.  
 R-205, MIDC, Rabale, Navi Mumbai – 400 701  
 Tel: +91-22-27691026 Fax: +91-22-27691123  
 E-mail: [investors@pradeepmetals.com](mailto:investors@pradeepmetals.com)

**m. Share Transfer System:**

Documents for transfer of shares in physical form can be lodged with Link Intime (India) Pvt. Ltd., RTA of the Company, at the above mentioned address. The transfers are normally processed within 10 – 15 days from the date of receipt, if the documents are complete in all respects.

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

**n. 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, 2014, 1,57,01,270 Equity Shares (i.e. 90.91%) out of 1,72,70,000 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 Schedule and Shareholding Pattern as on 31<sup>st</sup> March, 2014:**

DISTRIBUTION SCHEDULE		
Category	No. of Shares	No. of Shareholders
1	– 500	5531
501	– 1000	413
1001	– 2000	183
2001	– 3000	70
3001	– 4000	34
4001	– 5000	32
5001	- 10000	48
10001	and above	45
<b>TOTAL</b>		<b>6356</b>
		<b>17270000</b>

SHAREHOLDING PATTERN AS ON 31 <sup>ST</sup> MARCH, 2014		
Category of Shareholders	No. of Shares	%
Promoters	11629441	67.34
Mutual Funds and UTI	9000	0.05
Banks, Financial Institutions, Insurance Companies	-	-
Foreign Institutional Investors	4100	0.02
Bodies Corporate	162501	0.94
Indian Public	3310826	19.17
Non Resident Individuals / Overseas Corporate Bodies	1394341	8.07
Any Other – Clearing Member, Non-Executive/Independent Directors and Trust	759791	4.41
<b>TOTAL</b>	<b>17270000</b>	<b>100</b>

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## 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 2014, 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, 2014, there were no investor grievance matters against the Company remaining unattended/pending for more than 15 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,  
3<sup>rd</sup> July, 2014

**S. M. PATKI**  
**PARTNER**  
rdMembership No. 037690

## CEO / CFO CERTIFICATION

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

- a) We have reviewed the financial statements and cash flow statement for the year ended 31<sup>st</sup> March, 2014 and 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 in violation 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,  
10<sup>th</sup> May, 2014

**Dilip Dalvi**  
**Manager – Accounts/CFO**

**Pradeep Goyal**  
**Chairman and Managing Director/CEO**

**AUDITORS' REPORT**

To  
The Members of Pradeep Metals Limited,

**Report on the Financial Statements**

1. We have audited the accompanying Financial Statements of the Pradeep Metals Limited, which comprise the Balance Sheet as at 31<sup>st</sup> March, 2014, the Statement of Profit and Loss and the Cash Flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

2. Management is responsible for the preparation of these Financial Statements that give a true and fair view of the financial position, financial performance and cash flow of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with General Circular 15/2013 dated 13<sup>th</sup> September, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of the Financial Statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

3. Our responsibility is to express an opinion on these Financial Statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the Financial Statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the Financial Statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

6. In our opinion and to the best of our information and according to the explanations given to us, the said accounts together with the notes thereon give the information required by the Act, in the manner so required for 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 31<sup>st</sup> March, 2014;
  - (ii) In the case of the Statement of Profit and Loss of the profit for the year ended on that date; and
  - (iii) In the case of the Cash Flow Statement, of cash flows for the year ended on that date.

**Report on Other Legal and Regulatory Matters**

7. As required by the Companies (Auditor's Report) Order, 2003 ("The Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the annexure a statement on the matters specified in clause 4 & 5 of the order.
8. As required by Section 227(3) of Companies Act, we report that:

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- (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.
- (b) 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 those books.
- (c) The Balance Sheet, Statement of Profit and Loss and the Cash Flow Statement dealt with by this report, are in agreement with the books of account and the returns.
- (d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with General Circular 15/2013 dated 13<sup>th</sup> September, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013.
- (e) On the basis of the written representation received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2014 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

**MUMBAI**  
**10<sup>th</sup> May, 2014.**



**FOR S. R. REGE & CO.**  
**CHARTERED ACCOUNTANTS**  
**(Reg. No. 108813W)**

**S. M. PATKI**  
**PARTNER**  
**Membership No. 037690**

**Re: Pradeep Metals Limited****Annexure referred to in paragraph 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 period under the audit but there is a regular program 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 period under the audit 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 The Company has neither granted nor taken any loans, secured or unsecured to companies, firms, or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Consequently, clauses (iii) (a) to (iii)(g) of the Companies (Auditor's Report) Order, 2003 as amended by Companies (Auditor's Report) (Amendment) Order, 2004 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 section 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 section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the period under the audit 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 According to the information and explanations given to us, the Company is in the process of making arrangements for maintenance of Cost records under Companies (Cost Audit report) Rules, 2011 as prescribed under section 209(1) (d) of the Companies Act, 1956.

**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, 2014 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,

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customs duty, wealth tax, excise duty and cess which have not been deposited on account of any dispute.

### Accumulated losses

- 10 a Since the Company has no accumulated losses, the clause 4(x) of the Companies (Auditor's Report) Order, 2003 as amended by Companies (Auditor's Report) (Amendment) Order, 2004 is not applicable.
- b The Company has not incurred any cash losses during the period 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 period 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 as amended by Companies (Auditor's Report) (Amendment) Order, 2004 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 as amended by Companies (Auditor's Report) (Amendment) Order, 2004 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 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 provision of clause 4(xviii) of the Companies (Auditor's Report) Order, 2003 are not applicable to 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 period under audit. Therefore, provisions of clause 4(xix) of the Companies (Auditor's Report) Order, 2003 as amended by Companies (Auditor's Report) (Amendment) Order, 2004 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 period 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, noticed or reported during the period under audit, nor have we been informed of any such case by the management.

FOR S. R. REGE & CO.  
CHARTERED ACCOUNTANTS  
(Reg. No. 108813W)

MUMBAI  
10<sup>th</sup> May, 2014

S. M. PATKI  
PARTNER  
Membership No. 037690

**CONSOLIDATED AUDITORS' REPORT**

To

The Members of Pradeep Metals Ltd.,

Report on the Consolidated Financial Statements

1. We have audited the accompanying Consolidated Financial Statements of the Pradeep Metals Limited, which comprise the Consolidated Balance Sheet as at 31<sup>st</sup> March, 2014, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. Management is responsible for the preparation of these Consolidated Financial Statements that give a true and fair view of the financial position, financial performance and cash flow of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with General Circular 15/2013 dated 13<sup>th</sup> September, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Consolidated Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the Consolidated Financial Statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the Consolidated Financial Statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Consolidated Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) In the case of the Consolidated Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2014;
- b) In the case of the Consolidated Statement of Profit and Loss, of the profit of the Company for the year then ended; and
- c) In the case of the Consolidated Cash Flow Statement, of the cash flows of the Company for the year ended on that date.



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The details of assets, revenue and net cash flow in respect of this subsidiary to the extent to which they are reflected in consolidated financial statements are given below:

	(Rs. In Lacs) Total Assets	(Rs. In Lacs) Total Revenue	(Rs. In Lacs) Net Cash flow
1. Foreign Subsidiary	560.99	716.51	33.13

FOR S. R. REGE & CO.  
CHARTERED ACCOUNTANTS  
(Reg. No. 108813W)

S. M. PATKI  
PARTNER  
Membership No. 037690

MUMBAI  
10<sup>th</sup> May, 2014.




**PRADEEP METALS LIMITED**
**BALANCE SHEET AS AT 31st MARCH , 2014**

		(Rs. in Lacs)	(Rs. in Lacs)
		As at	As at
	Note No.	31st March, 2014	31st March, 2013
		(Audited)	(Audited)
<b>I EQUITY AND LIABILITIES</b>			
1) <b>Shareholders' Funds</b>			
a) Share Capital	2.1	1,726.26	1,726.26
b) Reserve and Surplus	2.2	1,650.57	1,288.66
		<u><b>3,376.83</b></u>	<u><b>3,014.92</b></u>
2) <b>Share Application Money Pending Allotment</b>			
		-	-
3) <b>Non-Current Liabilities</b>			
a) Long-Term Borrowings	2.3	123.22	137.61
b) Deferred Tax Liabilities (Net)	2.4	267.69	279.31
c) Other Long Term Liabilities	2.5	0.98	6.62
d) Long-Term Provisions	2.6	50.14	11.68
		<u><b>442.03</b></u>	<u><b>435.22</b></u>
4) <b>Current Liabilities</b>			
a) Short-Term Borrowings	2.7	4,231.92	3,974.08
b) Trade Payables		922.08	1,216.38
c) Other Current Liabilities	2.8	380.17	480.98
d) Short-Term Provisions	2.9	436.49	421.47
		<u><b>5,970.66</b></u>	<u><b>6,092.91</b></u>
<b>TOTAL</b>		<u><b>9,789.51</b></u>	<u><b>9,543.05</b></u>
<b>II ASSETS</b>			
1) <b>Non-Current Assets</b>			
a) Fixed Assets	2.10		
i) Tangible Assets		2,038.53	1,938.86
ii) Capital Work-in-Progress		179.20	38.22
		<u><b>2,217.73</b></u>	<u><b>1,977.08</b></u>
b) Non-Current Investments	2.11	3.72	1.00
c) Long-Term Loans and Advances	2.12	385.04	475.68
d) Other Non-Current Assets	2.13	13.60	15.51
		<u><b>2,620.09</b></u>	<u><b>2,469.27</b></u>
2) <b>Current Assets</b>			
a) Inventories	2.14	3,134.26	3,230.24
b) Trade Receivables	2.15	3,162.82	3,036.58
c) Cash and Cash Equivalents	2.16	30.75	27.97
d) Short-Term Loans and Advances	2.17	841.60	778.99
		<u><b>7,169.43</b></u>	<u><b>7,073.78</b></u>
<b>TOTAL</b>		<u><b>9,789.52</b></u>	<u><b>9,543.05</b></u>

Significant Accounting Policies and Notes 1 to 4  
Notes referred to above form an integral part of the Balance Sheet.

As per our report of even date

**S.R. REGE & CO.**  
CHARTERED ACCOUNTANTS  
(Regn.No. 108813W)

**S.M. PATKI**  
PARTNER  
Membership No. 037690  
Navi Mumbai  
10<sup>th</sup> May, 2014

**PRADEEP GOYAL**

Chairman and Managing Director

**NEERU GOYAL**

Director

**ABHINAY KAPOOR**

Company Secretary

## 31st ANNUAL REPORT 2014

### STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2014

		(Rs. in Lacs) Year Ended 31st March, 2014 (Audited)	(Rs. in Lacs) Year Ended 31st March, 2013 (Audited)
<b>I) Revenue from Operations (Net)</b>	3.1	11,371.03	12,495.17
<b>II) Other Income</b>	3.2	170.99	208.12
<b>III) Total Revenue (I + II)</b>		<b>11,542.02</b>	<b>12,703.29</b>
<b>IV) EXPENSES</b>			
Cost of Materials Consumed	3.3	5,414.71	6,500.58
Purchases Of Stock-In-Trade	3.4	4.70	4.86
Changes In Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	3.5	55.60	225.55
Employee Benefits Expense	3.6	1,418.97	1,282.93
Finance Costs	3.7	331.43	423.20
Depreciation And Amortization Expense	2.10.1	206.14	199.76
Other Expenses	3.8	3,204.03	3,291.19
<b>Total Expenses</b>		<b>10,635.58</b>	<b>11,928.07</b>
<b>V) Profit Before Exceptional And Extraordinary Items And Tax (III - IV)</b>		906.44	775.22
<b>VI) Exceptional Items</b>		-	-
<b>VII) Profit Before Extraordinary Items And Tax (V - VI)</b>		<b>906.44</b>	<b>775.22</b>
<b>VIII) Extraordinary Items</b>		-	-
<b>IX) Profit Before Tax (VII - VIII)</b>		<b>906.44</b>	<b>775.22</b>
<b>X) Tax Expense</b>			
Current Tax Expense (Previous year's figure includes Rs. 80.31 Lacs for the earlier year)		313.69	339.64
Deferred Tax		(11.62)	(5.67)
		<b>302.07</b>	<b>333.97</b>
<b>XI) Profit / (Loss) for the period</b>		<b>604.37</b>	<b>441.25</b>
<b>XII) Earnings Per Equity Share</b>			
Basic	3.9	3.50	2.62
Diluted		3.50	2.56

Significant Accounting Policies and Notes

1

Notes referred to above from an integral part of the Statement of Profit and Loss Account

As per our report of even date

**S.R. REGE & CO.**

CHARTERED ACCOUNTANTS

(Regn. No. 108813W)

**PRADEEP GOYAL**

Chairman and Managing Director

**S.M. PATKI**

**NEERU GOYAL**

Director

PARTNER

Membership No. 037690

**ABHINAY KAPOOR**

Company Secretary

Navi Mumbai

10<sup>th</sup> May, 2014

**NOTE NO - 1: NOTES FORMING PART OF THE ACCOUNTS****1.1) Significant Accounting Policies:****(1.1.1) Basis for preparation of Accounts**

These Financial Statements have been prepared to comply in all material aspects with applicable accounting principles in India, the applicable Accounting Standards notified under Section 211(3C) of the Companies Act, 1956. Pursuant to Circular 15/2013 dated 13 September, 2013 read with Circular 08/2014 dated 4<sup>th</sup> April, 2014, till the Standards of Accounting or any addendum thereto are prescribed by Central Government in consultation and recommendation of the National Financial Reporting Authority, the existing Accounting Standards notified under the Companies Act, 1956 shall continue to apply. Consequently, these Financial Statements have been prepared to comply in all material aspects with Accounting Standards notified under section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended] and other relevant provisions of the Companies Act, 1956. The Financial Statements have been prepared under the historical cost convention. The accounting policies adopted in the preparation of the Financial Statements are consistent with those followed in the previous year.

**(1.1.2) 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.

**(1.1.3) Use of Estimates**

The preparation of Financial Statements is in accordance with Generally Accepted Accounting Principles. As per the Management, the best estimates and assumptions 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 Statements 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 or materialized.

**(1.1.4) Fixed Assets and Depreciation**

Fixed Assets are stated at cost less depreciation. Depreciation on assets has been provided for on straight line method at the rates specified in Schedule XIV of the Companies Act, 1956, on continuous process plant basis.

Depreciation on additions to assets is calculated on pro-rata basis from the day of asset being put to use.

**(1.1.5) Borrowing Costs**

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized 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.

**(1.1.6) Inventories**

- a. Raw material is valued at cost. The cost is arrived at on First-in-First-out basis.
- b. Dies and tools, Components, stores and spares are valued at cost.
- c. Work-in-process and semi-finished goods are valued at lower of cost or estimated net realizable value.

**(1.1.7) Investment**

Investments are stated at Cost.

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**(1.1.8) Sales**

Sales are inclusive of excise duty. Revenue from sale of goods is recognized on transfer of significant risks and rewards of ownership to the buyer.

**(1.1.9) Foreign Currency Transactions**

Transactions in foreign currency are recorded at the 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.

**(1.1.10) Provisions, Contingent Liabilities and Contingent Assets**

Provisions, 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 the prior activity. Contingent Assets have not been recognized and hence, not reported.

**(1.1.11) Taxes on Income**

Tax expense comprises of current tax and deferred tax. Current tax is measured at the amount expected to be paid/recovered from the applicable tax rates.

Deferred income tax reflect the current period timing differences between taxable income and accounting income for the period and reversal of timing differences of earlier years/period.

Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future income will be available except that deferred tax assets arising on account of unabsorbed depreciation and losses are recognized if there is virtual certainty that sufficient future taxable income will be available to realize the same.

**(1.1.12) Employee Benefits**

Contributions payable to the Government Provident Fund, ESIC and premium paid to Life Insurance Corporation of India under Employees Group Gratuity Scheme, are charged to revenue. The liabilities in respect of Leave Encashment at the year end are charged to revenue based on actuarial value.

**(1.1.13) 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", notified under the Company's (Accounting Standards) Rules, 2006.

During the period, no such loss was observed and hence, no provision for impairment loss has been made.

**(1.1.14)** The Company manufactures "Forgings" of various types at one location only. Hence, Accounting Standard 17 regarding Segment Reporting notified under the Company's (Accounting Standards) Rules, 2006, is not applicable to the Company.

**(1.1.15)** Preliminary expenses are being amortized in the year in which the same has been incurred.

**1.2) Notes on Accounts**

	31 <sup>st</sup> March 2014 (Rs.)	31 <sup>st</sup> March, 2013 (Rs.)
(1.2.1) Contingent Liabilities not provided for		
a. Letter of Guarantee issued by Union Bank of India		
(secured by 100 % margin)	241,347	89,712
(secured by 10 % margin)	902,224	956,862
b. Capital commitment for Fixed Assets (Net of Advances)	44,484,820	30,917,820
(1.2.2) Value of import calculated on CIF basis :		
Raw Material and Consumable goods	12,224,291	1,435,168
Capital goods	1,126,080	-
(1.2.3) Expenditure in foreign currency – Travelling	1,489,811	1,557,905
(1.2.4) Earning in foreign currency :		
FOB value of Exports	732,786,410	761,693,885
(1.2.5) Bank Borrowings for Working Capital and Sundry Debtors include export bills aggregating to Rs.1404.10 Lacs (Rs. 1210.85 Lacs as on 31 <sup>st</sup> March, 2013) purchased / discounted by the Bank but pending for realization as on the date of the Balance Sheet.		
(1.2.6) The year end net monetary foreign currency exposures that have not been hedged ,are given below.		

**Packing Credit in Foreign Currency**

Sr. No	Particulars	Foreign Currency	Amount	Foreign Currency	Amount
		(In Lacs) 31 <sup>st</sup> March, 2014	(Rs. in Lacs) 31 <sup>st</sup> March, 2014	(In Lacs) 31 <sup>st</sup> March, 2013	(Rs. in Lacs) 31 <sup>st</sup> March, 2013
1	USD	24.12	1438.74	17.98	971.81

**Receivables (Other than export bills aggregating to Rs. 1404.10 Lacs purchased/ discounted by the Bank but pending for realization)**

Sr. No	Particulars	Foreign Currency	Amount	Foreign Currency	Amount
		(In Lacs) 31 <sup>st</sup> March, 2014	(Rs. in Lacs) 31 <sup>st</sup> March, 2014	(In Lacs) 31 <sup>st</sup> March, 2013	(Rs. in Lacs) 31 <sup>st</sup> March, 2013
1	USD	11.68	696.68	17.11	924.78
2	EURO	0.82	67.21	3.60	247.79
3	GBP	0.06	5.65	0.49	40.08

- (1.2.7) Related Party Disclosures { as identified and certified by the Management}  
As per Accounting Standard 18 notified under the Company's (Accounting Standards) Rules, 2006, the disclosures of transactions with the related parties are given below,

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(i) List of related parties where control exists and related parties with whom transactions have taken place and relationships:

Sr. No.	Name of the Related Party	Relationship	Nature of Transaction	31.03.2014 (Rs.)	31.03.2013 (Rs.)
1.	Dhanlabh Engineering Works Pvt. Ltd.	Enterprise in which three of the Directors' of the Company are interested.	Labour Charges Sales Rent Electricity Charges. (Reimbursement)	5,207,518/- 289,842/- 2,696,640/- 1,340,505/-	4,576,919/- 993,227/- 1,797,760/- 936,543/-
2	Economic Forge Private Limited	Enterprise in which a Director of the Company is interested.	Labour Charges	2,017,058/-	1,912,676/-
3	Pradeep Metals Limited, USA	100% Subsidiary Company.	Sales Investment Receivables	81,525,843/- 271,925/- 52,898,703/-	- - -
4	Mr. Abhinav Goyal	Son of Chairman and Managing Director of the Company.	Remuneration.	29,40,000/-	17,50,000/-

(1.2.8) The dues outstanding to Micro, Small and Medium Enterprises under Micro, Small and Medium Enterprises Development Act 2006, are based on the Information available with the company and this has been relied upon by the auditors and hence the disclosures as required under the said Act have not been given.

(1.2.9) The Company has duly complied with the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with General Circular 15/2013 dated 13<sup>th</sup> September, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013.

(1.2.10) Additional Information pursuant to the provisions of part II of Schedule VI to the Companies Act, 1956 are Annexed separately.

(1.2.11) Previous year's figures have been regrouped/reclassified, wherever necessary, to correspond with the current year's classifications/disclosures.

As per our report of even date

for and on behalf of the Board

**For S.R.Rege & Co.**

Chartered Accountants

(ICAI Regn. No. 108813W)

**PRADEEP GOYAL**

Chairman and Managing Director

**S.M.Patki**

Partner

Membership No. 037690

**NEERU GOYAL**

Director

**ABHINAY KAPOOR**

Company Secretary

Navi Mumbai,  
10<sup>th</sup> May, 2014

**2. NOTES FORMING PART OF BALANCE SHEET**

		(Rs. in Lacs)	(Rs. in Lacs)	
		As at	As at	
		31st March, 2014	31st March, 2013	
<b>2.1 SHARE CAPITAL</b>				
<b>2.1.1 Authorised</b>				
18,500,000 (18,500,000) Equity Shares of Rs.10 each		1,850.00	1,850.00	
550,000 (550,000) Preference Shares of Rs.100 each		550.00	550.00	
		<u><b>2,400.00</b></u>	<u><b>2,400.00</b></u>	
<b>2.1.2 Issued, Subscribed and Fully Paid</b>				
17,270,000 (17,270,000) Equity Shares of Rs.10 each fully paid up		1,727.00	1,727.00	
Less : Calls in Arrears		0.74	0.74	
	<b>TOTAL</b>	<u><b>1,726.26</b></u>	<u><b>1,726.26</b></u>	
<b>2.1.3</b>	The list of Shareholders holding more than 5% shares in the Company is given below :-			
<b>Name of the Shareholders</b>	<b>As at March, 2014</b>		<b>As at March, 2013</b>	
	<b>No. of</b>	<b>% of</b>	<b>No. of</b>	<b>% of</b>
	<b>Shares</b>	<b>Holding</b>	<b>Shares</b>	<b>Holding</b>
S. V. Shah Construction Services P. Ltd.	2,778,561	16.09	2,778,561	16.09
Flashnet Info Solutions (India) Ltd.	1,026,500	5.94	1,026,500	5.94
Pradeep Goyal	1,521,400	8.81	1,521,400	8.81
Rabale Engineering ( I ) Pvt. Ltd.	6,167,481	35.71	6,165,381	35.70
<b>2.1.4 The Reconciliation of the number of equity shares outstanding:-</b>				
Equity shares with voting rights	<b>As at March, 2014</b>		<b>As at March, 2013</b>	
	<b>No. of</b>	<b>(Rs. in Lacs)</b>	<b>No. of</b>	<b>(Rs. in Lacs)</b>
	<b>Shares</b>		<b>Shares</b>	
Shares outstanding as at the beginning of the year	17,270,000	1,727.00	16,420,000	1,642.00
Add :Issued during the year	-	-	850,000	85.00
Shares outstanding as at the end of the year	<u><b>17,270,000</b></u>	<u><b>1,727.00</b></u>	<u><b>17,270,000</b></u>	<u><b>1,727.00</b></u>



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### 2.2 RESERVES AND SURPLUS

#### Reserves and Surplus as at 31st March 2014

	Securities Premium Account	General Reserve	Surplus as per Statement of Profit & Loss Account	(Rs. in Lacs) Total
Opening Balance As per last Balance Sheet	515.98	188.60	584.08	1,288.66
Net Profit/(Loss) for the period			604.37	604.37
Add Transferred from Statement of Profit & Loss during the Year		23.00		23.00
Less Amount Trasferred to General Reserve			23.00	23.00
Less : Proposed Dividend on Equity Shares for the year (including Dividend Distribution Tax Rs.35.22 Lacs)	-	-	242.46	242.46
<b>Closing Balance</b>	<b>515.98</b>	<b>211.60</b>	<b>922.99</b>	<b>1,650.57</b>

### 2.2 RESERVES AND SURPLUS

#### Reserves and Surplus as at 31st March, 2013

	Securities Premium Account	General Reserve	Surplus as per Statement of Profit & Loss Account	(Rs. in Lacs) Total
Opening Balance as per last Balance Sheet	425.98	188.60	348.20	962.78
Net Profit/(Loss) for the period	-	-	441.25	441.25
Add : Received during the period	90.00	-	-	90.00
Less : Dividend for earlier years. (including Dividend Distribution Tax Rs.0.65 Lacs)	-	-	4.65	4.65
Less : Proposed Dividend on Equity Shares for the year (including Dividend Distribution Tax Rs.28.02 Lacs)	-	-	200.72	200.72
<b>Closing Balance</b>	<b>515.98</b>	<b>188.60</b>	<b>584.08</b>	<b>1,288.66</b>

(Rs. in Lacs) (Rs. in Lacs)  
As at As at  
31st March, 2014 31st March, 2013

**NON-CURRENT LIABILITIES**
**2.3 (a) From Union Bank of India**

**Term Loans (Secured by first pari passu charge on the fixed assets of the Company, present and future and second charge on current assets.):**

(i) Term Loan IV (Repayable in 15 Quarterly Installments of Rs.6.37 lacs each & 16th Installment or Rs.6.45 Lacs starting from April 2010 at the interest rate of Base Rate + 4.25% p.a.) The total outstanding as on 31st March, 2014 - Rs. Nil. (Previous Year- Rs.22.97 Lacs.)	-	-
(ii) Term Loan V (Repayable in 45 monthly installments of Rs.10.00 Lacs each starting from July 2011 at the interest rate of Base Rate + 1.50% p.a.). The total outstanding as on 31st March, 2014 - Rs. 116.56 Lacs. (Previous Year - Rs.210.55 Lacs.)	-	90.55
(iii) Term Loan VI (Repayable in 15 Quarterly Installments of Rs. 15.00 Lacs each starting from July 2012 at the interest rate of Base Rate + 1.50% p.a.). The total outstanding as on 31st March, 2014 - Rs. 95.52 Lacs. (Previous Year - Rs.106.50 Lacs)	35.52	46.50
(iv) Term Loan VII (Repayable in 17 Quarterly Installments of Rs- 27.35 Lacs each starting from July 2014 at the interest rate of Base Rate + 1.50% p.a.). The total outstanding as on 31st March, 2014 - Rs.169.75 Lacs. (Previous Year - Rs. Nil)	87.70	-

All the above loans are also secured by personal guarantee of the Chairman and Managing Director of the Company.

<b>(b) Loan from Axis Bank Ltd</b>	-	0.56
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(Secured by hypothecation of the vehicle : Terms of Repayment : starting from October 2011 in 35 monthly installments of Rs.0.15 Lacs. at the interest rate 11.24 % p.a.)

The total outstanding as on 31st March,2014 - Rs.0.75 Lac (Previous Year - Rs. 2.42 Lacs).

**Installments due on above within one year Rs. 259.36 Lacs ( Previous Year Rs. 204.83 Lacs )**

**(c) Unsecured**

Inter Corporate Deposits	-	-
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<b>123.22</b>	<b>137.61</b>
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**2.4 DEFERRED TAX ASSETS AND LIABILITIES**
**Deferred Tax Assets:**

Other Timing Difference	45.47	31.77
Unabsorbed Depreciation Carried Forward	-	-
	<b>45.47</b>	<b>31.77</b>

**Deferred Tax Liability:**

Arising out of Timing Difference on account of Book & Tax Depreciation for the Current Year	(313.16)	(311.08)
<b>Net Deferred Tax Liability</b>	<b>(267.69)</b>	<b>(279.31)</b>

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	(Rs. in Lacs) As at 31st March, 2014	(Rs. in Lacs) As at 31st March, 2013
<b>2.5 OTHER LONG TERM LIABILITIES</b>		
Trade payable	0.98	6.62
	<u><b>0.98</b></u>	<u><b>6.62</b></u>
<b>2.6 LONG-TERM PROVISIONS</b>		
Provision for Employee Benefits	50.14	11.68
	<u><b>50.14</b></u>	<u><b>11.68</b></u>
<b>CURRENT LIABILITIES</b>		
<b>2.7 SHORT-TERM BORROWINGS</b>		
Working Capital Loans from Union Bank of India Secured by hypothecation of inventories, book debts, including bills discounted/purchased and other current assets and second charge on the fixed assets (The above loans are also secured by personal guarantee of the Chairman and Managing Director of the Company)	4,231.92	3,974.08
	<u><b>4,231.92</b></u>	<u><b>3,974.08</b></u>
<b>2.8 OTHER CURRENT LIABILITIES</b>		
Unpaid dividends	16.61	11.76
Trade Payables - Capital Goods	8.61	1.28
Outstanding Liabilities for Expenses	80.56	58.40
Other Liabilities (Advances from Debtors)	15.03	4.71
<b>Current Maturities of Long term Loans:-</b>		
<b>( a ) From Union Bank of India</b>		
<b>Term Loans (Secured by first pari passu charge on the fixed assets of the Company, present and future and second charge on current assets.):</b>		
(i) Term Loan IV (Repayable in 15 Quarterly Installments of Rs.6.37 Lacs each & 16th Installment or Rs.6.45 Lacs starting from April 2010 at the interest rate of Base Rate + 4.25% p.a.) The total outstanding as on 31st March, 2014 - Rs. Nil. (Previous Year- Rs.22.97 Lacs.)	-	22.97
(ii) Term Loan V (Repayable in 45 monthly installments of Rs.10.00 Lacs each starting from July 2011 at the interest rate of Base Rate + 1.50% p.a.) The total outstanding as on 31st March, 2014 - Rs. 116.56 Lacs. (Previous Year - Rs.210.55 Lacs.)	116.56	120.00
(iii) Term Loan VI (Repayable in 15 Quarterly Installments of Rs. 15.00 Lacs each starting from July 2012 at the interest rate of Base Rate + 1.50% p.a.) The total outstanding as on 31st March, 2014 - Rs. 95.52 Lacs. (Previous Year - Rs.106.50 Lacs)	60.00	60.00
(iv) Term Loan VII (Repayable in 17 Quarterly Installments of Rs- 27.35 Lacs each starting from July 2014 at the interest rate of Base Rate + 1.50% p.a.). The total outstanding as on 31st March, 2014 - Rs.169.75 Lacs. (Previous Year - Rs. Nil) All the above loans are also secured by personal guarantee of the Chairman and Managing Director of the Company.	82.05	-

	(Rs. in Lacs)	(Rs. in Lacs)
	As at	As at
	31st March, 2014	31st March, 2013
<b>( b )Loan from Axis Bank Ltd.</b>	0.75	1.86
(Secured by hypothecation of the vehicle : Terms of Repayment : starting from October 2011 in 35 monthly installments for Rs. 0.15 Lac. at the interest rate 11.24 % p.a.). The total outstanding as on 31st March,2014 - Rs.0.75 Lac (Previous Year Rs. 2.42 Lacs) <b>Installments due on above within one year Rs. 259.36 Lacs.</b> <b>( Previous year Rs. 204.83 Lacs )</b>		
<b>( c ) Unsecured</b>		
Inter Corporate Deposits	-	200.00
	<b>380.17</b>	<b>480.98</b>
<b>2.9 SHORT-TERM PROVISIONS</b>		
Provisions for Income Tax (Net of Advance Tax and TDS of Rs. 147.26 Lacs) (Previous Year Rs. 147.26 Lacs)	0.24	0.24
Proposed Dividend	242.46	200.72
Provision for Employee Benefits	193.79	220.51
	<b>436.49</b>	<b>421.47</b>
<b>2.10 FIXED ASSETS (Refer Page 38)</b>		
2.10.1 Depreciation and amortisation for the year	206.14	199.76
Depreciation and amortisation for the year charged to Statement of Profit and Loss	<b>206.14</b>	<b>199.76</b>
	Face value	Total No. of Shares
	31st March, 2014	31st March, 2013
<b>2.11 NON-CURRENT INVESTMENTS</b>		
<b>Unquoted Investments</b>		
Janakalyan Sahakari Bank Ltd.	10	10
Dombivli Nagari Sahakari Bank Ltd.	50	1,000
The Thane Janata Sahakari Bank Ltd.	50	1,000
Shares of 100% Subsidiary Pradeep Metals Ltd., USA.	USD 25	200
	<b>3.72</b>	<b>1.00</b>
2.11.1 Aggregate Cost of :		
Quoted Investments	-	-
Unquoted Investments	3.72	1.00
	<b>3.72</b>	<b>1.00</b>

## 31st ANNUAL REPORT 2014

	(Rs. in Lacs) As at 31st March, 2014	(Rs. in Lacs) As at 31st March, 2013
<b>NON-CURRENT ASSETS</b>		
<b>2.12 LONG-TERM LOANS AND ADVANCES</b>		
<b>(Unsecured, Considered Good unless otherwise stated)</b>		
Capital Advances	333.55	347.16
Deposits and Balances with Government and other Authorities	43.79	39.34
Mat Credit Entitlement	78.91	183.14
Less : Utilised upto 31st March, 2014	(78.91)	(104.23)
Mat Credit Available	0.00	78.91
Other Deposits	7.70	10.27
	<b><u>385.04</u></b>	<b><u>475.68</u></b>
<b>2.13 OTHER NON-CURRENT ASSETS</b>		
Long term Trade Receivables	13.60	15.51
	<b><u>13.60</u></b>	<b><u>15.51</u></b>
<b>CURRENT ASSETS</b>		
<b>2.14 INVENTORIES</b>		
Raw Materials	681.59	532.32
Work-in-progress (Note 4.1)	1,252.34	1,300.70
Consumable stores & spares & Fuel	228.16	258.92
Dies	952.21	1,111.10
Scrap	19.96	27.20
	<b><u>3,134.26</u></b>	<b><u>3,230.24</u></b>
2.14.1 Work in progress		
Forgings	1,252.34	1,300.70
Others	-	-
	<b><u>1,252.34</u></b>	<b><u>1,300.70</u></b>
<b>2.15 TRADE RECEIVABLES</b>		
<b>(Unsecured, Considered Good unless otherwise stated)</b>		
Outstanding for a period exceeding six months from the date they are due for payment.	3.37	12.53
Others	3,159.45	3,024.05
	<b><u>3,162.82</u></b>	<b><u>3,036.58</u></b>
<b>2.16 CASH AND CASH EQUIVALENTS</b>		
Cash and Cash Equivalents		
Balances with Scheduled Banks :		
In Current Accounts	17.62	16.55
In Fixed Deposits (pledged with Government Authorities and Banks)	11.99	10.47
Cash in Hand	1.14	0.95
	<b><u>30.75</u></b>	<b><u>27.97</u></b>
<b>2.17 SHORT-TERM LOANS AND ADVANCES</b>		
<b>Unsecured (Considered Good unless otherwise stated)</b>		
Loans and Advances	803.06	751.33
(Export benefits, Balance with Excise & Sales Tax Dept.)		
Advance Income Tax ( Net of Provision for Tax of Rs.538.48 Lacs)	38.54	27.66
(Previous Year Rs.301.70 Lacs)		
	<b><u>841.60</u></b>	<b><u>778.99</u></b>

# PRADEEP METALS LIMITED



## 2. NOTES FORMING PART OF BALANCE SHEET

### 2.10 FIXED ASSETS

(Rs. in Lacs)

FIXED ASSETS	GROSS BLOCK				DEPRECIATION/AMORTISATION				NET BLOCK	
	As At 01.04.2013	Additions	Deductions	As at 31.03.2014	As at 01.04.2013	For the year	Adjustment on Sales	As at 31.03.2014	As at 31.03.2014	As at 31.03.2013
<b>TANGIBLE ASSETS</b>										
Leasehold Land	55.81	-	-	55.81	-	-	-	-	55.81	55.81
Factory Buildings	355.34	-	-	355.34	168.69	11.87	-	180.56	174.78	186.65
Plant and Machinery	3,550.55	311.12	121.64	3,740.03	1,907.26	186.41	116.49	1,977.18	1,762.85	1,643.29
Furniture and Fixtures	37.88	0.60	3.70	34.78	22.48	1.38	2.94	20.92	13.86	15.40
Vehicles	69.05	-	0.47	68.58	31.34	6.48	0.47	37.35	31.23	37.71
<b>Total Tangible Assets</b>	<b>4,068.63</b>	<b>311.72</b>	<b>125.81</b>	<b>4,254.54</b>	<b>2,129.77</b>	<b>206.14</b>	<b>119.90</b>	<b>2,216.01</b>	<b>2,038.53</b>	<b>1,938.86</b>
<b>Previous Year</b>	<b>3936.72</b>	<b>136.48</b>	<b>4.57</b>	<b>4,068.63</b>	<b>1,933.95</b>	<b>199.76</b>	<b>3.94</b>	<b>2,129.77</b>	<b>1,938.86</b>	<b>1,838.41</b>
<b>INTANGIBLE ASSETS</b>	-	-	-	-	-	-	-	-	-	-
<b>Total Intangible Assets</b>	-	-	-	-	-	-	-	-	-	-
Previous Year	-	-	-	-	-	-	-	-	-	-
<b>Total Fixed Assets</b>	<b>4,068.63</b>	<b>311.72</b>	<b>125.81</b>	<b>4,254.54</b>	<b>2,129.77</b>	<b>206.14</b>	<b>119.90</b>	<b>2,216.01</b>	<b>2,038.53</b>	<b>1,938.86</b>
Capital work-in-progress (including Pre-operative Expenses)									179.20	38.22
Intangible Assets Under Development									-	-
									<b>2,217.73</b>	<b>1,977.08</b>

## 31st ANNUAL REPORT 2014

3. NOTES FORMING PART OF STATEMENT OF PROFIT AND LOSS	(Rs. in Lacs) Year Ended 31st March, 2014	(Rs. in Lacs) Year Ended 31st March, 2013
<b>3.1 REVENUES</b>		
<b>a) OPERATING REVENUES</b>		
<b>Sale of Products</b>		
Export	7,492.15	8,049.50
Domestic	3,191.56	3,697.81
Job work/ Tooling Charges	76.11	79.85
Less: Excise Duty	564.67	776.16
	<u>10,195.15</u>	<u>11,051.00</u>
<b>b) OTHER OPERATING REVENUES</b>		
Export Incentives	157.66	226.30
Scrap Sales	1,012.64	1,210.84
Miscellaneous Receipts - Operating	5.58	7.03
	<u>1,175.88</u>	<u>1,444.17</u>
	<u>11,371.03</u>	<u>12,495.17</u>
<b>3.2 OTHER INCOME</b>		
Exchange Rate Difference (Net)	114.39	190.27
Interest on Bank and Other Accounts	8.34	2.45
Dividend (Gross) from Others	0.08	0.08
	<u>122.81</u>	<u>192.80</u>
Profit on Sale of Fixed Assets (Net)	5.49	-
Miscellaneous Receipts - Non Operating	42.69	15.32
	<u>170.99</u>	<u>208.12</u>
<b>3.3 COST OF MATERIALS CONSUMED</b>		
<b>Raw Material</b>		
Opening Stock As on 1st April, 2013	532.32	876.29
Add : Purchases And Incidental Expenses	5,563.98	6,156.61
Less : Closing Stock As on 31st March, 2014	681.59	532.32
	<u>5,414.71</u>	<u>6,500.58</u>
<b>3.4 PURCHASES OF STOCK-IN-TRADE</b>		
Others /Steel	4.70	4.86
	<u>4.70</u>	<u>4.86</u>
<b>3.5 INCREASE / DECREASE IN STOCKS</b>		
Opening Stock As on 1st April, 2013		
a. Work-in-progress	1,300.70	1,497.35
b. Scrap	27.20	56.10
	<u>1,327.90</u>	<u>1,553.45</u>
Less : Closing Stock As on 31st March, 2014		
a. Work-in-progress	1,252.34	1,300.70
b. Scrap	19.96	27.20
	<u>1,272.30</u>	<u>1,327.90</u>
	<u>55.60</u>	<u>225.55</u>

	(Rs. in Lacs) Year Ended 31st March, 2014	(Rs. in Lacs) Year Ended 31st March, 2013
<b>3.6 EMPLOYEE BENEFITS EXPENSES</b>		
Salaries	282.14	241.16
Wages	1,041.38	930.28
Contribution To Provident And Other Funds	49.52	65.20
Staff Welfare Expenses	45.93	46.29
	<b><u>1,418.97</u></b>	<b><u>1,282.93</u></b>
<b>3.7 FINANCE COSTS</b>		
Interest on Term Loans and Working Capital Facilities.	323.75	399.04
Interest on Inter Corporate Deposit	7.13	19.28
Other Interest	0.55	4.88
	<b><u>331.43</u></b>	<b><u>423.20</u></b>
<b>3.8 OTHER EXPENSES</b>		
(A) Consumable stores and spares	540.53	578.53
(B) Power, fuel and water	684.27	728.62
(C) Rent	29.42	21.98
(D) Repairs To Factory Buildings	37.87	14.69
(E) Repairs To Machinery	62.07	62.24
(F) Insurance	26.31	17.09
(G) Dies Consumed / Written-off	400.52	271.59
<b>(H) Miscellaneous Expenses (Refer note 3.8.1)</b>	<b>1,423.04</b>	<b>1,596.45</b>
	<b><u>3,204.03</u></b>	<b><u>3,291.19</u></b>
<b>3.8.1 Miscellaneous Expenses</b>		
Payments to sub-contractors	442.41	473.69
Inward Freight, Octroi and Other expenses	194.65	306.01
Other administrative expenses	211.76	213.50
Donation to Political Party	5.00	-
Selling expenses	397.97	408.94
Others	171.25	194.31
	<b><u>1,423.04</u></b>	<b><u>1,596.45</u></b>
<b>3.8.2 Auditors' Remuneration (Including service tax) charged to Statement of Profit and Loss account</b>		
Audit fees	3.37	2.81
Tax Audit fees	0.85	0.67
For Consultation on Tax Matters	0.85	0.68
Other Matters	1.20	1.23
Reimbursement of expenses	0.27	0.42
	<b><u>6.54</u></b>	<b><u>5.81</u></b>



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	(Rs. in Lacs) Year Ended 31st March, 2014	(Rs. in Lacs) Year Ended 31st March, 2013
<b>3.9 Earnings Per Share:</b>		
Net profit for the year from ordinary activities attributable to equity shareholders	604.37	441.25
	604.37	441.25
Weighted-average-number of potential equity shares on exercise of options	17,270,000	16,856,500
Basic Earnings Per Share (Face Value of ₹ 10 each)	<b>3.50</b>	<b>2.62</b>
- From ordinary activities		
Diluted Earnings Per Shares (Face Value of 10 each)	<b>3.50</b>	<b>2.56</b>
- From ordinary activities		

**4.1 Additional information details** (Rs. in lacs)

**4.1 Turnover and Stocks**

Products	Turnover		Stock	
	31st March, 2014	31st March, 2013	31st March, 2014	31st March, 2013
01. Steel Forging work	10,677.06	11,741.69	1,252.34	1,300.70
02. Steel Trading	6.65	5.62	-	-
	<b>10,683.71</b>	<b>11,747.31</b>	<b>1,252.34</b>	<b>1,300.70</b>

As per our report of even date

**S.R. REGE & CO.**

CHARTERED ACCOUNTANTS

(Regn. No. 108813W)

**S.M. PATKI**

PARTNER

Membership No. 037690

Navi Mumbai

10<sup>th</sup> May, 2014

**PRADEEP GOYAL**

Chairman and Managing Director

**NEERU GOYAL**

Director

**ABHINAY KAPOOR**

Company Secretary


**PRADEEP METALS LIMITED**
**Cash Flow Statement for the year ended 31st March, 2014**

	Rs in Lacs 2013-2014 Current year	Rs in Lacs 2012-2013 Previous Year
<b>A) Cash Flow from Operating Activities</b>		
Net profit before tax and exceptional items	906.44	775.22
Adjustment for :—		
Income Tax Adjustment For Prior Years	0.00	(80.31)
Depreciation	206.14	199.76
Loss on sale of Assets	0.00	0.45
Profit on sale of Assets	(5.49)	-
Dividend Received	(0.08)	(0.08)
Interest Expenses	331.43	423.20
Interest Income	(8.34)	-
Bad Debts Written Off	6.52	9.47
<b>Operating profit before Working Capital changes</b>	<b><u>1436.62</u></b>	<b><u>1327.71</u></b>
Adjustment for		
Trade and Other Receivables	(226.77)	(188.29)
Inventories	95.97	532.91
Transfer From Capital Work in Progress	(127.36)	(51.43)
Trade Payable	(451.76)	(619.02)
Profit On Sale Of Assets	-	-
<b>Cash generated From Operations</b>	<b><u>726.70</u></b>	<b><u>1001.88</u></b>
Interest Paid	(331.43)	(423.20)
Cash flow Before Extraordinary Items	395.27	578.68
Extraordinary Items	-	-
<b>Net Cash used in Operating Activities</b>	<b><u>395.27</u></b>	<b><u>578.68</u></b>
<b>B) Cash Flow From Investing Activities</b>		
Purchase Of Fixed Assets	(311.72)	(136.48)
Sale Of Fixed Assets	11.41	0.17
Purchase of Investments	(2.72)	-
Interest received	8.34	-
Dividend Received	0.08	0.08
Net Cash Flow From Investing Activities	<b><u>(294.61)</u></b>	<b><u>(136.23)</u></b>
<b>C) Cash Flow from Financing Activities</b>		
Proceeds From Issue Of Share Capital (Share Application Money)		
Proceeds From ISSUE Of Share Capital	-	85.00
Premium Received On Issue Of Share Capital	-	90.00
Redemption of OCCRP shares with premium	-	-
Proceeds From Advance Received Against Warrants	-	(43.75)
Proceeds From Working Capital Borrowings	297.98	(347.62)
Payment of Dividend - Equity Shares	(195.87)	(195.60)
Payment of Dividend - OCCRP	-	-
Proceeds From Other Borrowings (Net)	(200.00)	(25.00)
Net Cash Flow From Investing Activities	<b><u>(97.89)</u></b>	<b><u>(436.97)</u></b>
Net Increase In Cash and Cash Equivalents Flow From Investing Activities	2.77	5.48
Cash and Cash Equivalents As at 31/03/2013 (Opening Balance)	27.97	22.49
Cash and Cash Equivalents As at 31/03/2014 (Closing Balance)	<b><u>30.75</u></b>	<b><u>27.97</u></b>

**Notes :**

- 1) The Cash Flow statement has been prepared and presented as per the requirements of Accounting Standard (AS) 3 "Cash Flow Statement" notified under the Company's (Accounting Standard) Rules, 2006
- 2) Figures in brackets indicate Cash Outflow
- 3) Previous year's figures have been regrouped, wherever necessary to conform to this year's classification.

As per our report of even date

**S.R. REGE & CO.**  
CHARTERED ACCOUNTANTS  
(Regn. No. 108813W)

**PRADEEP GOYAL**

Chairman and Managing Director

**S.M. PATKI**  
PARTNER  
Membership No. 037690

**NEERU GOYAL**

Director

**ABHINAY KAPOOR**

Company Secretary

Navi Mumbai  
10<sup>th</sup> May, 2014

# 31st ANNUAL REPORT 2014

## CONSOLIDATED BALANCE SHEET AS AT 31 st MARCH , 2014

	Note No.	(Rs. in Lacs) As at 31st March, 2014 (Audited)
<b>I EQUITY AND LIABILITIES</b>		
1) <b>Shareholders' Funds</b>		
a) Share Capital	2.1	1,726.26
b) Reserve and Surplus	2.2	1,628.85
		<u><b>3,355.11</b></u>
2) <b>Share Application Money Pending Allotment</b>		
-		
3) <b>Non-Current Liabilities</b>		
a) Long-Term Borrowings	2.3	123.22
b) Deferred Tax Liabilities (Net)	2.4	267.69
c) Other Long Term Liabilities	2.5	0.98
d) Long-Term Provisions	2.6	50.14
		<u><b>442.03</b></u>
4) <b>Current Liabilities</b>		
a) Short-Term Borrowings	2.7	4,231.92
b) Trade Payables		957.90
c) Other Current Liabilities	2.8	393.38
d) Short-Term Provisions	2.9	438.47
		<u><b>6,021.67</b></u>
<b>TOTAL</b>		<u><b>9,818.81</b></u>
<b>II ASSETS</b>		
1) <b>Non-Current Assets</b>		
a) Fixed Assets	2.10	
i) Tangible Assets		2,038.53
ii) Capital Work-in-Progress		179.20
		<u><b>2,217.73</b></u>
b) Non-Current Investments	2.11	1.00
c) Long-Term Loans and Advances	2.12	385.04
d) Other Non-Current Assets	2.13	13.60
		<u><b>2,617.37</b></u>
2) <b>Current Assets</b>		
a) Inventories	2.14	3,452.17
b) Trade Receivables	2.15	2,871.77
c) Cash and Cash Equivalents	2.16	35.90
d) Short-Term Loans and Advances	2.17	841.60
		<u><b>7,201.44</b></u>
<b>TOTAL</b>		<u><b>9,818.81</b></u>

Significant Accounting Policies and Notes 1 to 4  
Notes referred to above form an integral part of the Balance Sheet.

As per our report of even date

**S.R. REGE & CO.**  
CHARTERED ACCOUNTANTS  
(Regn. No. 108813W)

**S.M. PATKI**  
PARTNER  
Membership No. 037690

Navi Mumbai  
10<sup>th</sup> May, 2014

**PRADEEP GOYAL**

**NEERU GOYAL**

**ABHINAY KAPOOR**

Chairman and Managing Director

Director

Company Secretary


**PRADEEP METALS LIMITED**
**STATEMENT OF CONSOLIDATED PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2014**

	Note No	(Rs. in Lacs) Year Ended 31st March, 2014 (Audited)
I) Revenue from Operations (Net)	3.1	11,272.29
II) Other Income	3.2	170.99
<b>III) Total Revenue ( I + II )</b>		<b>11,443.28</b>
<b>IV) EXPENSES</b>		
Cost of Materials Consumed	3.3	5,414.71
Purchases Of Stock-In-Trade	3.4	168.09
Changes In Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	3.5	(264.59)
Employee Benefits Expense	3.6	1,418.97
Finance Costs	3.7	331.43
Depreciation And Amortization Expense	2.10.1	206.14
Other Expenses	3.8	3,294.61
<b>Total Expenses</b>		<b>10,569.36</b>
V) <b>Profit Before Exceptional And Extraordinary Items And Tax ( III - IV )</b>		873.92
VI) Exceptional Items		-
<b>VII) Profit Before Extraordinary Items And Tax ( V - VI )</b>		<b>873.92</b>
VIII) Extraordinary Items		-
<b>IX) Profit Before Tax ( VII - VIII )</b>		<b>873.92</b>
X) <b>Tax Expense</b>		
Current Tax Expense (Previous year's figure includes Rs. 80.31 Lacs for the earlier year)		315.67
Deferred Tax		(11.62)
		<b>304.05</b>
<b>XI) Profit/(Loss) for the period</b>		<b>569.87</b>
<b>XII) Earnings Per Equity Share</b>		
Basic	3.9	3.30
Diluted		3.30
Significant Accounting Policies and Notes	1	
Notes referred to above from an integral part of the Statement of Profit and Loss Account		

As per our report of even date

**S.R. REGE & CO.**

CHARTERED ACCOUNTANTS

(Regn. No. 108813W)

**S.M. PATKI**

PARTNER

Membership No. 037690

Navi Mumbai

10<sup>th</sup> May, 2014

**PRADEEP GOYAL**

Chairman and Managing Director

**NEERU GOYAL**

Director

**ABHINAY KAPOOR**

Company Secretary

## 31st ANNUAL REPORT 2014

### NOTE NO - 1: NOTES FORMING PART OF THE ACCOUNTS

#### 1.1) Significant Accounting Policies:

##### (1.1.1) Basis for preparation of Accounts.

- a. The Consolidated Financial Statement (CFS) are prepared in accordance with Accounting Standards (AS) 21 "Consolidated Financial Statement" as specified in the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956. The Consolidated Financial Statement comprises the Financial Statements of Pradeep Metals Limited and its subsidiary. Reference in these notes to Pradeep Metals Limited, Company, Parent Company or Group shall mean to include Pradeep Metals Limited and its subsidiary, unless otherwise stated.
- b. 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.
- c. The accounts of foreign subsidiary have been prepared in compliance with the applicable Accounting Standards. Necessary adjustments for the differences in the accounting policies, wherever applicable, have been made in the Consolidated Financial Statement.
- d. The notes and significant policies to the Consolidated Financial Statement are intended to serve as a guide for better understanding of the Group's position. In this respect, the Company has disclosed such notes and policies which represent the required disclosure.

##### (1.1.2) Principles of Consolidation

- a. The Financial Statement of the Parent Company and its Subsidiary have been consolidated on a line-by-line basis by adding together the book values of the like terms of Assets, Liabilities, Income and Expenses, after eliminating intra- group balances and the unrealized profits/ losses on intra-group transactions, and the presented to the extent possible, in the same manner as the Parent Company's Independent Financial Statements.
- b. Reserves and Surplus shown in the Consolidated Balance Sheet includes the Company's share in the respective reserves of subsidiary. Reserves attributable to minority stakeholders are reported as part of Minority Interest in the Consolidated Balance Sheet. Retained earnings comprise Company's share in General Reserves and Statement of Profit and Loss.

##### (1.1.3) 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.

##### (1.1.4) Use of Estimates

The preparation of Consolidated Financial Statements is in accordance with Generally Accepted Accounting Principles. As per the Management, the best estimates and assumptions are made, wherever necessary, and reported in the amount of assets and liabilities as on the date of Consolidated Financial Statements 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 statements 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 or materialized.

##### (1.1.5) Fixed Assets and Depreciation

Fixed Assets are stated at cost less depreciation. Depreciation on assets has been provided for on straight line method at the rates specified in Schedule XIV of the Companies Act, 1956, on continuous process plant basis.

Depreciation on additions to assets is calculated on pro-rata basis from the day of asset being

put to use.

**(1.1.6) Borrowing Costs**

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized 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.

**(1.1.7) Inventories**

- a. Raw material is valued at cost. The cost is arrived at on First-in-First-out basis.
- b. Dies and tools, components, stores, spares, are valued at cost.
- c. Work-in-process and semi-finished goods are valued at lower of cost or estimated net realizable value.

**(1.1.8) Investment**

Investments are stated at Cost.

**(1.1.9) Sales**

Sales are inclusive of excise duty. Revenue from sale of goods is recognized on transfer of significant risks and rewards of ownership to the buyer.

**(1.1.10) Foreign Currency Transactions**

- a. The reporting currency of the Company is Indian Rupee.
- b. Transactions in foreign currency are recorded at the 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.
- c. Financial Statements of Overseas Non-Integral Operations are translated as under :-
  - i. Assets and Liabilities at the rate prevailing at the end of the year.
  - ii. Depreciation and amortization is accounted at the same rate at which assets are converted.
  - iii. Revenues and Expenses at yearly average exchange rate prevailing during the year.

Exchange difference arising on translation of non-integral foreign operations is accumulated in the Foreign Currency Translation Reserve until the disposal of such operations.

**(1.1.11) Provisions, Contingent Liabilities and Contingent Assets**

Provisions, 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 the prior activity. Contingent Assets have not been recognized and hence, not reported.

**(1.1.12) Taxes on Income**

Tax expense comprises of current tax and deferred tax. Current tax is measured at the amount expected to be paid/recovered from the applicable tax rates.

Deferred income tax reflect the current period timing differences between taxable income and accounting income for the period and reversal of timing differences of earlier years/period. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future income will be available except that deferred tax assets arising on account of unabsorbed depreciation and losses are recognized if there is virtual certainty that sufficient future taxable income will be available to realize the same.

**(1.1.13) Employee Benefits**

Contributions payable to the Government Provident Fund, ESIC and premium paid to Life Insurance Corporation of India under Employees Group Gratuity Scheme are charged to revenue. The liabilities in respect of leave encashment at the year end are charged to revenue based on actuarial value.

## 31st ANNUAL REPORT 2014

### (1.1.14) 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", notified under the Company's (Accounting Standards) Rules, 2006.

During the period, no such loss was observed and hence, no provision for impairment loss has been made.

(1.1.15) The Company manufactures "Forgings" of various types at one location only. Hence, Accounting Standard 17 regarding Segment Reporting notified under the Company's (Accounting Standards) Rules, 2006, is not applicable to the Company.

(1.1.16) Preliminary expenses are being amortized in the year in which the same has been incurred..

### 1.2) Notes on Accounts

31<sup>st</sup> March 2014  
(Rs.)

(1.2.1) Earning in foreign currency:

FOB value of Exports

653,709,583

(1.2.2) The year end net monetary foreign currency exposures that have not been hedged, are given below.

#### Packing Credit in Foreign Currency

Sr. No	Particulars	Foreign Currency (In Lacs ) 31 <sup>st</sup> March, 2014	Amount (Rs. in Lacs) 31 <sup>st</sup> March, 2014
1	USD	24.12	1438.74

#### Receivables (Other than export bills aggregating to Rs. 1404.10 Lacs purchased/ discounted by the Bank but pending for realization)

Sr. No	Particulars	Foreign Currency (In Lacs ) 31 <sup>st</sup> March, 2014	Amount (Rs. in Lacs) 31 <sup>st</sup> March, 2014
1	USD	11.94	712.13
2	EURO	0.82	67.21
3	GBP	0.06	5.65

#### Payables

Sr. No	Particulars	Foreign Currency (In Lacs ) 31 <sup>st</sup> March, 2014	Amount (Rs. in Lacs) 31 <sup>st</sup> March, 2014
1	USD	0.60	35.79

(1.2.3) Related Party Disclosures {as identified and certified by the Management}

As per Accounting Standard 18 notified under the Company's (Accounting Standards) Rules, 2006, the disclosures of transactions with the related parties are given below:

(i) List of related parties where control exists and related parties with whom transactions have taken place and relationships:

## PRADEEP METALS LIMITED

Sr. No.	Name of the Related Party	Relationship	Nature of Transaction	31.03.2014 (Rs.)
1.	Dhanlabh Engineering Works Pvt. Ltd	Enterprise in which three of the Directors' of the Company are interested.	Labour Charges Sales Rent Electricity Charges. (Reimbursement)	5,207,518/- 289,842/- 2,696,640/- 1,340,505/-
2.	Economic Forge Private Limited	Enterprise in which a Director of the Company is interested	Labour Charges	2,017,058/-
3.	Mr.Abinav Goyal	Son of Chairman and Managing Director of the Company.	Remuneration.	29,40,000/-

(1.2.4) The Company has duly complied with the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with General Circular 15/2013 dated 13<sup>th</sup> September, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013.

(1.2.5) This being the first year of operations in respect of USA Subsidiary, the Previous year's figures have not been provided for.

### STATEMENT PURSUANT TO SECTION 212

Details of Subsidiary included in the Consolidated Financial Statements are as under:-

Sr. no.	Name of subsidiary Company (Foreign subsidiary)	Country of Incorporation	Proportion of Ownership interest (%)	Proportion of Voting Power held (%)
1	Pradeep Metals Limited, USA	USA	100.00	100.00

### Information Regarding Subsidiary Company (For the Financial year)

Sr No	Particulars	Pradeep Metals Limited, USA (Amount in USD)
	<b>Financial Year ending on</b>	<b>31-03-2014</b>
	Exchange rate on the last date of financial year	1 USD = Rs.60.09
1	Share Capital (including share application money pending allotment)	5,000
2	Reserve	18,351
3	Liabilities	9,16,947
4	Total liabilities	9,40,298
5	Total Assets	9,40,298
6	Turnover	11,92,394
7	Profit before taxation	21,651
8	Provision for taxation	3,300
9	Profit after Taxation	18,351

As per our report of even date

for and on behalf of the Board

**S.R. REGE & CO.**

CHARTERED ACCOUNTANTS  
(Regn. No. 108813W)

**PRADEEP GOYAL**

Chairman and Managing Director

**S.M. PATKI**

PARTNER

Membership No. 037690

**NEERU GOYAL**

Director

**ABHINAY KAPOOR**

Company Secretary

Navi Mumbai  
10<sup>th</sup> May, 2014



## 31st ANNUAL REPORT 2014

### 2. NOTES FORMING PART OF BALANCE SHEET

(Rs. in Lacs)  
As at  
31st March, 2014

#### 2.1 SHARE CAPITAL

##### 2.1.1 Authorised

18,500,000 (18,500,000) Equity Shares of Rs.10 each	1,850.00
550,000 (550,000) Preference Shares of Rs.100 each	550.00
	<u><b>2,400.00</b></u>

##### 2.1.2 Issued, Subscribed and Fully Paid

17,270,000 (17,270,000) Equity Shares of Rs.10 each fully paid up	1,727.00
Less : Calls in Arrears	0.74

**TOTAL** **1,726.26**

2.1.3 The list of Shareholders holding more than 5 % shares in the Company is given below :-

Name of the Shareholders	As at March, 2014	
	No. of Shares	% of Holding
S. V. Shah Construction Services P. Ltd.	2,778,561	16.09
Flashnet Info Solutions (India) Ltd.	1,026,500	5.94
Pradeep Goyal	1,521,400	8.81
Rabale Engineering ( I ) Pvt. Ltd.	6,167,481	35.71

##### 2.1.4 The Reconciliation of the number of equity shares outstanding:-

Equity shares with voting rights	As at March, 2014	
	No. of Shares	(Rs. in Lacs)
Shares outstanding as at the beginning of the year	17,270,000	1,727.00
Add : Issued during the year	-	-
Shares outstanding as at the end of the year	<u><u><b>17,270,000</b></u></u>	<u><u><b>1,727.00</b></u></u>

**2.2 RESERVES AND SURPLUS**
**Reserves and Surplus as at 31st March 2014**

	Securities Premium Account	General Reserve	Surplus as per Statement of Profit & Loss Account	Foreign Currency Translation Reserve	(Rs. in Lacs) Total
Opening Balance as per last Balance Sheet	515.98	188.60	584.08	-	1,288.66
Net Profit/(Loss) for the period			569.87	-	569.87
Add : Received during the period	-	-	-	-	-
Unrealised profits in respect of Intragroup transactions in consolidation	-	-	12.87	-	12.87
Add : Transferred from Statement of Profit & Loss during the Year	-	23.00	-	-	23.00
Less : Amount Trasferred to General Reserve	-	-	23.00	-	(23.00)
Less : Proposed Dividend on Equity Shares for the year	-	-	242.46	-	(242.46)
<b>(including Dividend Distribution Tax Rs.35.22 Lacs)</b>	-	-	-	-	-
Provision for the Year	-	-	-	(0.09)	(0.09)
<b>Closing Balance</b>	<b>515.98</b>	<b>211.60</b>	<b>901.36</b>	<b>(0.09)</b>	<b>1,628.85</b>

## 31st ANNUAL REPORT 2014

(Rs. in Lacs)  
As at  
31st March, 2014

### NON-CURRENT LIABILITIES

#### 2.3 (a) From Union Bank of India

##### **Term Loans (Secured by first pari passu charge on the fixed assets of the Company, present and future and second charge on current assets.):**

- |   |       |
|---|-------|
| (i) Term Loan IV (Repayable in 15 Quarterly Installments of Rs.6.37 Lacs each & 16th Installment or Rs.6.45 Lacs starting from April 2010 at the interest rate of Base Rate + 4.25% p.a.)<br>The total outstanding as on 31st March, 2014 - Rs. Nil.<br>(Previous Year- Rs.22.97 Lacs.)   | -     |
| (ii) Term Loan V (Repayable in 45 monthly installments of Rs.10.00 Lacs each starting from July 2011 at the interest rate of Base Rate + 1.50% p.a. )<br>The total outstanding as on 31st March, 2014 - Rs. 116.56 Lacs.<br>(Previous Year - Rs.210.55 Lacs.)   | -     |
| (iii) Term Loan VI (Repayable in 15 Quarterly Installments of Rs. 15.00 Lacs each starting from July 2012 at the interest rate of Base Rate + 1.50% p.a.).<br>The total outstanding as on 31st March, 2014 - Rs. 95.52 Lacs.<br>(Previous Year - Rs.106.50 Lacs)  | 35.52 |
| (iv) Term Loan VII (Repayable in 17 Quarterly Installments of Rs- 27.35 Lacs each starting from July 2014 at the interest rate of Base Rate + 1.50% p.a.).<br>The total outstanding as on 31st March, 2014 - Rs.169.75 Lacs.<br>(Previous Year - Rs. Nil)<br>All the above loans are also secured by personal guarantee of the Chairman and Managing Director of the Company. | 87.70 |

#### (b) Loan from Axis Bank Ltd

(Secured by hypothecation of the vehicle : Terms of Repayment : starting from October 2011 in 35 monthly installments of Rs.0.15 Lacs. at the interest rate 11.24 % p.a.).  
The total outstanding as on 31st March,2014 - Rs.0.75 Lac.  
(Previous Year - Rs. 2.42 Lacs).

**Installments due on above within one year Rs. 259.36 Lacs  
( Previous Year Rs. 204.83 Lacs )**

#### (c) Unsecured

Inter Corporate Deposits	-
	<b>123.22</b>

### 2.4 DEFERRED TAX ASSETS AND LIABILITIES

#### **Deferred Tax Assets:**

Other Timing Difference	45.47
Unabsorbed Depreciation Carried Forward	-
	<b>45.47</b>

#### **Deferred Tax Liability:**

Arising out of Timing Difference on account of Book & Tax Depreciation for the Current Year	(313.16)
---	----------

<b>Net Deferred Tax Liability</b>	<b>(267.69)</b>
-----------------------------------	-----------------

	(Rs. in Lacs)
	As at
	31st March, 2014
<b>2.5 OTHER LONG TERM LIABILITIES</b>	
Trade payable	0.98
	<u><b>0.98</b></u>
<b>2.6 LONG-TERM PROVISIONS</b>	
Provision for Employee Benefits	50.14
	<u><b>50.14</b></u>
<b>CURRENT LIABILITIES</b>	
<b>2.7 SHORT-TERM BORROWINGS</b>	
Working Capital Loans from Union Bank of India Secured by hypothecation of inventories, book debts, including bills discounted/purchased and other current assets and second charge on the fixed assets (The above loans are also secured by personal guarantee of the Chairman and Managing Director of the Company)	4,231.92
	<u><b>4,231.92</b></u>
<b>2.8 OTHER CURRENT LIABILITIES</b>	
Unpaid dividends	16.61
Trade Payable - Capital Goods	8.61
Outstanding Liabilities for Expenses	93.77
Other Liabilities (Advances from Debtors)	15.03
<b>Current Maturities of Long term Loans:-</b>	
<b>( a ) From Union Bank of India</b>	
<b>Term Loans (Secured by first pari passu charge on the fixed assets of the Company, present and future and second charge on current assets.):</b>	
(i) Term Loan IV (Repayable in 15 Quarterly Installments of Rs.6.37 Lacs each & 16th Installment of Rs.6.45 Lacs starting from April 2010 at the interest rate of Base Rate + 4.25% p.a.) The total outstanding as on 31st March, 2014 - Rs. Nil. (Previous Year- Rs.22.97 Lacs.)	-
(ii) Term Loan V (Repayable in 45 monthly installments of Rs.10.00 Lacs each starting from July 2011 at the interest rate of Base Rate + 1.50% p.a.) The total outstanding as on 31st March, 2014 - Rs. 116.56 Lacs. (Previous Year - Rs.210.55 Lacs.)	116.56
(iii) Term Loan VI (Repayable in 15 Quarterly Installments of Rs. 15.00 Lacs each starting from July 2012 at the interest rate of Base Rate + 1.50% p.a.) The total outstanding as on 31st March, 2014 - Rs. 95.52 Lacs. (Previous Year - Rs.106.50 Lacs)	60.00
(iv) Term Loan VII (Repayable in 17 Quarterly Installments of Rs. 27.35 Lacs each starting from July 2014 at the interest rate of Base Rate + 1.50% p.a.) The total outstanding as on 31st March, 2014 - Rs.169.75 Lacs. (Previous Year - Rs. Nil)	82.05
All the above loans are also secured by personal guarantee of the Chairman and Managing Director of the Company.	

## 31st ANNUAL REPORT 2014

			(Rs. in Lacs)
			As at
			31st March, 2014
<b>( b ) Loan from Axis Bank Ltd</b>			0.75
	(Secured by hypothecation of the vehicle : Terms of Repayment : starting from October 2011 in 35 monthly installments for Rs.0.15 Lac. at the interest rate 11.24 % p.a.). The total outstanding as on 31st March,2014 - Rs.0.75 Lac.		
	(Previous Year Rs. 2.42 Lacs)		
	<b>Installments due on above within one year Rs. 259.36 Lacs.</b>		
	<b>( Previous year Rs. 204.83 Lacs )</b>		
<b>( c ) Unsecured</b>			
	Inter Corporate Deposits		-
			<u><b>393.38</b></u>
<b>2.9 SHORT-TERM PROVISIONS</b>			
	Provisions for Income Tax (Net of Advance Tax and TDS of Rs. 147.26 Lacs)		2.22
	(Previous Year Rs. 147.26 Lacs)		
	Proposed Dividend		242.46
	Provision for Employee Benefits		193.79
			<u><b>438.47</b></u>
<b>2.10 FIXED ASSETS</b>			
210.1	Depreciation and amortisation for the year		206.14
	Less: Capitalised as pre-operative expenses		-
	Less: Additional depreciation on revalued assets withdrawn from capital reserve		-
	Depreciation and amortisation for the year charged to Statement of Profit and Loss		<u><b>206.14</b></u>
			(Rs. in Lacs)
			As at 31st
			March, 2014
<b>2.11 NON-CURRENT INVESTMENTS</b>	<u>Face Value</u>	<u>Total No of</u>	
		<u>Shares</u>	
<b>Unquoted Investments</b>			
	Janakalyan Sahakari Bank Ltd.	10	0.00
	Dombivli Nagari Sahakari Bank Ltd.	50	0.50
	The Thane Janata Sahakari Bank Ltd.	50	0.50
			<u><b>1.00</b></u>
211.1	Aggregate Cost of :		
	Quoted Investments		-
	Unquoted Investments		1.00
			<u><b>1.00</b></u>

(Rs. in Lacs)  
As at  
31st March, 2014

**NON-CURRENT ASSETS**
**2.12 LONG-TERM LOANS AND ADVANCES**

(Unsecured, Considered Good unless otherwise stated)

Capital Advances	333.55
Deposits and Balances with Government and other Authorities	43.79
Mat Credit Entitlement	78.91
Less : Utilised upto 31st March, 2014	(78.91)
Mat Credit Available	0.00
Other Deposits	7.70
	<u><b>385.04</b></u>

**2.13 OTHER NON-CURRENT ASSETS**

Long term Trade Receivables	13.60
	<u><b>13.60</b></u>

**CURRENT ASSETS**
**2.14 INVENTORIES**

Raw Materials	681.59
Work-in-progress (Note 4.1)	1,252.34
Consumable stores & spares & Fuel	228.16
Dies	952.21
Scrap	19.96
Finished Goods	317.90
	<u><b>3,452.17</b></u>

**2.14.1 Work in progress**

Forgings	1,252.34
Others	-
	<u><b>1,252.34</b></u>

**2.15 TRADE RECEIVABLES**

(Unsecured, Considered Good unless otherwise stated)

Outstanding for a period exceeding six months from the date they are due for payment.	3.37
Others	2,868.40
	<u><b>2,871.77</b></u>

**2.16 CASH AND CASH EQUIVALENTS**

Cash and Cash Equivalents	
Balances with Scheduled banks :	
In Current Accounts	22.77
In Fixed Deposits (pledged with Government Authorities and Banks)	11.99
Cash in Hand	1.14
	<u><b>35.90</b></u>

2.16.1 Lodged as security with Government Department

2.16.2 Interest accrued

**2.17 SHORT-TERM LOANS AND ADVANCES**

Unsecured (Considered Good unless otherwise stated)

Loans and Advances	803.06
(Export benefits, Balance with Excise & Sales Tax Dept.)	
Advance Income Tax (Net of Provision for Tax of Rs.538.48 Lacs)	38.54
(Previous Year Rs.301.70 Lacs)	
	<u><b>841.60</b></u>

# PRADEEP METALS LIMITED



## 2. NOTES FORMING PART OF BALANCE SHEET

### 2.10 FIXED ASSETS

(Rs. In Lacs)

FIXED ASSETS	GROSS BLOCK				DEPRECIATION/AMORTISATION				NET BLOCK	
	As At 01.04.2013	Additions	Deductions	As at 31.03.2014	As at 01.04.2013	For the year	Adjustment on Sales	As at 31.03.2014	As at 31.03.2014	As at 31.03.2013
<b>TANGIBLE ASSETS</b>										
Leasehold Land	55.81	-	-	55.81	-	-	-	-	55.81	55.81
Factory Buildings	355.34	-	-	355.34	168.69	11.87	-	180.56	174.78	186.65
Plant and Machinery	3,550.55	311.12	121.64	3,740.03	1,907.26	186.41	116.49	1,977.18	1,762.85	1,643.29
Furniture and Fixtures	37.88	0.60	3.70	34.78	22.48	1.38	2.94	20.92	13.86	15.40
Vehicles	69.05	-	0.47	68.58	31.34	6.48	0.47	37.35	31.23	37.71
<b>Total Tangible Assets</b>	<b>4,068.63</b>	<b>311.72</b>	<b>125.81</b>	<b>4,254.54</b>	<b>2,129.77</b>	<b>206.14</b>	<b>119.90</b>	<b>2,216.01</b>	<b>2,038.53</b>	<b>1,938.86</b>
<b>Previous Year</b>	<b>3936.72</b>	<b>136.48</b>	<b>4.57</b>	<b>4,068.63</b>	<b>1,933.95</b>	<b>199.76</b>	<b>3.94</b>	<b>2,129.77</b>	<b>1,938.86</b>	<b>1,838.41</b>
<b>INTANGIBLE ASSETS</b>	-	-	-	-	-	-	-	-	-	-
<b>Total Intangible Assets</b>	-	-	-	-	-	-	-	-	-	-
<b>Previous Year</b>	-	-	-	-	-	-	-	-	-	-
<b>Total Fixed Assets</b>	<b>4,068.63</b>	<b>311.72</b>	<b>125.81</b>	<b>4,254.54</b>	<b>2,129.77</b>	<b>206.14</b>	<b>119.90</b>	<b>2,216.01</b>	<b>2,038.53</b>	<b>1,938.86</b>
Capital work-in-progress (including Pre-operative Expenses)									179.20	38.22
Intangible Assets Under Development									-	-
									2,217.74	1,977.08

## 31st ANNUAL REPORT 2014

### 3. NOTES FORMING PART OF STATEMENT OF PROFIT AND LOSS

(Rs. in Lacs)  
Year Ended  
31st March 2014

#### 3.1 REVENUES

##### a) OPERATING REVENUES

##### Sale of Products

Export	6,676.90
Domestic	3,908.07
Job work/ Tooling Charges	76.11
Less: Excise Duty	564.67

**10,096.41**

##### b) OTHER OPERATING REVENUES

Export Incentives	157.66
Scrap Sales	1,012.64
Miscellaneous Receipts - Operating	5.58

**1,175.88**

**11,272.29**

#### 3.2 OTHER INCOME

Exchange Rate Difference (Net)	114.39
Interest on Bank and Other Accounts	8.34
Dividend (Gross) from Others	0.08

**122.81**

Profit on Sale of Fixed Assets (Net)	5.49
Miscellaneous Receipts - Non Operating	42.69

**170.99**

#### 3.3 COST OF MATERIALS CONSUMED

##### Raw Material

Opening Stock As on 1st April, 2013	532.32
Add : Purchases And Incidental Expenses	5,563.98
Less : Closing Stock As on 31st March, 2014	681.59

**5,414.71**

#### 3.4 PURCHASES OF STOCK-IN-TRADE

Others /Steel	168.09
---------------	--------

**168.09**

#### 3.5 INCREASE / DECREASE IN STOCKS

Opening Stock As on 1st April, 2013	
a. Processed Stock/Finished Goods	1,300.70
b. Scrap	27.20

**1,327.90**

Less : Closing Stock As on 31st March, 2014	
a. Processed Stock/Finished Goods	1,252.34
b. Scrap	19.96
c. Stock of Finished Goods	320.19

**1,592.49**

**(264.59)**



## 31st ANNUAL REPORT 2014

		(Rs. in Lacs)
		Year ended
		31st March, 2014
<b>3.6</b>	<b>EMPLOYEE BENEFITS EXPENSES</b>	
	Salaries	282.14
	Wages	1,041.38
	Contribution To Provident And Other Funds	49.52
	Staff Welfare Expenses	45.93
		<u>1,418.97</u>
<b>3.7</b>	<b>FINANCE COSTS</b>	
	Interest on Term Loans and Working Capital Facilities.	323.75
	Interest on Inter Corporate Deposit	7.13
	Other Interest	0.55
		<u>331.43</u>
<b>3.8</b>	<b>OTHER EXPENSES</b>	
	(A) Consumable stores and spares	540.53
	(B) Power, fuel and water	684.28
	(C) Rent	29.42
	(D) Repairs To Factory Buildings	37.87
	(E) Repairs To Machinery	62.07
	(F) Insurance	26.31
	(G) Dies Consumed / Written-off	400.52
	<b>(H) Miscellaneous Expenses (Refer note 3.8.1)</b>	<b>1,513.61</b>
		<u>3,294.61</u>
<b>3.8.1</b>	<b>Miscellaneous Expenses</b>	
	Payments to sub-contractors	442.41
	Inward Freight, Octroi and Other expenses	194.65
	Other administrative expenses	212.90
	Donation to Political Party	5.00
	Selling expenses	439.36
	Others	219.29
		<u>1,513.61</u>
<b>3.8.2</b>	<b>Auditors' Remuneration (Including service tax) charged to Statement of Profit and Loss account</b>	
	Audit fees	3.37
	Tax Audit fees	0.85
	For Consultation on Tax Matters	0.85
	Other Matters	1.20
	Reimbursement of expenses	0.27
		<u>6.54</u>

(Rs. in Lacs)  
Year Ended  
31st March, 2014

**3.9 Earnings Per Share:**

Net profit for the year from ordinary activities attributable to equity shareholders	569.87
	<u>569.87</u>
Weighted-average-number of potential equity shares on exercise of options	17,270,000
Basic Earnings Per Share (Face Value of ' 10 each)	<b>3.30</b>
- From ordinary activities	
Diluted Earnings Per Shares (Face Value of 10 each)	<b>3.30</b>
- From ordinary activities	

**4.1 Additional information details** (Rs. in Lacs)  
**4.1 Turnover and Stocks**

Products	Turnover	Stock
	31st March,2014	31st March,2014
01. Steel Forging work	9,861.81	1,252.34
02. Steel Trading	723.16	-
	<b>10,584.97</b>	<b>1,252.34</b>

As per our report of even date

**S.R. REGE & CO.**  
CHARTERED ACCOUNTANTS  
(Regn. No. 108813W)

**S.M. PATKI**  
PARTNER  
Membership No. 037690

Navi Mumbai  
10<sup>th</sup> May, 2014

**PRADEEP GOYAL** Chairman and Managing Director  
**NEERU GOYAL** Director  
**ABHINAY KAPOOR** Company Secretary

# 31st ANNUAL REPORT 2014

## Cash Flow Statement for the year ended 31st March, 2014

	<b>Rs in Lacs 2013-2014</b>
<b>A) Cash Flow from Operating Activities</b>	
Net profit before tax and exceptional items	873.92
Adjustment for :—	
Income Tax Adjustment For Prior Years	-
Depreciation	206.14
Loss on sale of Assets	-
Profit on sale of Assets	(5.49)
Dividend Received	(0.08)
Interest Expenses	331.43
Interest Income	(8.34)
Bad Debts Written Off	6.51
Misc. Expenditure Written Off	0.81
<b>Operating profit before Working Capital changes</b>	<b><u>1404.90</u></b>
Adjustment for	
Trade and Other Receivables	89.52
Inventories	(221.93)
Transfer From Capital Work in Progress	(127.37)
Trade Payable and other payables	(400.88)
Intragroup Trasaction Unrealised Gain	12.87
<b>Cash generated From Operations</b>	<b><u>757.11</u></b>
Interest Paid	(331.43)
Cash flow Before Extraordinary Items	425.68
Extraordinary Items	-
<b>Net Cash used in Operating Activities</b>	<b><u>425.68</u></b>
<b>B) Cash Flow From Investing Activities</b>	
Purchase Of Fixed Assets	(311.72)
Sale Of Fixed Assets	11.41
Interest received	8.34
Dividend Received	0.08
<b>Net Cash Flow From Investing Activities</b>	<b><u>(291.89)</u></b>
<b>C) Cash Flow from Financing Activities</b>	
Proceeds from Issue of Share Capital (Share Application Money)	
Proceeds from Issue of Share Capital	-
Premium Received On Issue of Share Capital	-
Redemption of OCCRP shares with premium	-
Proceeds from Advance Received Against Warrants	-
Proceeds from Working Capital Borrowings	297.98
Payment of Dividend - Equity Shares	(195.87)
Payment of Dividend - OCCRP	-
Proceeds From Other Borrowings (Net)	(200.00)
<b>Net Cash Flow From Investing Activities</b>	<b><u>(97.89)</u></b>
Net Increase In Cash and Cash Equivalents Flow From Investing Activities	35.90
Cash and Cash Equivalents As at 31/03/2013 (Opening Balance)	-
<b>Cash and Cash Equivalents As at 31/03/2014 (Closing Balance)</b>	<b><u>35.90</u></b>

**Notes :**

- 1) The Cash Flow statement has been prepared and presented as per the requirements of Accounting Standard (AS) 3" Cash Flow Statement" notified under the Company's (Accounting Standard) Rules, 2006.
- 2) Figures in brackets indicate Cash Outflow.
- 3) Previous year's figures have been regrouped, wherever necessary to conform to this year's classification.

As per our report of even date

**S.R. REGE & CO.**

CHARTERED ACCOUNTANTS  
(Regn. No. 108813W)

**S.M. PATKI**

PARTNER  
Membership No. 037690

Navi Mumbai  
10<sup>th</sup> May, 2014

**PRADEEP GOYAL**

**NEERU GOYAL**

**ABHINAY KAPOOR**

Chairman and Managing Director

Director

Company Secretary

BOOK-POST

*If undelivered, please return to :*

**PRADEEP METALS LIMITED**

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

CIN: L99999MH1982PLC026191