

IND	✓		BOC	✓
CS	✓		DEF	✓
RO	✓		DEV	✓
TRA	✓		AC	✓
ACMI	✓	✓	SHK	✓
VE	✓	✓		

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BOARD OF DIRECTORS

V.P. Goyal

Chairman & Managing Director

Pradeep Goyal

Jt. Managing Director

M.G. Damani

K.K. Nohria

R.D. Shroff

S.W. Patwardhan

Nominee of IDBI

Piyush Goyal

Whole Time Director

BANKERS

Union Bank of India

AUDITORS

S.R. Rege & Co.

Chartered Accountants

REGISTERED OFFICE

312A, Bezzola Complex, B-Wing

Sion-Trombay Road, Mumbai 400 071

Maharashtra

WORKS

D-3, Phase II, M.I.D.C.

Dombivili (East) 421 203

Maharashtra

R 205, M.I.D.C., TTC Indl. Area

Rabale, Navi Mumbai 400 701

Maharashtra

NOTICE

NOTICE IS HEREBY GIVEN THAT THE FOURTEENTH ANNUAL GENERAL MEETING OF PRADEEP METALS LIMITED will be held at Abalone, Bezzola Complex, Sion Trombay Road, Mumbai 400 071 on Thursday, 26th June, 1997 at 4.00 p.m. to transact the following business:

1. To receive and adopt the Directors' Report and Audited Profit and Loss Account for the 18-month period ended 31st March, 1997 and the Balance Sheet as at that date.
2. To appoint a Director in place of Shri Piyush Goyal who retires by rotation and is eligible for reappointment.
3. To appoint Auditors and fix their remuneration.

Special Business

4. To consider and, if thought fit, to pass with or without modification, the following Resolution as a Special Resolution:

"RESOLVED that the Registered Office of the Company be shifted from 312A, Bezzola Complex, B-Wing, Sion-Trombay Road, Mumbai 400 071 to R-205, M.I.D.C., T.T.C. Industrial Area, Rabale, Navi Mumbai 400 701 w.e.f. 27th June, 1997."

"RESOLVED FURTHER that Shri Pradeep Goyal and Shri Piyush Goyal, Directors of the Company be and are hereby severally authorised to do all such acts and things as may be necessary in this connection."

By Order of the Board

for Pradeep Metals Limited

V.P. Goyal

Chairman and Managing Director

Mumbai

26th May, 1997

Notes:

- (a) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ABOVE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER. THE PROXY IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
- (b) The Register of Members and Share Transfer Books of the Company will remain closed from 26th June, 1997 to 3rd July, 1997, both days inclusive.

(c) The relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of business under item 4 as set out above is annexed hereto.

(d) Members are requested to advise the Company immediately of any change in their address.

(e) Members desiring any information as regards the accounts and operations of the Company are requested to address their questions in writing to the Company at its Registered Office atleast 10 (ten) days before the meeting so as to enable the management to keep the information ready at the meeting.

(f) Members/Proxies are requested to bring their copy of the Annual Report to the meeting and the attendance slip duly filled in for attending the meeting.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 FORMING PART OF THE NOTICE DATED 26TH MAY, 1997.

Item 4:

The Company is having its Registered Office at Chembur, Mumbai. After completion of the factory building at Rabale, Navi Mumbai all the operations, including administration are carried out from there. The Managing Director and other working Directors are also operating from Rabale factory. It is, therefore, administratively convenient to shift the Registered Office of the Company to Rabale factory premises. The Registered Office will be shifted outside the local limits of Mumbai but within the state of Maharashtra.

Hence, as required by Sec. 146(2) of the Companies Act, 1956 and other applicable provisions, if any, a Special Resolution is proposed to that effect.

No Director of the Company is concerned or interested in the resolution.

By Order of the Board

for Pradeep Metals Limited

V.P. Goyal

Chairman and Managing Director

Mumbai

26th May, 1997



DIRECTORS' REPORT

To

The Shareholders:

Your Directors present the 14th Annual Report together with the audited accounts for the 18-month period ended 31st March, 1997.

FINANCIAL RESULTS:

	Rs.	Rs.
Profit before interest, depreciation and tax		53,273,305
Less		
a) Interest	48,367,283	
b) Depreciation	14,005,710	
c) Preliminary expenses written off	1,073,180	
d) Deferred Revenue expenses written off	576,301	64,022,474
Loss		(10,749,169)
Balance in Profit & Loss A/c Brought forward		10,998,953
Balance carried forward		249,784

DIVIDEND

In view of the loss during the period, your Directors are unable to recommend payment of any dividend.

EXTENSION OF ACCOUNTING YEAR

The Company's accounting year ended on 30th September every year. Under the Income Tax Act, 1961, the Company is required to prepare accounts as on 31st March. To avoid duplication of accounting work, it was decided to extend the current year by 6 months to end on 31st March, 1997 so as to conform to the Income Tax law. The requisite permissions have been received from the Registrar of Companies, Maharashtra.

BUSINESS ACTIVITIES

The closed die steel forging industry is a feeder mainly to the automobile and engineering industry. Due to liquidity problems in the industry, customers resorted to cutting down on their inventories which resulted in lower offtake of forging products.

During the period ended 31st March, 1997, the Company's sales and job work income increased by 22% (annualised). The operating results, however, were adversely affected by steep increase in the cost of raw material and higher interest burden.

EXPORTS:

Exports declined during this period. However, your Company developed several critical components for overseas customers. As a result, exports have now started picking up and are likely to do better in the current year.

QUALITY SYSTEMS

Your Company is the first forging unit in Mumbai to receive the prestigious ISO 9002 accreditation from TUV Bayern, Germany in February 1996.

The Company has received approval from the world

renowned automobile giant General Motors Corporation and has developed aluminium forgings for supply to their plant in USA.

Steps have been initiated to qualify for QS 9000 certification to create better acceptance in the international market.

RESEARCH AND DEVELOPMENT

Your Company has developed inhouse technology for manufacture of non-ferrous aluminium forgings. Demand for aluminium forgings is increasing in the aircraft and automobile sectors due to its light weight and several consequential benefits.

The investment in die shop equipment, pre-forging hammers, computerisation of die designing and MIS systems etc. initiated last year was completed during this period.

The Company is also setting up facilities for manufacture of Ring Rolled forgings. These are manufactured to near-net shape with high yield of input material resulting in economical production costs. The equipment has been installed and initial trials carried out.

FUTURE OUTLOOK

The product mix has now been changed to produce more intricate, profile forgings for OE markets as against replacement market. Extensive efforts and major investment on new products development, which is a time consuming and costly process, have now started yielding results.

Your Directors are hopeful that, barring unforeseen circumstances, the performance in the current year will be better.

COMPARISON OF PERFORMANCE AND PROSPECTUS FORECAST

As required under clause 43 of the Listing Agreement with the Stock Exchanges, the comparison of the forecast as per Prospectus dated 4th January, 1994 and actual performance is given below:

	Forecast (for the year ending 30/9/96)	Actuals (for the 18-month period ended 31/3/97)
	(Rs. in lakhs)	
Total Income	4668	3796
Profit/(Loss) after Tax	358	(107)

A delay of one year in project implementation coupled with lower offtake, as mentioned earlier, has been the main reason for lower sales than forecast in the prospectus. Lower sales and increased raw material cost and interest burden affected the profitability adversely.

DIRECTORS

Shri Piyush Goyal retires by rotation and being eligible offers himself for reappointment.

CHANGE IN REGISTERED OFFICE

The Registered Office of the Company is located at Chembur, Mumbai. At present all the operations, including finance and administration, are carried out from the plant office at Rabale, Navi Mumbai. The Managing Director and other