



PRADEEP METALS LIMITED

MD	✓		BKC	✓
CS	NA		DPY	NA
RO	✓		DIV	NA
TRA	✓		AC	✓
AGM	✓	✓	SHI	✓
YE	✓	✓		✓

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15th
ANNUAL REPORT
1998



PRADEEP METALS LIMITED



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

R-205, TTC Indl. Area, MIDC, Rabale
Thane Belapur Road, Navi Mumbai 400 701
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

PRADEEP METALS LIMITED**NOTICE**

NOTICE IS HEREBY GIVEN THAT THE FIFTEENTH ANNUAL GENERAL MEETING OF PRADEEP METALS LIMITED will be held at the Registered Office at R-205, TTC Industrial Area, MIDC, Rabale, Navi Mumbai 400 701 on Friday, 14th August, 1998 at 3.00 p.m. to transact the following business:

1. To receive and adopt the Directors' Report and Audited Profit and Loss Account for the year ended 31st March, 1998 and the Balance Sheet as at that date.
2. To appoint a Director in place of Shri M.G. Damani who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Shri Pradeep Goyal who retires by rotation and being eligible offers himself for reappointment.
4. To appoint Auditors and fix their remuneration.

By Order of the Board
for **Pradeep Metals Limited**
V.P. Goyal
Chairman and Managing Director

Mumbai
30th June, 1998

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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. 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 Transfer Books of the Company will remain closed from 14th August, 1998 to 21st August, 1998, both days inclusive.
- (c) Members are requested to intimate any change in their address to the Company immediately.
- (d) Members who hold shares in identical order of names in more than one Folio are requested to write to the Company to enable consolidation of their holdings in one Folio.
- (e) Members are requested to intimate to the Company details, if any, required in relation to this Annual Report atleast 7 (seven) days before the meeting to enable the Management to keep the information ready at the meeting.
- (f) All documents referred to in the accompanying notice are open for inspection at the Registered Office of the Company on all working days between 11.00 a.m to 1.00 p.m upto the date of the Annual General Meeting except on Sundays and other holidays.
- (g) Members/Proxies are requested to bring their copies of the Annual Report to the meeting and the attendance slip duly filled in for attending the meeting.
- (h) Members are requested to note that Intime Share Services Pvt. Ltd, 260A, Shanti Indl. Estate, Sarojini Naidu Road, Mulund West, Mumbai 400 080, are the Registrars and Share Transfer Agents of the Company, with effect from 1st April, 1998.

15th ANNUAL REPORT 1998**DIRECTORS' REPORT**

To

The Shareholders:

Your Directors present the 15th Annual Report together with the audited accounts for the year ended 31st March, 1998.

FINANCIAL RESULTS:

	Rs.	Rs.
Profit before interest, depreciation and tax		19,863,744
Less		
a) Interest	41,885,783	
b) Depreciation	10,744,390	
c) Preliminary expenses written off	973,778	
d) Deferred Revenue expenses written off	1,164,213	54,768,164
Loss		(34,904,420)
Balance in Profit & Loss A/c Brought forward		249,784
Balance carried forward		(34,654,636)

DIVIDEND

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

BUSINESS ACTIVITIES

The Company is catering mainly to the automobile and engineering industry. Due to severe demand recession in these industries, customers have cut down their offtake of forging products which resulted in lower sales in the domestic market.

The Dombivli unit was closed due to strike by the workmen from 12th October, 1997 to 12th January, 1998. An amicable settlement was signed and the plant is now operating smoothly.

The commissioning of the project of Ring Rolling plant has been delayed due to adverse market conditions.

During the year the Company's sales and job work income increased by 16% (annualised); the operating results, however, were adversely affected by lower unit sales realisation and higher interest burden.

EXPORTS:

The development of several new products for the overseas customers resulted in a substantial increase in exports. Exports have gone up by 103% (annualised).

QUALITY SYSTEMS

Your Company was the first forging unit in Mumbai to receive the prestigious ISO 9002 accreditation from TUV Bayern, Germany and is recognised by the Government of India as a Well Known Forge Shop for supply of boiler grade forgings. The Company is also approved for supply of forgings for boiler application in Canada.

Steps have been initiated to qualify for AD-WO approval for exports to Germany and QS 9000 certification to create better acceptance in the automobile market.

FUTURE OUTLOOK

The overall industry outlook for the current year is not encouraging considering the present market situation and the world-wide demand recession. The domestic economy will take some time to revive and exports are facing tremendous price competition from the South East Asian countries. However, the change in product mix has now started yielding results with greater penetration in the non-automobile sector.

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

DIRECTORS

Shri Pradeep Goyal and Shri M.G. Damani retire by rotation and being eligible offer themselves for reappointment.

CONSERVATION OF ENERGY

The additional information pertaining to conservation of energy, absorption of technology and foreign exchange earnings and outgo as required under Sec. 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in Report of Board of Directors) Rules 1988 are given in the Annexure and form an integral part of this Report.

AUDITORS

M/s S.R. Rege & Co., Chartered Accountants, retire at the conclusion of the ensuing Annual General Meeting and being eligible offer themselves for reappointment. The Company has received a certificate from them to the effect that the reappointment, if made, would be in accordance with Sec. 224 (1B) of the Companies Act, 1956.

ACKNOWLEDGEMENT

Your Directors wish to express their gratitude for the assistance and co-operation received from IDBI, ICICI, Union Bank of India, Dombivli Nagari Sahakari Bank Ltd, The Thane Janata Sahakari Bank Ltd, MSEB, MIDC, Navi Mumbai Municipal Corporation, Kalyan Municipal Corporation and other government and semi-government authorities, corporations and institutions. 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.

For and on behalf of the Board of Directors

V.P. Goyal

Chairman & Managing Director

Mumbai
30th June, 1998