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PRADEEP METALS LIMITED

PRADEEP METALS LIMITED



BOARD OF DIRECTORS

V. P. Goyal

Chairman

Pradeep Goyal

Jt. Managing Director

M. G. Damani

K. K. Nohria

R. D. Shroff

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,

Navi Mumbai 400 701

Maharashtra

WORKS

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

Dombivli (East) - 421 203

Maharashtra

R-205, TTC Indl. Area, MIDC Rabale,

Navi Mumbai 400 701

Maharashtra

17th ANNUAL REPORT 2000**NOTICE**

NOTICE IS HEREBY GIVEN THAT THE SEVENTEENTH ANNUAL GENERAL MEETING OF PRADEEP METALS LIMITED will be held at the Registered Office at R-205, TTC Industrial Area, MIDC, Rabale, Navi Mumbai 400 701 on Tuesday, 14th November, 2000, at 3 p.m. to transact the following business :

Ordinary Business

1. To receive and adopt the Directors' Report, Auditors Report and Audited Profit and Loss Account for the year ended 31st March, 2000 and the Balance Sheet as at that date.
2. To appoint a Director in place of Shri Piyush Goyal who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Shri M.G. Damani who retires by rotation and being eligible offers himself for reappointment.
4. To appoint Auditors and fix their remuneration :
To consider and if thought fit, to pass with or without modification the following resolution as a Special Resolution :
"RESOLVED THAT M/s. S.R. Rege & Co., Chartered Accountants, be and are hereby appointed as Auditors of the Company for the financial year 2000-2001 to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on a remuneration as may be fixed by the Board of Directors and that they be entitled to fees as agreed upon for any other consultation or certification work as may be required plus out of pocket expenses at actuals and service tax, if applicable".

Special Business :

5. To consider and, if thought fit, to pass with or without modification, the following Resolution as a Special Resolution :
"RESOLVED THAT pursuant to Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 and the Articles of Association and Memorandum of Association of the Company and in accordance with the consent, approvals and sanctions of the Government of India, Securities and Exchange Board of India, financial institutions and Stock Exchanges and all other concerned authorities, if and to the extent necessary and such other consents, approvals and permissions and sanctions as may be necessary and subject to such conditions, modifications as may be prescribed in granting such consent, approval, permission and sanction and as may be agreed to by the Board of Directors (herein referred to as 'the Board') the consent, authority and the approval of the Company, be and is hereby accorded to the Board to issue and allot on private placement basis, from time to time in one or more tranches, 19,800 *Optionally Convertible Cumulative Redeemable Preference Shares* of face value Rs. 100/- each being the price determined in accordance with the guidelines on preferential issues dated August 4, 1994 issued by SEBI, aggregating Rs. 19,80,000/-, to ICICI Ltd."
"RESOLVED FURTHER THAT in case of ICICI Ltd. exercising the option of conversion of preference shares into equity shares, the rate of conversion will be Rs. 10 per share provided this rate is not less than the higher of the following :
a) The average of weekly high and low of the closing prices of Company's equity shares quoted on the Stock Exchange, Mumbai during the six months preceding 14th October, 2000.
OR
b) The average of weekly high and low of the closing prices

of Company's equity shares quoted on the Stock Exchange, Mumbai during the two weeks preceding 14th October, 2000."

"RESOLVED FURTHER THAT the Board, be and is hereby authorised, in consultation with ICICI Ltd. and/or any other authority as may be applicable, to vary, change, accept any terms and conditions, including rate of dividend, redemption period, manner of redemption and all other related and incidental matters, of the issue, as the Board at its absolute discretion thinks fit."

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board, be and is hereby authorised to take such steps and to do all such acts, deeds as deemed fit by the Board."

6. To consider and if thought fit to pass, with or without modification, the following resolution as a Special Resolution :
"RESOLVED THAT pursuant to Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 and the Articles of Association and Memorandum of Association of the Company and in accordance with the consent, approvals and sanctions of the Government of India, Reserve Bank of India, Securities and Exchange Board of India, financial institutions and Stock Exchanges and all other concerned authorities, if and to the extent necessary and such other consent, approvals and permissions and sanctions as may be necessary and subject to such conditions, modifications as may be prescribed in granting such consent, approval, permission and sanction and as may be agreed to by the Board of Directors (herein referred to as 'the Board') the consent, authority and the approval of the Company, be and is hereby accorded to the Board to issue and allot at par, on private placement basis, from time to time in one or more tranches, upto 8,00,000 equity shares of face value Rs. 10/- each being the price determined in accordance with the guidelines on preferential issues dated August 4, 1994 issued by SEBI, for cash aggregating Rs. 80,00,000/- to the following :
a) Smt. Seema Goyal - Upto 2,00,000 equity shares of Rs. 10 each aggregating Rs. 20,00,000/-
b) Smt. Neeru Goyal - Upto 2,00,000 equity shares of Rs. 10 each aggregating Rs. 20,00,000/-
c) M/s. Sanchay Holdings Pvt. Ltd. - Upto 4,00,000 equity shares of Rs. 10 each aggregating Rs. 40,00,000/-
"RESOLVED FURTHER THAT
a) The offer, issue and the allotment of aforesaid equity shares shall be made by the Board in its absolute discretion, subject however to applicable guidelines, notifications, rules and regulations.
b) The equity shares to be issued by the Company as stated above shall rank *pari passu* with all its existing shares of the company.
c) The Board be and is hereby authorised to decide such other terms and conditions of the issue of the above mentioned equity shares as may be required."
"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board, be and is hereby authorised to take such steps and to do all such acts, deeds as deemed fit by the Board."
7. To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution.
"RESOLVED THAT subject to the provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactments thereof for the time being in force and as may be enacted hereinafter), Securities Contracts

PRADEEP METALS LIMITED

(Regulation) Act, 1956, and the Rules framed thereunder, Listing Agreements, and all other applicable laws, rules, regulations and guidelines and subject to such approvals, permissions and sanctions, as may be necessary and subject to such conditions and modification as may be prescribed or imposed by any authority while granting such approvals, permissions and sanctions, which the Board of Directors of the Company (hereinafter referred as "the Board") be and is hereby authorised to agree to if acceptable to the Board, the consent of the Company be and is hereby accorded to the Board to delist the equity shares of the Company from The Stock Exchange, Ahmedabad".

8. To consider and if thought fit, to pass with or without modifications, the following resolution as a Special Resolution.

"RESOLVED THAT subject to the provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactments thereof for the time being in force and as may be enacted hereinafter), Securities Contracts (Regulation) Act, 1956, and the Rules framed thereunder, Listing Agreements, and all other applicable laws, rules, regulations and guidelines and subject to such approvals, permissions and sanctions, as may be necessary and subject to such conditions and modification as may be prescribed or imposed by any authority while granting such approvals, permissions and sanctions, which the Board of Directors of the Company (hereinafter referred as "the Board") be and is hereby authorised to agree to if acceptable to the Board, the consent of the Company be and is hereby accorded to the Board to delist the equity shares of the Company from The Delhi Stock Exchange Association Limited, Delhi".

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

"RESOLVED THAT in accordance with the provisions of Section 198, 269, 309, 310, Schedule XIII and other applicable provisions (if any) of the Companies Act, 1956, the consent of the Company be and is hereby accorded to the appointment of Shri Pradeep Goyal as Managing Director of the Company for a period of 5 years, with effect from 17th December, 2000 on the terms and conditions set out in the Explanatory Statement annexed hereto and that he be paid by way of salary and perquisites as set out in the explanatory statement".

"RESOLVED FURTHER THAT the Board of Directors be and are hereby authorised to enhance, enlarge, alter or vary the scope and quantum of remuneration and perquisites to Shri Pradeep Goyal as it may deem proper from time to time, considering the nature and scope of his activities, as shall be permissible and in conformity with Schedule XIII and other applicable provisions of the Companies Act, 1956.

"RESOLVED FURTHER THAT the Board of Directors be and are hereby authorised to enter into an Agreement between the Company and Shri Pradeep Goyal."

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

Mumbai
October 20, 2000

V. P. GOYAL
CHAIRMAN

Notes:

- (a) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF. THE PROXY NEED NOT BE A MEMBER. THE PROXY IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
- (b) The relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of business under items 4 to 9 as set out above is annexed hereto.
- (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 and Explanatory Statement, are open for inspection at the Registered Office of the Company on all working days between 11.00 a.m to 1.00 p.m. upto the date of the Annual General Meeting except on Sundays and other holidays.
- (g) Members/Proxies are requested to bring their copies of the Annual Report to the meeting.
- (h) As per the provisions of the amended Companies Act, 1956, facility for making nominations is now available for shareholders in respect of shares held by them. Nomination forms can be obtained from the registered office of the Company.
- (i) Registrar and Transfer Agents of the Company are Intime Spectrum Registry Pvt. Ltd., 260A, Shanti Industrial Estate, Mulund (West), Mumbai 400 080.
- (j) The Company's Equity Shares are the scripts which the Securities and Exchange Board of India (SEBI) has specified for settlement only in dematerialised form by all investors.

Explanatory Statement Under Section 173(2) of the Companies Act, 1956 forming part of the Notice dated October 20, 2000

Item No. 4

Section 224 of the Companies Act, 1956, provides that in the case of a company in which not less than 25% of the subscribed share capital is held either singly or jointly by Public Financial Institutions, Government Companies, etc; the appointment or re-appointment of an auditor of that company has to be made by a Special Resolution.

In the case of the Company, the current shareholding of the aforesaid bodies is more than 25% of the subscribed share capital and hence special resolution is required for the appointment of Company's auditors.

The Board of Directors recommends the acceptance of the resolution. None of the Directors of the Company is concerned or interested in the resolution.

Item No. 5

ICICI Ltd (hereinafter referred as "ICICI") had extended a Rupee Term Loan of Rs. 240 lakhs. In response to your Company's request and due to erosion of peak net worth of the Company by more than 50%, ICICI has agreed to the

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proposal of the Company for One Time Settlement. The term of One Time Settlement, among other terms and conditions, stipulate that out of the outstanding principal of Rs.1,98,00,000/- , Rs. 1,78,20,000/- shall be paid by the Company to ICICI in instalments upto 30th September, 2000 and the balance Rs. 19,80,000/- will be converted into 10% Optionally Convertible Cumulative Redeemable Preference Shares of 100/- each. These preference shares will be redeemable at par on 1st April, 2003. The simple interest, compound interest, liquidated damages as on 31/03/2000 shall be waived. ICICI will retain right to convert the entire or part of preference shares into equity shares at par, during the currency of the preference shares. 14th October, 2000 is the relevant date as defined in "Guidelines for Preferential Issues" by Securities and Exchange Board of India with reference to which price of the resultant equity shares has been calculated. Section 81 (1A) of the Companies Act, 1956 provides, inter alia, that when it is proposed to increase the subscribed capital of the Company by way of allotment of further shares, such further shares will be offered to the existing shareholders of the Company in the manner laid down in Section 81, unless the shareholders in their general meeting decide otherwise. The consent of the shareholders is, therefore, being sought by way of a special resolution for the issue and allotment of preference shares by private placement to ICICI.

The Board of Directors recommends the acceptance of the resolution. None of the Directors of the Company is concerned or interested in the resolution.

Item 6

Due to cash losses incurred by the Company in last four years, the Company is facing liquidity problems. In order to make payment of dues of financial institutions and to strengthen the long term working capital needs, the Company proposes to increase its capital base. Section 81(1A) of the Companies Act, 1956 provides that when it is proposed to increase the subscribed capital of the Company by way of allotment of further shares, such further shares will be offered to the existing shareholders of the Company in the manner laid down in Section 81, unless shareholders in their general meeting decide otherwise. The consent of the shareholders is, therefore, being sought by Special Resolution of the issue and allotment of equity shares by private placement of, upto 8,00,000 equity shares of Rs. 10 each aggregating Rs. 80,00,000/-

Exemption under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 :

For the purpose of availing exemption under regulation 3(1)(c) of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, the following disclosure is made :

1) Allottee Details-Identity of the Acquirers / proposed allottees

- Smt. Seema Goyal is a businesswoman carrying on business in Mumbai. She is relative of the existing promoters and directors of the Company - Shri Piyush Goyal, Shri Pradeep Goyal and Shri V.P. Goyal. Therefore, the existing promoters and Smt. Neeru Goyal (proposed allottee) may be deemed to be acting in concert with her.
- Smt. Neeru Goyal is a businesswoman carrying on business in Mumbai. She is relative of the existing

promoters and directors of the Company - Shri Pradeep Goyal, Shri Piyush Goyal and Shri V.P. Goyal. Therefore, the existing promoters and Smt. Seema Goyal (proposed allottee) may be deemed to be acting in concert with her.

- M/s. Sanchay Holdings Pvt. Ltd. is a company having its principal place of business at Mumbai. It is an investment company and is promoted by Shri Ashok Chokhani and Shri Ramesh Chokhani. There is no relationship between Sanchay Holdings Pvt. Ltd. and existing promoters of the Company and also with other proposed allottees i.e. Smt. Seema Goyal and Smt. Neeru Goyal.

2) Acquisition details

- The Company proposes to issue upto 8,00,000 fully paid equity shares of the Company representing 6.15% of the enhanced share capital of the company, pursuant to the special resolution under section 81(1A) of the Companies Act, 1956. The enhanced share capital includes existing Optionally Convertible Cumulative Redeemable Preference Shares (herein referred to as OCCRPS) of Rs. 5 crores and proposed issue of OCCRPS of Rs. 19,80,000/- to ICICI Ltd. If the enhanced equity capital is only considered, then percentage works out to be 10.20%.

- The number and percentage of shares proposed to be allotted to each of the proposed allottee -

Name	No. of Equity Shares	% of enhanced equity capital	% of enhanced capital including existing and proposed OCCRPS
Smt. Seema Goyal	2,00,000	2.55	1.54
Smt. Neeru Goyal	2,00,000	2.55	1.54
Sanchay Holdings Pvt. Ltd.	4,00,000	5.10	3.07
Total	8,00,000	10.20	6.15

- As stated above, the allotment is proposed at the price of Rs. 10 per share which is in accordance with the guidelines issued by SEBI on preferential issues dated August 4, 1994.

- Purpose of and reason of the said allotment

Your Company has incurred cash losses in the last 4 years and liquidity problems are faced by the Company. The purpose of this allotment is to pay the dues of financial institution and strengthen the long term working capital needs of the Company. This proposed issue of capital will reduce the cost of interest and the losses incurred by the Company.

- Consequential change, if any, in the Board of Directors

Consequent to this allotment/issue of the equity shares, no new directors are proposed to be included in the Board and therefore, there will be no change in the Board of Directors.

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f) Consequential changes in voting rights and shareholding pattern

Category	Pre-allotment in terms of shares			Post-allotment in terms of shares		
	Number of shares	% of equity capital	% of capital when OCCRPS are considered	Number of shares	% of equity capital	% of capital when OCCRPS are considered
1	2	3	4	5	6	7
1) Promoter's Group						
a) Acquirers						
Smt. Seema Goyal	55000	0.78	0.45	255000	3.25	1.95
Smt. Neeru Goyal	75400	1.06	0.63	275400	3.51	2.11
b) Others	1231300	17.46	10.22	1231300	15.68	9.44
c) Total for Promoter's Group	1361700	19.30	11.30	1761700	22.44	13.50
2) Sanchay Holdings Pvt. Ltd.	30000	0.42	0.25	430000	5.47	3.30
3) MFs/FIs/FILs	131600	1.87	42.59	131600	1.68	40.85
4) Public	5526700	78.41	45.86	5526700	70.41	42.35
Total	7050000	100	100	7850000	100	100

The above mentioned total number of shares (pre-allotment and post allotment) mentioned in column No. 2 & 5 do not include existing 5,00,000 OCCRPS of Rs. 100 each aggregating Rs. 5,00,00,000/- and proposed issue of 19,800 OCCRPS of Rs. 100 each aggregating Rs. 19,80,000/- to ICICI Ltd. The percentage of voting rights, therefore, mentioned in column No. 3 & 6 are without considering the OCCRPS. In case the existing and proposed issue of OCCRPS are considered, then the percentage of voting rights would be as mentioned in column No. 4 & 7.

g) Voting rights would change in tandem with the shareholding pattern of the company which is given below :

Category	Voting rights before allotment		Voting rights after allotment	
	% of equity capital	% of capital including OCCRPS	% of equity capital	% of capital including OCCRPS
1	2	3	4	5
1) Promoter's Group				
a) Acquirers				
Smt. Seema Goyal	0.78	0.45	3.25	1.95
Smt. Neeru Goyal	1.06	0.63	3.51	2.11
b) Others	17.46	10.22	15.68	9.44
c) Total for Promoters Group	19.30	11.30	22.44	13.50
2) Sanchay Holdings Pvt. Ltd.	0.42	0.25	5.47	3.30
3) MFs/FIs/FILs	1.87	42.59	1.68	40.85
4) Public	78.41	45.86	70.41	42.35
Total	100	100	100	100

The percentage of voting rights would change as mentioned in column No. 3 & 5 when OCCRPS are considered.

h) There will be no change in the control over the company after this allotment.

The Board recommends the resolution for your approval. Shri V.P. Goyal, Shri Pradeep Goyal and Shri Piyush Goyal, Directors of the company are concerned or interested in the resolution to the extent of their shareholding and proposed allotment to their relatives. Other Directors are concerned or interested in the resolution to the extent of their shareholding.

Item No. 7 & 8

Presently, the Company's equity shares are listed on the following three Stock Exchanges in India :

- 1) The Stock Exchange, Mumbai
- 2) The Stock Exchange, Ahmedabad
- 3) The Delhi Stock Exchange Association Ltd, Delhi

With the extensive networking of The Stock Exchange, Mumbai (BSE) and the extension of the BSE terminals to other cities as well, investors have access to online dealings in the Company's securities across the country. The bulk of the trading in the Company's equity shares in any case takes place on the BSE, and the depth and liquidity of trading in the Company's securities on the Ahmedabad Stock Exchange and The Delhi Stock Exchange Association Ltd is much lower.

The Company's Equity Shares are the scripts which the Securities and Exchange Board of India (SEBI) has specified for settlement only in dematerialised form by all investors, effective 24th July, 2000.

It is also observed that the listing fees paid to the Ahmedabad Stock Exchange and also to Delhi Stock Exchange is higher, and as stated herein, the trading volumes and liquidity are low compared to the BSE.

The Company has incurred losses in last few years and faces a liquidity crunch. Certain shareholders have suggested this delisting as a part of its cost reduction measures. The Company has proposed this resolution which will enable it to delist its equity shares from the Stock Exchanges, Ahmedabad and Delhi at an appropriate time in the future.

In line with the SEBI regulations, members' approval is being sought by a Special Resolution for enabling voluntary delisting of its equity shares from the said Stock Exchanges.

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The Company is also separately giving Special Notice of the proposed enabling resolution for the said delisting in one National Newspaper and one circulating in the region of The Stock Exchange, Ahmedabad and Delhi Stock Exchange Association Ltd. The proposed delisting of the Company's equity shares from The Stock Exchange, Ahmedabad and The Delhi Stock Exchange Association Ltd., as and when the same take place, will not adversely affect the investors. The Company's equity shares will continue to be listed with The Stock Exchange, Mumbai. The delisting will take effect after all approvals, permissions and sanctions are received. The exact date on which delisting will take effect will be suitably notified at that time.

Your Directors recommend the Special Resolution for approval of the members.

None of the Directors of the Company is, in any way, concerned or interested in the resolution.

Item No. 9

Resolutions under item No. 9 of the Notice relates to the appointment of Shri Pradeep Goyal as Managing Director of the Company for the period of 5 years with effect from 17th December, 2000 and approval of his remuneration and terms of appointment.

At the Annual General Meeting held on 29th December, 1995, the Company had given its consent to the appointment of Shri Pradeep Goyal as Jt. Managing Director w.e.f. 17th December, 1995, for a period of 5 years. The term of his office is due to expire on 16th December, 2000. Shri Pradeep Goyal is a Metallurgist from IIT, Kanpur with Masters degree in Material Science & Engineering from M.I.T., Cambridge, USA. He has got wide experience in various fields such as manufacturing, marketing, quality control, technical aspects of the business etc.

Schedule XIII to Companies Act, 1956 permits the Company to pay remuneration upto 5% of the net profits of the Company to one of the managerial person and 10% of the net profits of the Company to all managerial persons together. Within the overall ceiling, there would be no restriction on the nature and quantum of remuneration payable by the Company.

In case of absence or inadequacy of the profits, the Company with an effective capital of Rs. 15 crores or more can pay monthly remuneration not exceeding Rs. 87,500.

The salary and the perquisites payable to Shri Pradeep Goyal is as mentioned herebelow with an authority to the Board of Directors to enhance, enlarge, alter or vary the quantum of the remuneration and perquisites in conformity with Schedule XIII and relevant provisions of the Companies Act, 1956.

The material terms of remuneration payable to Shri Pradeep Goyal in accordance with Para II of the Schedule are as under :

Salary - Rs 40,000/- per month.

Perquisites - He shall be entitled to the following perquisites in addition to the Salary.

i) Housing

- a) The expenditure by the Company on hiring furnished accommodation subject to the ceiling of 60% of the salary over and above 10% payable by him.
- b) The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income-Tax Rules, 1962.

ii) Medical Reimbursement

Actual expenses incurred for him and his family shall be reimbursed.

iii) Leave Travel Concession

Expenses incurred by him and his family once in a year in accordance with the rules of the Company.

iv) Club Fees

Fees of maximum of two clubs.

v) Personal Accident Insurance

Personal accident insurance of an amount, annual premium of which does not exceed Rs. 10,000/-.

- vi) Provision of car for use on Company's business and telephone at residence. However, this will not be considered as perquisites. Personal long distance calls and use of car for private purposes shall be billed by the Company to him.

Shri Pradeep Goyal shall also be eligible for the following perquisites, which shall not be included in the computation of the ceiling on remuneration :

- i) Company's contribution towards Provident Fund / Superannuation / Annuity Fund to the extent these either singly or put together are not taxable under Income Tax Act, 1961.
- ii) Gratuity not exceeding half month's salary for each completed year of service.
- iii) Privilege Leave on full pay and allowances as per Company's rules, not more than one month's leave for every eleven months' service. He shall be entitled to encash unavailed leave at the end of his tenure.

In the event of loss or inadequacy of the profits in any year, Shri Pradeep Goyal shall be entitled to remuneration by way of salary and perquisites mentioned above as minimum remuneration subject to the condition that it shall not exceed the limits prescribed in Schedule XIII of the Companies Act, 1956.

No sitting fees will be payable to the Managing Director for any meeting of the Board of Directors or any Committee thereof.

Shri Pradeep Goyal is concerned or interested in the resolution. Shri V. P. Goyal and Shri Piyush Goyal being relatives of Shri Pradeep Goyal are concerned or interested in the resolution to that extent. None of the other Directors is concerned or interested in the resolution.

The Board commends the passing of the resolution.

The above explanatory statement may be treated as an abstract of material terms and conditions of the contract with the Managing Director and memorandum of interest u/s 302 of the Companies Act, 1956.

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

V. P. GOYAL
CHAIRMAN

Mumbai
October 20, 2000