



Report  junction.com

21st
ANNUAL
REPORT
2003-04

PRADEEP METALS LIMITED

PRADEEP METALS LIMITED



BOARD OF DIRECTORS

Pradeep Goyal

Chairman & Managing Director

R.D. Shroff

O.P. Agarwal

R.K. Agarwal

R.K. Mittal

Dinesh Parekh

K.S. Baidwan

Spl. Director (BIFR)

BANKERS

Union Bank of India

AUDITORS

S.R.Rege & Co.

Chartered Accountants

REGISTERED OFFICE & WORKS

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

21st ANNUAL REPORT 2004**NOTICE**

NOTICE is hereby given that the Twenty First Annual General Meeting of **PRADEEP METALS LIMITED** will be held at R - 205, T.T.C. Industrial Area, M.I.D.C., Rabale, Navi Mumbai-400701, on Friday, the 24th September, 2004, at 4.00 p.m. to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the Directors' Report, Auditors Report and Audited Profit and Loss Account for the year ended 31st March, 2004 and the Balance Sheet as at that date.
2. To appoint a Director in the place of Shri Pradeep Goyal, who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in the place of Shri Omprakash Agarwal, who retires by rotation and, being eligible, offers himself for re-appointment.

Special Business :

4. To take a note on appointment of Shri K.S. Baidwan who was appointed by the Board for Industrial & Financial Reconstruction (BIFR) as a Special Director under section 16(4) of the Sick Industrial Companies (Special Provisions) Act, 1985.

Special Resolution :

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

"RESOLVED THAT in terms of Section 224A of the Companies Act, 1956 M/s. S. R. Rege & Co., Chartered Accountants, be and are hereby re-appointed as Auditors of the Company to hold office from the conclusion of the 21st Annual General Meeting until the conclusion of the 22nd Annual General Meeting of the Company on a remuneration as may be fixed by the Board of Directors after taking into consideration volume of the work involved."

6. To consider and, if thought fit, to pass, with or without modification(s), the following

resolution as a **SPECIAL RESOLUTION** :

"RESOLVED THAT the Company do take steps so as to delist the Shares of the Company from The Delhi Stock Exchange Association Limited and The Stock Exchange-Ahmedabad in accordance with the provisions of the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all such acts, deeds, things and matters as may be relevant, usual, proper, incidental or consequential thereto."

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

RESOLVED THAT pursuant to the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 and subject to the Guidelines for Preferential Issues issued under the Securities and Exchange Board of India ("SEBI") (Disclosure & Investor Protection) Guidelines, 2000 ("Guidelines"), the Articles of Association of the Company and subject to such approvals, permissions, consents and/or sanctions as may be necessary from Government of India ("GOI"), Reserve Bank of India ("RBI"), and any other appropriate authority, institution or body and subject also to such terms and conditions as may be prescribed by any of them in granting such approvals, permissions, consents and/or sanctions and agreed to by the Board of Directors of the Company (hereinafter called "the Board" which term shall be deemed to include any Committee which the Board may have constituted or hereafter constitute to exercise its powers including the powers conferred by this Resolution), consent, authority and approval of the Company be and is hereby accorded to the Board to issue and offer upto 21,40,000 Equity Shares of the Company for an aggregate face value of Equity Shares not exceeding Rs. 2,14,00,000/- (Rupees Two Crore Fourteen

PRADEEP METALS LIMITED

Lacs) i.e. 21,40,000 Equity Shares of Rs. 10/- (Rupees Ten) each, to the following Individuals, Body Corporate or Non-Resident Indians (NRI's) who are not related or concerned with the Company's promoters group and also not related/concerned among themselves.

- 1) MECOY INDUSTRIES LTD. - upto 2,90,000 (Two Lacs Ninety Thousand) Equity Shares of Rs.10/- (Rupees Ten) each aggregating to Rs. 29,00,000/- (Rupees Twenty Nine Lacs).
- 2) SANCHAY HOLDING PVT. LTD. - upto 1,00,000 (One Lac) Equity Shares of Rs.10/- (Rupees Ten) each aggregating to Rs. 10,00,000 (Rupees Ten Lacs).
- 3) SHRI HITESH C. HARIA - upto 2,50,000 (Two Lacs Fifty Thousand) Equity Shares of Rs.10/- (Rupees Ten) each aggregating to Rs. 25,00,000/- (Rupees Twenty Five Lacs).
- 4) SHRI PADAM KUMAR BAID – upto 15,00,000 (Fifteen Lacs) Equity Shares of Rs.10/- (Rupees Ten) each aggregating to Rs. 1,50,00,000/- (Rupees One Crore Fifty Lacs).

RESOLVED FURTHER THAT the aforesaid Equity Shares be allotted at a price not less than the higher of :

- (i) the average of the weekly high and low of the closing prices of the Equity Shares quoted on the Stock Exchange during the six months preceding the "Relevant Date" :
or
- (ii) the average price of the weekly high and low of the closing price of the Equity Shares quoted on the Stock Exchange during the two weeks preceding the "Relevant Date".

The "Relevant Date" shall be the date thirty days prior to the date of this meeting.

RESOLVED FURTHER THAT the allotment of Equity Shares pursuant to this resolution shall be completed within a period of three months from the date of passing of this resolution.

RESOLVED FURTHER THAT the provisions relating to restrictions on transferability of Equity Shares as specified in the Guidelines, as may be applicable, shall be adhered to.

RESOLVED FURTHER THAT the Equity Shares so issued and allotted shall rank pari-passu in all respects with the existing Equity Shares of the Company except that they shall be entitled to pro-rata dividend for the financial year in which they are allotted.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all such acts, deeds, things and matters as may be relevant, usual, proper, incidental or consequential thereto.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to settle any question or difficulty or doubt that may arise, as the Board may in its absolute discretion deem fit in the interest of the Company."

RESOLVED FURTHER THAT any allotment of shares within the limits aforesaid will not require the approval of members unless resolved otherwise."

By Order of the Board of Directors

Pradeep Goyal
Chairman & Managing Director

19th August, 2004

REGISTERED OFFICE:

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

21st ANNUAL REPORT 2004**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 Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of business under Item 5,6 and 7 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) Registrar and Transfer Agents of the Company are Intime Spectrum Registry Ltd., C-13, Pannalal Silk Mill Compound, L.B.S. Marg, Bhandup West, Mumbai 400 078
- (i) The Company's Equity Shares have been specified by the Securities and Exchange Board of India (SEBI) for settlement in demat form.

Report Junction.com

PRADEEP METALS LIMITED**EXPLANATORY STATEMENT**

Explanatory Statement under Section 173(2) of the Companies Act, 1956 forming part of the Notice dated 19th August, 2004.

Item No. 5:

Pursuant to Section 224A of the Companies Act, 1956, the appointment / re-appointment of the Auditors is to be made by Special Resolution as more than 25% of the subscribed Share Capital of the Company is held by public financial institutions.

The Board recommends 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. 6:

The Company's Equity Shares are currently listed at Mumbai, Ahmedabad and Delhi Stock Exchanges. With the expansion of network of The Stock Exchange, Mumbai (BSE) and extension of the BSE terminals to other cities and towns, the investors have access to online dealings in the Company's Equity Shares across the country. The bulk of the trading in the Company's Shares takes place on the BSE and the quantum of trading in the Company's Shares in all other exchanges is miniscule. Further, the listing fee paid/payable to other stock exchanges is higher as compared to quantum of trading taking place in those exchanges. Hence, with a view to reduce cost, the Company is proposing this resolution, which will enable it to delist its Equity Shares from these Stock Exchanges at Ahmedabad and Delhi.

In line with the SEBI regulations and approval, if any, required, the members' approval is being sought by passing a Special Resolution for enabling voluntary delisting of its securities from these two Stock Exchanges. The proposed delisting of Equity Shares of the Company from The Delhi Stock Exchange Association Ltd. and The Stock Exchange - Ahmedabad, as and when it takes place, will not adversely affect the investors as the Equity Shares will continue to be listed on BSE. The delisting will take place after all the necessary approvals, permissions and sanctions are received. The effective date of delisting will be notified by the respective Stock Exchanges.

The Board recommends 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. 7:

To meet the financial requirements of the Company, it is essential that funds should be inducted in the Company by way of Equity Share Capital by private placement. The Company has approached various persons who have indicated their willingness to support the Company by subscribing to the proposed issue of Equity Shares.

The principle terms and conditions of the proposed issue of shares would be as under:

- a) The issue of Equity Shares would comply with the 'Guidelines for Preferential Issues' issued under the SEBI (Disclosure & Investor Protection) Guidelines, 2000.
- b) The number of Equity Shares to be issued shall not exceed 21,40,000 (Twenty One Lacs Forty Thousand).
- c) The price of the Equity Shares shall not be less than the higher of :
 - 1) the average of the weekly high and low of the closing prices of the Equity Shares quoted on the Stock Exchange during the six months preceding the "Relevant Date" : or
 - 2) the average price of the weekly high and low of the closing price of the Equity Shares quoted on the Stock Exchange during the two weeks preceding the "Relevant Date".

21st ANNUAL REPORT 2004

The "Relevant Date" shall be the date thirty days prior to the date of this meeting i.e. 23rd August, 2004 for the purpose.

- d) The Equity Shares shall be issued as fully paid up at the time of allotment.
- e) The Equity Shares shall be locked in for the period stipulated under the Guidelines.
- f) The allotment of Equity Shares is proposed to be completed within the period of three months from the date of passing of the Resolution.
- g) The proposed allotment of Equity Shares is to be made to the following Individuals, Body Corporate or Non-Resident Indians (NRI's) who are not related or concerned with the Company's promoters group and also not related/concerned among themselves.
 - 1) MECOY INDUSTRIES LTD. - upto 2,90,000 (Two Lacs Ninety Thousand) Equity Shares of Rs.10/- (Rupees Ten) each aggregating to Rs. 29,00,000/- (Rupees Twenty Nine Lacs).
 - 2) SANCHAY HOLDING PVT. LTD. - upto 1,00,000 (One Lac) Equity Shares of Rs.10/- (Rupees Ten) each aggregating to Rs. 10,00,000 (Rupees Ten Lacs).
 - 3) SHRI HITESH C. HARIA - upto 2,50,000 (Two Lacs Fifty Thousand) Equity Shares of Rs.10/- (Rupees Ten) each aggregating to Rs. 25,00,000/- (Rupees Twenty Five Lacs).
 - 4) SHRI PADAM KUMAR BAID - upto 15,00,000 (Fifteen Lacs) Equity Shares of Rs.10/- (Rupees Ten) each aggregating to Rs.1,50,00,000/- (Rupees One Crore Fifty Lacs).
- h) Present and Post Preferential issue shareholding of the Company would be as under:

Name(s)	Shareholding Pattern			
	Present		Proposed	
	Shares	% of existing capital	Shares	% of the expanded capital
Promoter's group	13,61,700	12.87	13,61,700	10.70
Public:				
Others-	79,36,800	75.02	79,36,800	62.40
Mecoy Industries Ltd.	Nil	Nil	2,90,000	2.28
Sanchay Holding Pvt. Ltd.	12,31,500	11.64	13,31,500	10.47
Shri Hitesh C. Haria	50,000	0.47	3,00,000	2.36
Padam Kumar Baid	Nil	Nil	15,00,000	11.79
Total	1,05,80,000	100.00	1,27,20,000	100.00

- i) M/s. S. R. Rege & Co., Chartered Accountants, Statutory Auditors of the Company have certified that the issue of Equity Shares is being made in accordance with the requirement of the SEBI Guidelines. Copy of the Auditor's Certificate shall be laid before this meeting of the members.
- j) As a result of the proposed allotment, there would be no change either in the Board of Directors of the Company or in control over the Company.

The said resolution is an enabling resolution conferring authority on the Board to cover all present and future contingencies and corporate requirements.

Section 81(1A) of the Companies Act, 1956 provides, inter-alia, that when it is proposed to increase the issued Capital of the Company by allotment of further shares, such further shares shall be offered to the

PRADEEP METALS LIMITED



existing members of the Company in the manner laid down in Section 81 unless the members in a meeting decide otherwise.

Accordingly, the consent of the members is being sought pursuant to the provisions of Section 81(1A) and all other applicable provisions of the Companies Act, 1956 and in terms of the provisions of the Listing Agreements executed by the Company with the various Stock Exchanges in India where the Company's Equity Shares are listed.

The Board recommends the special resolution for approval of the members.

None of the Directors of the Company are concerned/interested in the Resolution.

Board of Directors

Pradeep Goyal
Chairman & Managing Director

19th August, 2004

REGISTERED OFFICE:

Pradeep Metals Ltd.

R - 205, T.T.C. Industrial Area

M.I.D.C., Rabale, Navi Mumbai - 400 701.

Report  Junction.com

21st ANNUAL REPORT 2004**Item Nos. 2, 3 & 4**

Details of the Directors seeking appointment/reappointment in Annual General Meeting to be held on 24th September, 2004

Name of the Director	Shri Pradeep Goyal	Shri Omprakash Agarwal	Shri. K.S. Baidwan
Date of Birth	20-11-1955	25-03-1940	05-06-1943
Date of Appointment	12-08-1983	10 th May, 2001	06-11-2003
Expertise in Specific functional area	Technical & management Expert	Engineer	General Management
Qualification	B.Tech (Metallurgy), IIT, Kanpur S.M (Materials Science & Engineering), MIT, Cambridge, USA	B.E. (Mech), Birla College of Engineering, Pilani	IAS of 1966 (AGDUT batch)
List of outside Directorships held	United Phosphorus Ltd Nelito Systems Ltd. Indian Resources Information & Management Technology Ltd. Uniphos Enterprises Ltd. S.V. Shah Construction Pvt. Ltd. Esvee Pharma Pvt. Ltd.	Economic Forge (P) Ltd. Supreme Heat Treaters (P) Ltd.	The Indian Steel & Wire Products Ltd. Mervan Drug Products Ltd. ESSORPE Mills Ltd.
Chairman/Member of the Committee of the Board of Directors of the Company	Nil	Member, Shareholders'/ Investors' Grievance Committee	Member, Audjt Committee
Chairman/Member of the Committee of Directors of other companies:-			
a) Audit Committee	2	Nil	Nil
b) Shareholders' / Investors' Grievance Committee	2	Nil	Nil
c) Remuneration Committee	2	Nil	Nil

PRADEEP METALS LIMITED



DIRECTORS' REPORT

To,
The Shareholders

Your Directors present the Twenty First Annual Report together with the audited accounts for the year ended 31st March, 2004.

FINANCIAL RESULTS:

	Rs. in lacs
Profit before Interest,	
Depreciation & Tax	209.74
Less : Interest	100.80
Profit before Depreciation & Amortisation	108.94
Less: Depreciation	102.20
Preliminary expenses written off	2.56
Profit for the year	4.18

DIVIDEND:

In view of the past losses and inadequacy of profits during the year, your Directors do not recommend payment of any dividend.

PERFORMANCE:

The Directors are pleased to inform the members that the Company has reported a profit for the first time since several years due to change in product mix and higher other income. The Company has achieved turnover of Rs.1889.66 lacs during the year as compared to Rs. 1767.24 lacs in the previous year registering an increase of 7%. The operations have also yielded higher cash accruals of Rs. 137.51 lacs as compared to cash accruals of Rs. 17.41 lacs during the previous year.

EXPORTS:

During the year, exports of the Company were valued at Rs. 799.80 lacs showing a marginal decline of 5% which is essentially due to lower export of stainless steel forgings.

REHABILITATION SCHEME

The Rehabilitation Scheme prepared by Industrial Development Bank of India (IDBI), who was appointed as the Monitoring Agency (MA) by the Board of Industrial and Financial Reconstruction (BIFR), has been sanctioned by BIFR. Accordingly, the Company has taken various steps as per the Scheme to revive its operations. All payments have been made to term lenders on time and losses have been curtailed.

The Company is on the path to recovery and barring unforeseen circumstances, the Directors are confident that net-worth will become positive by the end of the current year.

DEPOSITS:

The Company has not accepted any loans or deposits from the public in terms of Section 58A of the Companies Act, 1956 and rules framed under the Companies (Acceptance of Deposits) Rules, 1975.

EMPLOYEES:

None of the employees of the Company is in receipt of remuneration of Rs.24,00,000 or more per year if employed for the whole of the year or Rs.2,00,000 or more per month if employed for a part of the year.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, RESEARCH & DEVELOPMENT AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

The particulars prescribed under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in Report of Board of Directors) Rules, 1988, are set out in the Annexure A and form part of this Report.

CORPORATE GOVERNANCE:

In compliance with the recommendations of Securities Exchange Board of India on Corporate Governance Report and the listing agreements of the Stock Exchanges, a separate report on Corporate Governance and Management Discussion and Analysis giving details of the Company's business and operating results is annexed as Annexure B.

DIRECTORS:

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Shri Pradeep Goyal and Shri Omprakash Agarwal, Directors of the Company, retire by rotation and being eligible, have offered themselves for re-appointment.

Shri K.S. Baidwan has been appointed by BIFR as a Special Director on the Board on 06/11/2003 under section 16(4) of the Sick Industrial Companies (Special Provisions) Act, 1985.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, the Board of Directors confirms: