

26th

ANNUAL
REPORT

2008-09

PRADEEP METALS LIMITED



BOARD OF DIRECTORS

Pradeep Goyal

Chairman & Managing Director

Rajnikant D. Shroff

Omprakash Agarwal

Rakesh Kumar Agarwal

Dinesh T. Parekh

Suresh G. Vaidya

Raj Kumar Mittal

Kewal Krishan Nohria

Neeru Goyal

COMPANY SECRETARY

Abhinay Kapoor

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



NOTICE

NOTICE IS HEREBY GIVEN THAT THE TWENTY SIXTH ANNUAL GENERAL MEETING OF PRADEEP METALS LIMITED will be held at its Registered Office at R-205, TTC Industrial Area, MIDC, Rabale, Navi Mumbai 400 701 on Friday, 31st July, 2009, at 4.00 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, 2009 and the Balance Sheet as at that date.
2. To appoint Shri Rajnikant D. Shroff, Director who retires by rotation, but being eligible, offers himself for re-appointment.
3. To appoint Shri Rakesh Kumar Agarwal, Director who retires by rotation, but being eligible, offers himself for re-appointment.
4. To appoint Shri Dinesh T. Parekh, Director who retires by rotation, but being eligible, offers himself for re-appointment.
5. To appoint Auditors and fix their remuneration.

Special Business

6. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT Smt. Neeru Pradeep Goyal, who was appointed as an Additional Director on 29th January, 2009 in accordance with the provisions of Section 260 of the Companies Act, 1956 and the Articles of Association of the Company and holds the office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice from a member under Section 257 of the Companies Act, 1956 signifying his intention to propose her candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

7. **Revision of the remuneration of Shri Pradeep Goyal, Chairman and Managing Director of the Company:**

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 198, 269, 309, 310, 311 and 314 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and all guidelines for managerial remuneration issued by the Central Government from time to time, and such other consents and approvals as may be required, consent of the Company be and is hereby accorded to the revision in remuneration payable to Shri Pradeep Goyal, Chairman and Managing Director of the Company, for the period from April 1, 2009 to December 16, 2010, as under:-

1. Salary (Basic) per month : Rs.3,00,000/- in a scale of Rs.3,00,000/- – Rs.25,000/- – Rs.3,50,000/-
2. Perquisites (including allowances) :
 - (a) Leave Travel Allowance : The yearly payment in the form of allowance shall be equivalent to one month's basic salary.
 - (b) Magazines/Books allowance : Rs.50,000/- per annum
 - (c) Gas/Electricity/Maintenance Allowance : Rs.50,000/- per annum
 - (d) Medical reimbursement : Expenditure incurred by the Chairman and Managing Director and his family, subject to a ceiling of one month's basic salary in a year or three months' basic salary over a period of three years.



- (e) Club Fees : Actual fees for a maximum of two clubs. Admission fee and life membership fee shall not be paid by the Company.
- (f) Contribution to Provident Fund, Superannuation Fund or Annuity Fund : To the extent these either singly or put together are not taxable under the Income Tax, 1961.
- (g) Gratuity : Payable at a rate not exceeding half month's salary for each completed year of service.
- (h) Encashment of leave : At the end of the tenure as per the Company's rules.
- (i) Car : For use on the Company's business.
- (j) Telephone : At residence and cellular phone. Personal long distance calls on telephone to be charged and recovered by the Company.
3. In addition to the above, the Chairman and Managing Director shall be entitled for a Performance Variable Pay of a maximum of Rs.10,00,000/- per annum. The exact quantum payable will be based on extent of achievement against the performance targets set by the Board of Directors and/or Remuneration Committee of Directors of the Company from time to time.

The perquisites and allowances shall be evaluated as per income-tax rules, wherever applicable. In the absence of any such rules, perquisite and allowances shall be evaluated at cost.

RESOLVED FURTHER THAT the Board be and is hereby authorized to decide the remuneration (salary, perquisite and performance variable pay) payable to Shri Goyal, within the terms mentioned above.

RESOLVED FURTHER THAT where in any financial year, the Company has no profit or inadequate profit, the remuneration as decided by Board from time to time, shall be paid to Shri Goyal as minimum remuneration with the approval of the Central Government, if required.

RESOLVED FURTHER THAT Board of Directors of the Company be and is hereby authorized to do all acts, deeds, matters and things as may be considered necessary, proper or desirable to give effect to this resolution."

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

Navi Mumbai
May 21, 2009

**ABHINAY KAPOOR
COMPANY SECRETARY**

REGISTERED OFFICE:
Pradeep Metals Ltd.
R-205, MIDC
Rabale, Navi Mumbai 400 701



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) Members are requested to intimate any change in their address to the Registrar and Transfer Agents of the Company, Link Intime India Pvt. Ltd., C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup West, Mumbai 400 078 immediately.
- (c) 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.
- (d) Members are requested to intimate to the Company, details, if any, required in relation to this Annual Report at least 7 (seven) days before the meeting to enable the Management to keep the information ready at the meeting.
- (e) 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 am to 1 pm up to the date of the Annual General Meeting except on Sundays and other holidays.
- (f) Members/Proxies are requested to bring their copies of the Annual Report to the meeting.
- (g) 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.
- (h) The Register of Members & Transfer Books of the Company in respect of Equity Shares will remain closed from 24th July, 2009 to 31st July, 2009 (both days inclusive).



EXPLANATORY STATEMENT

Explanatory Statement under Section 173(2) of the Companies Act, 1956 forming part of the Notice dated 21st May, 2009

Item No. 6

Smt. Neeru Pradeep Goyal was appointed as an Additional Director of the Company on 29th January, 2009 by the Board of Directors to hold the office up to the date of this Annual General Meeting.

Smt. Neeru Goyal is a B.Sc (Chem.) graduate and Post Graduate in English Literature with over a decade of experience in the field of exporting engineered goods to various parts of the world. She is relative of Shri Pradeep Goyal, Chairman and Managing Director of the Company. (Her detailed particulars are given in annexure attached)

It is in the interest of the Company to continue to have the benefit of her immense experience and valuable advice as a member of the Board.

The Company has received a notice from a member of the Company under Section 257 of the Companies Act, 1956 proposing her candidature for the office of Director.

The Board recommends the resolution for approval of the members.

None of the Directors except Smt. Neeru Pradeep Goyal and Shri Pradeep Goyal are concerned or interested in the resolution.

Item No. 7

The Board at its meeting held on May 21, 2009 pursuant to the approval of the Remuneration Committee and subject to the consent of the shareholders, and other approvals as may deemed necessary, has approved the revision in remuneration payable to Shri Pradeep Goyal in line with the growth of the Company and responsibilities assigned to him. Shri Goyal was re-appointed as the Managing Director for a period of 5 years from 17th December, 2005 to 16th December, 2010.

The following additional information as required by Schedule XIII to the Companies Act, 1956 is produced hereunder:

A. General Information

- 1) Nature of the industry - Manufacturing and export of closed die forged and machined components
- 2) Date or expected date of commencement of commercial production – Already in business
- 3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus – Not applicable
- 4) Financial performance based on given indicators

(Rs. in lacs)

Year	2008-09	2007-08	2006-07
Gross Receipts	8319.22	7077.67	5503.87
Profit Before Exceptional Items	450.39	376.63	252.33
Profit After Exceptional Items	523.21	376.63	252.33

- 5) Export performance and net foreign exchange earnings - Rs. 5074.80 lacs during the financial year 2008-09.

- 6) Foreign investments or collaborators, if any - Not applicable

B. Information about the appointee

(1) Background details :

Shri. Pradeep Goyal is a qualified engineer having completed his B. Tech. (Metallurgy) from Indian Institute of Technology, Kanpur (1978), and obtained his S. M. (Material Science and Engineering) from the world renowned Massachusetts Institute of Technology, Cambridge, MA, USA (1980). He is currently on the Board of Directors of United Phosphorous Ltd., Uniphos Enterprises Ltd.,

Entegra Ltd., Hind Rectifiers Ltd. and Janakalyan Sahakari Bank Ltd. He has worked with Mukand Limited, India, Degussa International, Hanau, West Germany and Air Products & Chemicals Inc. Allentown, PA, USA at various positions before he joined as Chairman and Managing Director of Pradeep Metals Limited. He was a Trustee of ASM International, USA, and a member of All India Manufacturers Organization, Indo-German Chamber of Commerce, Indian Merchants Chamber and Thane Belapur Industries Association.

(2) Past remuneration

As Chairman and Managing Director of Pradeep Metals Ltd., he draws salary of Rs. 1,25,000/- per month. He is also eligible for perquisites as allowed to senior executives of the Company. The salary and perquisites aggregating to Rs.16,14,583/- were paid to him in financial year 2008-09.

(3) Recognitions and awards

He was awarded the first rank in Metallurgy in I.I.T. Kanpur and received silver medal from the President of India. Best Student Metallurgist Award was conferred on him by the Indian Institute of Metals in 1978. He is the recipient of several awards and scholarships all through his career.

(4) Job profile and suitability

Shri Pradeep Goyal is the Chairman and Managing Director of the Company and functions as its Chief Executive Officer. The Company has seen exceptional growth since last five years with his technical and marketing expertise.

(5) Remuneration proposed

As per the terms and conditions given in the proposed resolution as part of Notice of Annual General Meeting.

(6) Comparative remuneration profile with respect to industry; size of company; profile and position of the person

Considering the qualifications and experience of Shri Goyal and looking to the considerate growing of the Company and its increasing revenue, the responsibilities shouldered by him, the remuneration proposed to be paid is commensurate with the remuneration packages paid to similar senior level counterpart(s) in other organizations.

(7) Pecuniary relationship directly or indirectly, with the company, or relation with the managerial person

Shri Goyal belongs to the Promoters' Group and is relative of Smt. Neeru Pradeep Goyal, Additional Director. Besides remuneration being proposed, he does not have any pecuniary relationship with the Company.

C. Other Information

(1) Reasons of loss or inadequate profits

Business profits have been low in the past due to several reasons like overall economic position in the automobile industry, volume of market captured by the Company etc. The Company is growing steadily and with the technical and marketing efforts of Shri Pradeep Goyal, the business as well as profitability of the Company are expected to show further upward trend.

(2) Steps taken or proposed to be taken for improvement

The Company has developed new customers and also new components for existing customers during the last financial year resulting in new business. The Company has also embarked on several steel yield improvement methods for improved profitability. The results of these steps and other initiatives will be seen in the coming year.

(3) Expected increase in productivity and profits in measurement terms

Considering the recessionary market conditions prevailing globally and efforts made by the management



to develop the new products and customers, the Company has set the following targets in terms of sales and profitability;

(Rs. in lacs)

Year	2009-10	2010-11	2011-12
Gross Receipts	8000	8800	9500
Net Profit before Tax	500	630	750
Net Profit after Tax	450	567	675

The Board recommends the above Resolution for approval of the members.

None of the Directors of the Company, other than Shri. Pradeep Goyal himself and Smt. Neeru Pradeep Goyal, Additional Director is deemed to be concerned or interested in the above resolution.

Further, the above Explanatory Statement shall be construed as an abstract of the terms of the variation together with a Memorandum of Interest or concern of the interested Directors as prescribed under section 302 of the Companies Act, 1956.

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

Navi Mumbai
May 21, 2009

**ABHINAY KAPOOR
COMPANY SECRETARY**

REGISTERED OFFICE:
Pradeep Metals Ltd.
R-205, MIDC,
Rabale, Navi Mumbai 400 701.

Item Nos. 2, 3, 4 & 6

Information required to be furnished under Clause 49 of the Listing Agreement in respect of Directors being appointed/re-appointed

Name of the Director	Shri Rajnikant D. Shroff	Shri Rakesh Kumar Agarwal	Shri Dinesh T. Parekh	Smt. Neeru Pradeep Goyal
Date of Birth	20.10.1933	10.06.1963	18.01.1945	07.09.1958
Date of Appointment	31.12.1993	31.10.2001	30.04.2003	29.01.2009
Expertise in Specific functional area	Industrialist	Expert on international trade and technical matters	Business Executive and Management Expert	Business Entrepreneur
Qualification	B.Sc.,SCMP (Business Management, Harvard)	B.E (Mech)	B.Sc., M.B.A. from USA	B.Sc (Chem.), M.A (Eng. Lit)
List of outside Directorships held	United Phosphorus Ltd. Uniphos Enterprises Ltd. Enviro Technology Ltd. Nivi Trading Ltd. Shroff United Chemicals Ltd. Swal Corporation Ltd. Uniphos Agro Industries Ltd. Bharuch Enviro Infrastructure Ltd. Agri Net Solutions Ltd. Vapi Effluent and Waste Management Co. Ltd. Uniphos Envirotronic Pvt. Ltd. Tatva Global Environment Ltd. Demuric Holdings Pvt. Ltd. Vyom Finvest Pvt. Ltd. Sanguine Holdings Pvt. Ltd. Shroff EnvirotraI Pvt. Ltd.	Shirdi Industries Ltd. Asis Global Ltd. Asis Logistics Ltd. Labh Capital Services Pvt. Ltd. Repute Properties Pvt. Ltd. Asis Industries Pvt. Ltd. Swanbay Technologies Pvt. Ltd. Christ Consultancy Pvt. Ltd. Poona Pearls Biotek Ltd.	Nil	Rabale Engineering (India) Pvt. Ltd.
Chairman/Member of the Committee of the Board of Directors of the Company	Member, Audit Committee	Member, Audit Committee Chairman, Shareholders'/ Investors' Grievance Committee	Member, Audit Committee Member, Shareholders'/ Investors' Grievance Committee	Nil
Chairman/Member of the Committee of Directors of other companies:-				
a) Audit Committee	Nil	Nil	Nil	Nil
b) Shareholders'/Investors' Grievance Committee	Nil	Nil	Nil	Nil
c) Remuneration Committee	Nil	Nil	Nil	Nil
d) Share Transfer Committee	Nil	Nil	Nil	Nil

**DIRECTORS' REPORT**

To,
The Shareholders

Your Directors are pleased to present the Twenty Sixth Annual Report together with the audited accounts for the year ended 31st March, 2009.

FINANCIAL HIGHLIGHTS :

	Rs. in lacs	
	2008-09	2007-08
Sales and Other Income	8423.45	7231.59
Profit from sale of assets of Dombivli Unit	72.80	-
	<u>8496.25</u>	<u>7231.59</u>
Profit before Interest, Depreciation, and Tax	1137.49	954.24
Less: Interest	403.28	387.32
Less: Depreciation	137.24	135.08
Less: Preliminary expenses written off	0.21	0.21
Profit before Tax	596.76	431.63
Less: Provision for Income Tax	70.00	50.00
Less: Provision for Fringe Benefit Tax	3.55	5.00
Profit for the year	<u>523.21</u>	<u>376.63</u>
Add: Deferred Tax Asset	334.44	-
	<u>857.65</u>	<u>376.63</u>

DIVIDEND:

In view of need to conserve resources for strengthening working capital fund as well as future growth, your Directors do not recommend payment of any dividend.

PERFORMANCE:

Despite the global recessionary conditions, the Company has been able to significantly improve its' turnover to Rs. 8319.22 lacs during the year as compared to Rs. 7077.67 lacs in the previous year registering an increase of 18%. The profit before interest, depreciation and tax (excluding profit on sale of assets of Dombivli unit) has slightly come down to 12.64% during the current year from 13.20% in the previous year, mainly due to rising cost of raw materials and logistics. The Company has been able to keep the other cost components under control.

The Company has developed customers mainly the spheres of gas & oil field equipments and mechanical instruments and has completely disassociated itself from the automobile industry, which has enabled the Company to improve its performance inspite of the global recessionary conditions. The outlook of the Company's business is dealt within the management discussion.

EXPORTS:

During the year, exports of the Company were Rs. 5074.80 lacs as compared to Rs. 3981.78 lacs in the previous year showing an increase of 27%. This has been achieved mainly due to higher value added products and greater customer satisfaction. Your Company hopes to sustain and increase its exports performance in the coming years.

QUALITY:

Your Company's focus on maintaining high level of quality consciousness is evident from its continued certification as an ISO 9001-2000 and Pressure Equipment Directive 97/23/EC (PED) approved manufacturing unit. Your Company makes concerted efforts for constant improvement in quality of its products. The Company has also been approved to supply Nuclear Quality forgings to Germany and USA. Your Company has added several machines for precision machining of forged products and also enhanced

its die making capability by installing modern CNC / VMC machines. These measures will further improve the quality of finished components.

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.

PARTICULARS OF EMPLOYEES :

There was no employee of the Company who received remuneration in excess of the limits prescribed under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

HUMAN RESOURCE DEVELOPMENT :

The Company believes that human resources are a valuable asset. The Company continuously carries out 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 and Management Discussion and Analysis giving details of the Company's business and operating results are annexed as **Annexure B & Annexure C**.

DIRECTORS :

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Shri Rajnikant D. Shroff, Shri Rakesh Kumar Agarwal and Shri Dinesh T. Parekh, Directors of the Company, retire by rotation and being eligible, have offered themselves for re-appointment.

In order to broadbase the Board of Directors, Smt. Neeru Pradeep Goyal, a B.Sc (Chem.) Graduate and Post Graduate in English Literature has been appointed on the Board as Additional Directors on 29th January, 2009 who will hold office till the ensuing Annual General Meeting. A Notice proposing appointment of Smt. Neeru Pradeep Goyal has been received from the members of the Company in terms of Section 257 of the Companies Act, 1956.

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 31st March, 2009, the applicable accounting standards have been followed alongwith 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 31st March, 2009 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:

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 under Section 217(3) of the Companies, Act, 1956.

M/s. S. R. Rege & Co., Chartered Accountants, retires at the conclusion of the 26th Annual General Meeting and, being eligible, offer themselves for re-appointment.

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.

The Directors also thank all the 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
21st May, 2009

PRADEEP GOYAL
CHAIRMAN AND MANAGING DIRECTOR

REGISTERED OFFICE:

Pradeep Metals Ltd.
R – 205, T.T.C. Industrial Area
M.I.D.C., Rabale, Navi Mumbai – 400 701.



Information pursuant to Section 217 (1) (e) of the Companies Act, 1956

1. CONSERVATION OF ENERGY :

The Company continuously makes efforts to conserve energy. An energy efficient conservair system which has been installed has reduced the air losses in the system.

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

A. Power & Fuel Consumption :

	31/03/2009	31/03/2008
1. Electricity		
a. Purchased (Unit Nos.)	4,402,650	4,610,010
Total amount (Rs.)	22,298,130	23,304,480
Average rate (Rs./unit)	5.06	5.06
b. Own generation	N.A.	N.A.
2. Furnace Oil		
Quantity (Ltrs.)	554,400	619,280
Total amount (Rs.)	15,900,033	14,565,992
Average rate (Rs./Ltr.)	28.68	23.52
3. Light Diesel Oil (LDO)		
Quantity (Ltrs.)	72,080	72,000
Total amount (Rs.)	2,977,956	2,137,967
Average rate (Rs./Ltr.)	41.31	29.69

B. Consumption per unit of Production :

Quantity	Mt	3429	3979
Electricity	Unit/Mt	1284	1159
Furnace Oil	Ltrs./Mt	162	156
LDO	Ltrs./Mt	21	18

C. Technology Absorption :

1. Research & Development :

The Company is constantly improving the design of dies and trim tools to reduce raw material consumption and achieve better quality and yield.

2. Benefits derived:

Improvement in productivity, quality and yield.

3. Future Plans:

The Company plans to install high speed large VMC for manufacturing 6.25T hammer dies to obtain greater accuracy and repeatability. Further addition of CNC lathes is planned since larger number of products are being sold in machined condition. It is planned to install 400T to 600T forging press and ancillary equipment for the manufacture of tiny components of which larger orders are being received.

4. Expenditure on Research & Development :

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

5. 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 and to reduce WIP.

D. Foreign Exchange Earnings and Outgo:

Total foreign exchange used and earned:

Used : Rs. 13,407,411

Earned : Rs. 507,479,971

REPORT ON CORPORATE GOVERNANCE

The Directors present the Company's Report on Corporate Governance for the year ended 31st March, 2009 as required under Clause 49 of the Listing Agreement with the Bombay Stock Exchange Ltd.

1. 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.

2. Board of Directors

In terms of the Company's corporate governance policy, all statutory and other significant and material information are placed before the Board to enable it to discharge its responsibilities of supervision, control and direction of the Company.

(A) Composition of Board

The Board of Directors consists of Executive and Non-Executive Directors. The total number of Directors of the Company is NINE, including the Chairman and Managing Director.

Name of Director	Category Promoters, Executive, Non-Executive, Independent	No. of Board Meetings attended	Last AGM attended	No. of Other Directorships held (excluding private & foreign companies as on 31/03/2009)	Committee Membership(s) of other companies	
					Member	Chairman
Pradeep Goyal	Promoters' Group, Chairman & Managing Director	4	Yes	4	3	3
Omprakash Agarwal	Non-Executive, Independent	4	Yes	Nil	Nil	Nil
Rajnikant D. Shroff	Non-Executive, Independent	Nil	No	11	Nil	Nil
Rakesh Kumar Agarwal	Non-Executive, Independent	3	No	4	Nil	Nil
Dinesh T. Parekh	Non-Executive, Independent	4	Yes	Nil	Nil	Nil
Suresh G. Vaidya	Non-Executive, Independent	4	No	1	Nil	Nil
Raj Kumar Mittal	Non- Executive Independent	4	Yes	3	5	4
Kewal Krishan Nohria	Non- Executive Independent	3	No	12	1	3
Neeru Pradeep Goyal*	Promoters' Group, Non- Executive	1	N.A	Nil	Nil	Nil

* Appointed w.e.f. 29th January, 2009

B) Meetings

During the financial year 2008–09, four meetings of the Board were held on 14th April, 2008, 19th July, 2008, 25th October, 2008 and 29th January, 2009

(C) 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.



3. Committees of the Board

The Board has constituted three committees namely, Audit Committee, Shareholders'/Investors' Grievances Committee and Remuneration Committee.

i) Audit Committee

The Company has set up an Audit Committee in accordance with the requirements of Section 292A of the Companies Act, 1956 and the terms of reference are in conformity with the revised Clause 49 of the Listing Agreement entered into with the Bombay Stock Exchange 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, reviewing accounting and financial policies and internal control procedures, financial reporting systems and risk management policies. In addition, the powers and role of the Audit Committee are as laid down under Clause 49 II C & D of the Listing Agreement and Section 292 A of the Companies Act, 1956.

The Committee met four times during the financial year on 14th April, 2008, 19th July, 2008, 25th October, 2008 and 29th January, 2009.

The Audit Committee consists of the following Directors as on 31st March '09:

Sr.No	Name of Director Independent	Executive, Non-Executive,	No. of Meetings attended
1	Raj Kumar Mittal	Chairman, Non-Executive, Independent	4
2	Dinesh T Parekh	Member, Non Executive, Independent	4
3	Rajnikant D. Shroff	Member, Non Executive, Independent	Nil
4	Rakesh Kumar Agarwal	Member, Non Executive, Independent	3
5	Suresh G. Vaidya	Member, Non Executive, Independent	4

All the members of the Audit Committee are independent and Non-Executive Directors. They possess adequate knowledge of Accounts, Audit, Finance, etc.

There is no subsidiary company.

ii) Shareholders'/Investors' Grievances Committee

Pursuant to Clause 49 of the Listing Agreement, the Company has formed a Shareholders'/Investors' Grievances Committee of the Board of Directors.

The Committee oversees redressal of shareholder and investor 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 Shri Abhinay Kapoor, Company Secretary, as the Compliance Officer.

The Committee met four times during the financial year on 14th April, 2008, 19th July, 2008, 25th October, 2008 and 29th January, 2009.

The Committee consists of the following Directors:

Sr. No	Name of Director	Position	No of Meetings attended
1	Rakesh Kumar Agarwal	Chairman	3
2	Dinesh T Parekh	Member	4
3	Omprakash Agarwal	Member	4

During the year, the Company received 8 complaints, which were resolved within 30 days to the satisfaction of the Shareholders'/Investors. As on 31st March, 2009, no complaints were pending at the beginning and at the end of the year.

iii) Remuneration Committee

The Remuneration Committee has been constituted to review and recommend the remuneration package to be paid to the Directors.

During the year, no meeting of Remuneration Committee was held.

The Committee consists of the following Directors:

Sr. No	Name of Director	Position
1	Omprakash Agarwal	Chairman
2	Rakesh Kumar Agarwal	Member
3	Suresh G. Vaidya	Member

During the financial year ended 31st March, 2009, the Company paid remuneration to its Directors as per the details given below:

Name of the Director	Remuneration in Rs.)	Remarks
Pradeep Goyal Chairman and Managing Director	16,14,583/-	Salary & perquisites

The Non-Executive Directors are paid sitting fees of Rs. 2,000/- and Rs. 1,000/- for each meeting of the Board and its Committees attended by them respectively.

The following Directors have been paid sitting fees:

Name of the Director	Sitting Fees(in Rs.)
Omprakash Agarwal	12000
Rakesh Kumar Agarwal	12000
Dinesh T. Parekh	16000
Suresh G. Vaidya	12000
Raj Kumar Mittal	12000
Kewal K. Nohria	6000

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

4. Annual General Meeting

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

Year	Date	Time	Venue
2007-08	5 th September, 2008	4.00 p.m.	Registered office of the Company
2006-07	11 th September, 2007	4.00 p.m.	Registered office of the Company
2005-06	29 th September, 2006	4.00 p.m.	Registered office of the Company

No Special Resolution was put through Postal Ballot last year.

A Special Resolution for revision of the remuneration payable to Shri Pradeep Goyal, Chairman and Managing Director is proposed in the ensuing Annual General Meeting.

5. Disclosures

There are no materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, Directors or the management or relatives, etc. (other than remuneration paid to Shri Pradeep Goyal, Chairman and Managing Director) that may have potential conflict with the interests of the Company at large.

During the period under review, no penalties have been imposed nor strictures have been passed on the Company by Stock Exchanges or SEBI or any other Statutory Authority on any matters related to the capital market.

6. Constituents of Promoters' Group within the meaning of group under SEBI (Substantial Acquisition of Shares and Take over) Regulation, 1997 include
- | | |
|--|---|
| i) Flashnet Info Solutions (India) Ltd. | ii) S.V. Shah Construction Services Pvt. Ltd. |
| iii) Rabale Engineering (I) Pvt. Ltd. | iv) B.S. Metal Pvt. Ltd. |
| v) Shri. V.P. Goyal (expired on 17 th December, 2008) | vi) Smt. Chandrakanta Goyal |
| vii) Shri Pradeep Goyal | viii) Smt. Neeru Goyal |
| ix) Shri. Abhinav Goyal | x) Shri. Piyush Goyal |
| xi) Smt. Seema Goyal | |

7. 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 Bombay Stock Exchange Limited immediately after its approval by the Board. The Company uploads its financial results, shareholding pattern and other information on the EDIFAR website maintained by the National Informatics Centre (NIC), which can be assessed through the Website of the Securities and Exchange Board of India (SEBI): <http://sebi.gov.in>. The Company has not sent half yearly report to the shareholders. No presentation was made to the institutional investors or analysts during the year under review.

8. 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.

9. 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.

10. General Shareholders Information

1. Disclosures regarding Appointment/Re-appointment of Directors

Shri Rajnikant D. Shroff, Shri Rakesh Kumar Agarwal and Shri Dinesh T. Parekh, Directors retire by rotation and, being eligible, have offered themselves for re-appointment.

Smt. Neeru Pradeep Goyal who was appointed as Additional Director on 29th January, 2009, will retire at the forthcoming Annual General Meeting and is proposed to be appointed as Director.

Smt. Neeru Pradeep Goyal is a B.Sc (Chem.) Graduate and Post Graduate in English Literature. She is related to Shri Pradeep Goyal, Chairman and Managing Director of the Company and belongs to the Promoters' Group. She has got more than 10 years of experience in exporting engineered goods to various parts of the world.

2. CEO/CFO Certification

The Board of Directors has appointed Shri Pradeep Goyal, Chairman and Managing Director of the Company as the CEO.

Shri Dilip Dalvi is Manager (Accounts) and CFO of the Company.

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

Date : Friday, 31st July, 2009

Time : 4.00 p.m.

Venue : Pradeep Metals Ltd., R-205, T.T.C. Industrial Area, M.I.D.C., Rabale, Navi Mumbai-400 701.



i) **Book Closure :**
24th July, 2009 to 31st July, 2009 (Both days inclusive)

ii) **Financial Calendar :**
The financial calendar year of the Company is from 1st April, 2009 to 31st March, 2010.

Financial reporting for	
Unaudited Financial Results for the quarter ending 30 th June, 2009	On or before last week of July 2009
Unaudited Financial Results for the half year ending 30 th September, 2009.	On or before last week of October, 2009
Unaudited Financial Results for the quarter ending 31 st December, 2009.	On or before last week of January, 2010
Audited Financial Results for the Year ending 31 st March, 2010	On or before last week of June 2010

Equity Shares of Pradeep Metals Limited are listed on the Bombay Stock Exchange Limited. Listing fees for the current year have been paid to the Stock Exchange within the stipulated time.

iii) **Stock Code:**
Name of the Exchange **Code**
 Bombay Stock Exchange Ltd. 513532

iv) **ISIN No. for Dematerialisation of shares**
 Demat ISIN Number in NSDL & CDSL for equity shares: INE – 770A01010

v) **Market Price Data :**
 The high and low prices of the Company's Shares at the Bombay Stock Exchange Limited and performance in relation to BSE SENSEX are as under:

Month	Bombay Stock Exchange Ltd.		BSE Sensex	
	High (Rs.)	Low (Rs.)	High	Low
April 2008	15.65	11.23	17378.46	15343.12
May 2008	14.38	11.93	17600.12	16275.59
June 2008	13.49	9.71	16063.18	13461.60
July 2008	11.18	9.35	14942.28	12575.80
August 2008	11.32	10.04	15503.92	14048.34
September 2008	10.94	9.00	15049.86	12595.75
October 2008	10.25	5.96	13055.67	8509.56
November 2008	8.27	6.32	10631.12	8451.01
December 2008	8.09	6.46	10099.91	8739.24
January 2009	7.56	5.70	10335.93	8674.35
February 2009	6.95	5.44	9647.47	8822.06
March 2009	7.32	6.05	10048.49	8160.40

vi) **Address for correspondence:**
 Shareholders can correspond to Secretarial Department
 Pradeep Metals Ltd.
 R-205, T.T.C. Industrial area, M.I.D.C., Rabale, Navi Mumbai – 400 701.
 Tel: 91-22-27691026 Fax: 91-22-27691123
 e-mail: pramet.investors@vsnl.net
OR
 Link Intime India Pvt. Ltd. (R&T Agent)
 C-13, Pannaial Silk Mills Compound LBS Marg, Bhandup (West), Mumbai – 400 078.
 Tel: 91-22-25963838 Fax: 91-22-25946969
 e-mail: Mumbai@linkintime.co.in

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

vii) Compliance Officer : Shri. Abhinay Kapoor
Company Secretary
Pradeep Metals Ltd.
R-205, T.T.C. Industrial area
M.I.D.C., Rabale, Navi Mumbai – 400 701
Tel : 91-22-27691026
Fax : 91-22-27691123
E-mail : pramet.investors@vsnl.net

viii) Share Transfer System :

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

ix) 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, 2009, 91,76,370 Equity Shares out of 1,27,20,000 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 of Shareholding as on 31st March, 2009.

No. of Shares held	No. of Shareholders	No. of Shares held	Shareholding (%)
1 to 5000	6093	1003363	7.89
5001 to 10000	576	506261	3.98
10001 to 20000	303	471969	3.71
20001 to 30000	92	236826	1.86
30001 to 40000	43	154718	1.22
40001 to 50000	41	198021	1.56
50001 to 100000	63	462312	3.63
100001 and above	72	9686530	76.15
	7283	12720000	100

PRADEEP METALS LIMITED



x) Shareholding Pattern as on 31st March, 2009

Category	No. of Shares Held	% of Shareholding	No. of Shares pledged	%
(A) Shareholding of Promoter & Promoter Group				
1. INDIAN				
a) Individual / HUF	1169700	9.20		
b) Central/State Government(s)	-	-		
c) Bodies Corporate	3805061	29.91	1000000	7.86
d) Financial Institutions/Banks	-	-		
e) Any Other	192000	1.51	-	
2. FOREIGN				
a) Individual	-	-	-	
b) Bodies Corporate	-	-	-	
c) Institutions	-	-	-	
d) Any Other	-	-	-	
Total Holding for Promoters	5166761	40.62	1000000	7.86
(B) Public Shareholding				
1. INSTITUTIONS				
a) Mutual Funds/UTI	9600	0.08		
b) Financial Institutions/Banks	-	-		
c) Central/State Governments(s)	-	-		
d) Venture Capital Funds	-	-		
e) Insurance Companies/ FII's	-	-		
g) Foreign Venture Capital	4500	0.03		
h) Any other	-	-		
i) Trusts	2000	0.02		
Sub Total of B (1)	16100	0.13		
2. NON-INSTITUTIONS				
a) Bodies Corporate	1221441	9.60		
i) Individual (Capital<=Rs.1 Lakh	2624025	20.63		
ii) Individual (capital>Rs. 1 Lakh	1419398	11.16		
b) Any Others				
i) Clearing Member	544923	4.28		
ii) Market Maker	-	-		
iii) Foreign Nationals				
iv) Non Resident Indians (Repat)	1191351	9.37		
v) Non Resident Indians (Non Repat)	306001	2.40		
vi) Foreign Companies				
vii) Overseas Bodies Corporates	230000	1.81		
Trust	-	-		
	7537139	59.25		
C. Shares held by Custodians	-	-		
Grand Total	12720000	100		



Management Discussion and Analysis

Company Background:

Pradeep Metals Limited is engaged in the manufacture of intricate closed die steel forgings and semi-finished machined components mainly for automobile, petrochemical and engineering industries.

The Company employs modern technology for manufacturing press forgings and has sophisticated tool-room equipment. The dies and tools play a key role in the production of forgings. The company employs modern CAD/CAM aids for die design and to manufacture tooling. It has an integrated plant with complete facilities for testing, cutting, die making, forging, heat treatment and finishing. The Company has expanded its machining capacity by addition of CNC/VMC lathes. The Company has experienced manpower and highly trained work force.

The Company has well equipped laboratory in the factory and employs Process Control & Online computer system to integrate the operations. The quality assurance systems have been approved by global Original Equipment Manufacturers. The Company is certified to ISO 9001-2000 and Pressure Equipment Directive 97/23/EC (PED) standards. The Company has recently been approved for manufacture of Nuclear grade forgings for Germany and USA.

The customers include world leaders from India, USA, UK, Singapore, Sweden, Denmark, France and Germany. The Company has capability and capacity to meet discerning quality standards, which make its products readily acceptable in the OE market.

Performance:

Despite the depressed global market conditions, the Company has been able to improve its performance during the year with 13% increase in production and 18% increase in sales. The EBITDA (excluding profit of Rs. 72.80 lacs on sale of assets of Dombivli unit) level has been sustained at about 13% inspite of rising cost of raw materials and logistics.

Quality And Management Information Systems :

The Company adopts high standards of technology and modern manufacturing practices, which is amply reflected in continuation of ISO 9001-2000 certification by TUV, Germany for the thirteenth year. The Company's products have also been certified by TUV, Germany for Pressure Equipment Directive (PED), which is an essential pre-requisite for exports to Germany.

The Company has strengthened the Management Information System, inventory planning and cost control measures by introducing ERP software in order to improve its productivity and profitability.

Current Business Environment :

The overall business environment presently is in a flux, particularly in the western nations which comprise a large part of the company's business. However, the conditions in India are improving and the company intends to exploit the local market extensively. The increased capacities in the forging industry may put pressure on pricing, resulting in lower margins.

The steel prices have been stable and the world oil prices have also stabilized. The impact on cost of power and fuel, consumable stores etc. will therefore be favorable. The exchange rate fluctuations will impact the performance depending on the way the economy performs in the near future.

Future Outlook :

The Company will continue to focus its efforts to increase exports and domestic revenues and expand the existing market with new product developments for the existing customers and to develop new customers.

The Company has planned a capital expenditure of Rs. 720 lacs (including Rs. 55 lacs already incurred during the current year) for further improving the productivity, energy conservation and optimum utilization of raw material. It has also decided to strengthen Research & Development Department for developing energy efficient systems. Union Bank of India has sanctioned a term loan of Rs. 540 lacs for facility financing the capital expenditure.

The depressed markets in the western world will have a significant impact in the markets for forgings, thereby affecting the Company's exports. The Company has made significant inroads in the domestic market and expect to atleast sustain performance in the current financial year and improve in future years.

Cautionary Statement :

Details given hereinabove relating to various activities and future plans may be "forward-looking statements" within the meaning 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 and other incidental factors.

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 31st March 2009, 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 31st March, 2009, there were no investor grievance matters against the Company remaining unattended/pending for more than 30 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
21st May, 2009

S. M. PATKI
Partner
Membership No. 37690

CEO / CFO CERTIFICATION**The Board of Directors
Pradeep Metals Ltd.
Navi Mumbai**

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

- a) We have reviewed financial statements and the cash flow statement for the year ended 31st March, 2009 and that 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 violative 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
21st May, 2009

Dilip Dalvi
Manager – Accounts

Pradeep Goyal
Chairman and Managing Director



AUDITORS' REPORT

TO

THE SHAREHOLDERS OF PRADEEP METALS LTD.

- 1 We have audited the attached balance sheet of Pradeep Metals Ltd., as at 31st March, 2009 and also the Profit and Loss account for the year ended on that date annexed thereto and the cash flow statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2 We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3 As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in term of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraph 4 and 5 of the said order.
- 4 Further to our comments in the Annexure referred to above, we report that :
 - i We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii 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 the books.
 - iii The Balance Sheet, the Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - iv In our opinion, the Balance Sheet, the Profit

and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub section (3C) of section 211 of the Companies Act, 1956

- v On the basis of written representations received from the directors, as on 31st March, 2009, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1965;
- vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with the notes thereon, give the information required by the Companies Act, 1956 in the manner so required 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 31st March, 2009;
 - ii) in the case of the Profit and Loss Account, of the Profit for the year ended on that date; and
 - iii) and in the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

FOR S.R. REGE & COMPANY.
CHARTERED ACCOUNTANTS

S. M. PATKI
PARTNER

Membership No. 37690

Mumbai
21st May, 2009

Annexure referred to in paragraph 3 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 year but there is a regular programme 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 year 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 According to the books and records of the Company examined by us and the information and explanations given to us, the Company has not granted or taken any loan, secured or unsecured, to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Consequently, clauses 4 (iii) (b) to 4 (iii) (d), 4 (iii) (f) and 4 (iii) (g) of the Order 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

Sec. 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 Sec. 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to 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 To the best of our knowledge and according to the information given to us, the Central Government has not prescribed maintenance of cost records under section 209(1)(d) of the Companies Act, 1956, in respect of any product of the Company.

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 31, 2009 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 sales tax,



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

Accumulated losses

- 10 a Accumulated losses of the Company at the end of the financial year are less than 50% of its net worth.
- b The Company has not incurred any cash losses during the financial year 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 year 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 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 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 provisions of clause 4(xviii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the 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 year under audit. Therefore, provisions of clause 4(xix) of the Companies (Auditor's Report) Order, 2003 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 year 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 year, nor have we been informed of any such case by the management.

FOR S. R. REGE & COMPANY
CHARTERED ACCOUNTANTS

S. M. PATKI
PARTNER
Membership No. 37690

Mumbai
21st May, 2009

PRADEEP METALS LIMITED



BALANCE SHEET AS AT 31ST MARCH, 2009

	Schedule No	Rs. In lacs 31st March, 2009		Rs. In lacs 31st March, 2008	
SOURCES OF FUNDS					
1. SHAREHOLDERS' FUNDS					
a) Capital	1	1,844.20		1,844.20	
b) Reserves and Surplus	2	<u>453.97</u>	2,298.17	<u>334.48</u>	2,178.68
2. LOAN FUNDS					
a) Secured Loans	3	2,625.53		3,374.83	
b) Unsecured Loans	4	<u>353.00</u>	2,978.53	<u>353.00</u>	3,727.83
TOTAL			<u><u>5,276.70</u></u>		<u><u>5,906.51</u></u>
APPLICATION OF FUNDS					
1. FIXED ASSETS					
a) Gross Block	5	3,096.84		3,015.38	
b) Less: Depreciation		<u>1,498.35</u>		<u>1,391.36</u>	
c) Net Block		1,598.49		1,624.02	
d) Capital work in progress		<u>63.60</u>	1,662.09	<u>7.43</u>	1,631.45
2. INVESTMENTS	6		1.00		1.00
3. CURRENT ASSETS, LOANS & ADVANCES					
a) Inventories	7	2,016.25		2,534.58	
b) Sundry Debtors	8	1,881.79		1,676.69	
c) Cash and Bank Balances	9	7.67		4.93	
d) Loans and Advances	10	<u>873.07</u>		<u>527.87</u>	
		4,778.78		4,744.07	
Less:					
CURRENT LIABILITIES & PROVISIONS					
a) Liabilities	11	1,166.13		1,229.50	
b) Provisions		<u>0.00</u>	3,612.65	<u>0.00</u>	3,514.57
4. MISCELLANEOUS EXPENDITURE TO THE EXTENT NOT WRITTEN OFF					
	12		0.96		759.49
TOTAL			<u><u>5,276.70</u></u>		<u><u>5,906.51</u></u>

Notes forming part of the Accounts 16

As per our report of even date

For S.R.Rege & Co.
Chartered Accountants

S.M.Patki
Partner
Membership No - 37690

PRADEEP GOYAL	Chairman and Managing Director
KEWAL KRISHAN NOHRIA	Director
RAJ KUMAR MITTAL	Director
OMPRAKASH AGARWAL	Director
RAKESH KUMAR AGARWAL	Director
DINESH T. PAREKH	Director
NEERU GOYAL	Director
ABHINAY KAPOOR	Company Secretary

Navi Mumbai
May 21, 2009

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31ST MARCH, 2009

	Schedule No.	Rs. in lacs 31st March, 2009	Rs. in lacs 31st March, 2008
INCOME			
Sales, Operating Income etc.	13	8,496.25	7,231.59
		<u>8,496.25</u>	<u>7,231.59</u>
EXPENDITURE			
Manufacturing Expenses	14	6,846.62	5,794.13
Other Expenses	15	915.63	870.75
Depreciation		137.24	135.08
		<u>7,899.49</u>	<u>6,799.96</u>
Net Profit before Taxation		596.76	431.63
Less : Provision for Income Tax		70.00	50.00
Add : Provision for Deferred Tax Asset		334.44	0.00
Less : Provision for Fringe Benefit Tax		3.55	5.00
Net Profit carried to Balance Sheet		<u>857.65</u>	<u>376.63</u>
Notes forming part of the Accounts	16		

As per our report of even date

For S.R.Rege & Co.
Chartered Accountants

S.M.Patki
Partner
Membership No - 37690

PRADEEP GOYAL	Chairman and Managing Director
KEWAL KRISHAN NOHRIA	Director
RAJ KUMAR MITTAL	Director
OMPRAKASH AGARWAL	Director
RAKESH KUMAR AGARWAL	Director
DINESH T. PAREKH	Director
NEERU GOYAL	Director
ABHINAY KAPOOR	Company Secretary

Navi Mumbai
May 21, 2009



SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH, 2009

	Rs. in lacs 31st March, 2009	Rs. in lacs 31st March, 2008
SCHEDULE-1: SHARE CAPITAL		
Authorised:		
13,000,000 (13,000,000) Equity Shares of Rs.10 each	1,300.00	1,300.00
700,000 (700,000) Preference Shares of Rs.100 each	700.00	700.00
TOTAL	<u><u>2,000.00</u></u>	<u><u>2,000.00</u></u>
Issued and Subscribed:		
12,720,000 (12,720,000) Equity Shares of Rs.10 each fully paid up	1,272.00	1,272.00
Less : Calls in Arrears	<u>0.74</u>	<u>0.74</u>
(of the above 27,600 (27,600) Equity Shares are allotted as fully paid up pursuant to contracts without payment being received in cash and 462,500 (462,500) Equity Shares are allotted as fully paid up Bonus Shares by capitalising General Reserve.)		1,271.26
519,800 (519,800) 10% Optionally Convertible Cumulative Redeemable Preference Shares of Rs.100 each	519.80	519.80
Share Application Money	<u>53.14</u>	<u>53.14</u>
TOTAL	<u><u>1,844.20</u></u>	<u><u>1,844.20</u></u>
SCHEDULE-2: RESERVES & SURPLUS		
Share Premium Account:		
As per last Balance Sheet	266.25	266.25
Less : Calls in Arrears	<u>0.37</u>	<u>0.37</u>
General Reserve		
As per last Balance Sheet	68.60	68.60
Profit and Loss Account		
As per last Balance Sheet	(758.32)	(1,114.79)
Add : Net Profit for the year (including provision for Deferred Tax Assets of Rs. 334.44 lacs)	857.65	376.63
Add / (Less)- Charge on Account of the transitional provision of Accounting Standard 15 (Revised) on Employee Benefits.	<u>20.16</u>	<u>(20.16)</u>
TOTAL	<u><u>453.97</u></u>	<u><u>(758.32)</u></u>
	<u><u>453.97</u></u>	<u><u>334.48</u></u>



	Rs. in lacs 31st March, 2009	Rs. in lacs 31st March, 2008
SCHEDULE-3: SECURED LOANS		
LOANS		
Term Loan from Union Bank of India (Secured by first Charge on the fixed assets of the Company, present and future)	189.47	265.25
Term Loan from Union Bank of India (Secured by first Charge on the fixed assets of the Company, present and future)	37.66	0.00
Term Loans from Union Bank Of India (Secured by hypothecation of core stock of dies and first charge on all the fixed assets of the Company, present and future)	0.00	367.78
Working Capital Loan from Union Bank of India (Secured by hypothecation of inventories and book debts, including bills discounted/purchased and other current assets and second charge on the fixed assets.)	2,365.45	2,734.76
(All the above loans are secured by personal guarantee of the Chairman and Managing Director)		
Loan from Union Bank of India (Secured by hypothecation of the vehicle)	30.29	0.00
Loan from Citicorp Maruti Finance Ltd (Secured by hypothecation of the vehicle)	2.43	5.57
Loan from ICICI Bank Ltd (Secured by hypothecation of the vehicle)	0.23	1.47
TOTAL	2,625.53	3,374.83
SCHEDULE-4: UNSECURED LOANS		
Inter Corporate Deposits	353.00	353.00
TOTAL	353.00	353.00

PRADEEP METALS LIMITED



SCHEDULE - 5 : FIXED ASSETS

(Rs. in lacs)

FIXED ASSETS	Gross Block				Depreciation				Net Block	
	As At 01.04.2008	Additions during the year	Sales during the year	As at 31.03.2009	As at 01.04.2008	For the year	On Sales	As at 31.03.2009	As at 31.03.2009	As at 31.03.2008
Leasehold Land	58.22	-	2.41	55.81	-	-	-	-	55.81	58.22
Factory Buildings	330.86	-	33.24	297.62	135.61	10.24	20.22	125.63	171.99	195.25
Plant & Machinery	2,569.65	86.48	11.80	2,644.33	1,231.29	121.77	10.03	1,343.03	1,301.30	1,338.36
Furniture & Fixtures	25.77	0.43	-	26.20	15.74	1.55	-	17.29	8.91	10.03
Vehicles	30.88	42.00	-	72.88	8.72	3.68	-	12.40	60.48	22.16
Total	3,015.38	128.91	47.45	3,096.84	1,391.36	137.24	30.25	1,498.35	1,598.49	1,624.02
Capital Work-in-progress including advances on Capital Account									63.60	7.43
Previous Year	2,927.49	122.52	34.63	3,015.38	1,275.89	135.08	19.61	1,391.36	1,624.02	

	Rs. in lacs 31st March, 2009	Rs. in lacs 31st March, 2008
SCHEDULE-6: INVESTMENTS (AT COST)		
Long Term, Unquoted (Non-trade)		
10 Shares of Rs.10 each of Janakalyan Sahakari Bank Ltd. (Previous year 10 shares of Rs.10 each)	0.00	0.00
1,000 Shares of Rs.50 each of Dombivli Nagari Sahakari Bank Ltd. (Previous year 1,000 Shares of Rs.50 each)	0.50	0.50
1,000 Shares of Rs. 50 each of The Thane Janata Sahakari Bank Ltd. (Previous year 1,000 Shares of Rs.50 each)	0.50	0.50
TOTAL	1.00	1.00
SCHEDULE-7: INVENTORIES		
At cost or market value whichever is lower and as taken and certified as to the value and quantity by the Chairman and Managing Director of the Company.		
Raw material	311.73	425.26
Work in process & Semi-finished goods	800.92	1,090.23
Fuel	3.72	5.82
<u>Dies</u>		
Core Stock	0.00	34.74
Others	824.82	853.84
Consumable stores & spares	68.01	105.18
Scrap	7.05	19.51
TOTAL	2,016.25	2,534.58
SCHEDULE-8: SUNDRY DEBTORS		
Unsecured		
a) Debts outstanding for more than six months		
Considered good	212.69	150.83
b) Others		
Considered good	1,669.10	1,525.86
TOTAL	1,881.79	1,676.69
SCHEDULE-9: CASH & BANK BALANCES		
Cash on hand	0.75	2.88
<u>Balances with Scheduled banks</u>		
(a) In Current Accounts	0.83	0.67
(b) In Fixed Deposits	6.09	1.38
TOTAL	7.67	4.93



	Rs. in lacs 31st March, 2009	Rs. in lacs 31st March, 2008
SCHEDULE-10: LOANS & ADVANCES (Unsecured, considered good)		
Deposits	34.85	36.28
Advances recoverable in cash or in kind or for value to be received including export benefits, excise and sales tax refunds and balances.	493.46	482.14
Deferred Tax Asset	334.44	0.00
Income Tax Deducted at Source	10.32	9.45
TOTAL	873.07	527.87
SCHEDULE-11: CURRENT LIABILITIES		
Sundry creditors	864.48	918.51
Sundry creditors for capital goods	0.00	3.91
Advances from Debtors	9.31	9.29
Advance received towards sale of Dombivli Unit	0.00	80.00
Outstanding liabilities for expenses	163.14	124.14
Long term liabilities	0.00	38.00
Provision for Fringe Benefit Tax	8.55	5.00
Provision for Income Tax	120.65	50.65
TOTAL	1,166.13	1,229.50
SCHEDULE-12: MISCELLANEOUS EXPENDITURE TO THE EXTENT NOT WRITTEN OFF		
Profit and Loss Account		
Balance as per Contra (Transferred to Reserves and Surplus - Sch. 2)	0.00	758.32
Preliminary Expenses	0.96	1.17
TOTAL	0.96	759.49

26th ANNUAL REPORT 2009



	Rs. in lacs 31st March, 2009	Rs. in lacs 31st March, 2008
SCHEDULE-13:		
SALES, OPERATING INCOME ETC.		
Sales	8,183.54	6,955.09
Job Work Receipts	<u>135.68</u>	<u>122.58</u>
	8,319.22	7,077.67
Interest from bank	0.14	0.05
Sales Tax refund	95.83	73.50
Profit on sale of Dombivli Unit	72.80	0.00
Other income	<u>8.26</u>	<u>80.37</u>
TOTAL	<u><u>8,496.25</u></u>	<u><u>7,231.59</u></u>
 SCHEDULE-14: MANUFACTURING EXPENSES		
Raw Material consumed	4,431.56	4,170.80
Dies consumed	299.65	256.93
Purchases for resale	57.10	48.40
(Increase)/Decrease in Stocks:		
Stock on 1st April, 2008		
Work in process and finished goods	1,090.23	927.46
Scrap	<u>19.51</u>	<u>14.28</u>
	1,109.74	941.74
<u>Less:</u>		
Stock on 31st March, 2009		
Work in process and finished goods	800.92	1,090.23
Scrap	<u>7.05</u>	<u>19.51</u>
	301.77	(168.00)
Consumable stores and spares	374.33	339.11
Power, fuel and water	372.83	358.14
Payments to sub contractors	314.03	173.52
Wages	437.78	408.02
Employee's welfare expenses	25.55	26.03
Contribution to Provident and other funds	<u>37.49</u>	<u>35.84</u>
Repairs and Maintenance:		
Machinery	10.64	13.43
Factory Buildings	6.11	3.80
Others	<u>11.31</u>	<u>10.82</u>
	28.06	28.05
Inward Freight and Octroi & Other expenses	<u>166.47</u>	<u>117.29</u>
TOTAL	<u><u>6,846.62</u></u>	<u><u>5,794.13</u></u>



	Rs. in lacs	Rs. in lacs
	31st March, 2009	31st March, 2008
SCHEDULE-15: OTHER EXPENSES		
Salaries	56.17	55.89
Conveyance and travelling expenses	49.89	41.89
Other administrative expenses	112.83	83.55
Selling expenses	122.22	137.53
Insurance	8.56	7.65
Payments to Auditors		
Audit fees	2.21	1.97
Tax Audit fees	0.44	0.39
Taxation Matters	0.33	0.34
Others	0.63	0.25
Financial Charges	403.28	387.32
Bank charges and other expenses	49.02	49.46
Duty and taxes	28.09	30.59
Preliminary expenses written off	0.21	0.21
Bad-Debts written off	16.12	12.19
Loss on foreign exchange fluctuations	65.63	61.52
TOTAL	915.63	870.75

SCHEDULE – 16: NOTES FORMING PART OF THE ACCOUNTS

A) Significant Accounting Policies:

(1) Basis for preparation of Accounts.

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.

(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.

(3) Use of Estimates

The Preparation of Financial Statement 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 statement 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/materialized.

(4) Fixed Assets and Depreciation

Fixed Assets are stated at cost less depreciation. Depreciation on assets acquired on or after 1st January 1988 has been provided for on straight line method at the rates specified in Schedule XIV of the Companies Act, 1956 as amended by Circular No.GSR 756 (E) dated 16th December, 1993 issued by the Department of Company Affairs.

Depreciation on the assets acquired prior to 1st January 1988 is provided for at the rates prevailing at the time of their acquisition. Depreciation on additions to assets is calculated on pro-rata basis



from the day of asset put to use.

(5) Borrowing Costs

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

(6) Inventories

- a. Raw material is valued at cost. The cost is arrived at on First-in-First-out basis.
- b. Components, stores and spares are valued at cost.
- c. Dies and tools are valued at cost, including the cost of design, development, testing and sampling based on its life and usage till the year-end.
- d. Work in process and semi finished goods are valued at lower of cost or estimated net realizable value.

(7) Investment

Investments are stated at Cost.

(8) Sales

Sales are inclusive of income from job work, excise duty, export incentives, exchange fluctuations on export receivables and income from Microwave Operations. The revenue from sale of goods are recognised when title to goods is transferred on delivery of goods.

(9) Foreign Currency transactions

Transactions in foreign currency are recorded at the original 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.

(10) Provisions, Contingent Liabilities and Contingent Assets

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

(11) Employee Benefits

Contributions payable to the Government Provident Fund 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 is charged to revenue based on actuarial value.

(12) 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 year, no such loss was observed and hence no provision for impairment loss has been made.

(13) 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.

(14) Preliminary expenses are being amortized over a period of 10 years.



B) Notes on Accounts

	31 st March, 2009 (Rs.)	31 st March, 2008 (Rs.)
(1) Contingent Liabilities not provided for		
a) Letter of Guarantee issued by Union Bank of India (secured by 100 % margin)	554,252	83,252
(2) Value of import calculated on CIF basis		
Raw Material and Consumable goods :	2,834,304	38,418
Capital goods :	9,162,045	-
(3) Expenditure in foreign currency – Travelling	1,411,062	815,522
(4) Earning in foreign currency :		
FOB value of Exports	507,479,971	398,178,101
(5) Managerial Remuneration Under Section 198 of the Companies Act, 1956		
- Salaries	1,500,000	1,500,000
- Perquisites	105,223	176,058
- Provident Fund	9,360	9,360
(6) Earnings Per Share :	Rs. in lacs	
(a) Net Profit before Tax	596.76	
Less : Provision for Income Tax	70.00	
Provision for Fringe Benefit Tax	3.55	
Net Profit after Tax	<u>523.21</u>	
Less : 10% Dividend on Optionally Convertible Cumulative Redeemable Preference Shares (Including Dividend Tax and Surcharge thereon)	<u>59.27</u>	
Profit after Tax for EPS	<u>463.94</u>	
(b) The weighted average number of ordinary Shares for EPS	12720000	
Earnings Per Share Rs.	3.65	
(7) Payment to Auditors	Amount. (Rs.)	Amount. (Rs.)
	2008-09	2007-08
(i) Audit Fees	2,20,600	1,96,630
(ii) Tax Audit Fees	44,120	39,326
(iii) For Certification and Consultation on tax matters	33,090	33,708
(iv) Reimbursement of expenses	63,274	25,220
(8) The Company has not provided for dividend on 519,800, 10% Optionally Convertible Cumulative Redeemable Preference Shares of Rs. 100 each in the books of accounts.		
(9) (a) The Company is covered under the provisions of Minimum Alternative Tax (MAT) and hence has provided Income Tax in the books as per the provisions of Section 115JB of the Income Tax Act, 1961.		
(b) Deferred Tax is recognised on timing differences between the accounting income and the taxable income for the year, and quantified using the tax rates and laws enacted or substantially enacted as on the Balance Sheet date.		

(c) Deferred Tax assets are recognised subject to the consideration of prudence and carried forward to the extent that *there* is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

(10)The Company has duly complied with the Accounting Standards referred to in sub-section 3(c) of Section 211 of the Companies Act, 1956.

(11)Previous year's figures have been regrouped, wherever necessary, to conform to this year's classification.

PRADEEP METALS LIMITED



Additional information pursuant to the provisions of part II of Schedule VI to the Companies Act, 1956.

A) CAPACITY

Product	Unit	Licensed Capacity		Installed Capacity	
		31st March, 2009	31st March, 2008	31st March, 2009	31st March, 2008
Forgings & other steel products					
1. Based on Forged weight	Mt.	N.A	N.A	12000*	12000*
2. Based on Machined weight	Mt.	N.A	N.A	7200*	7200*
* Varies according to the product mix.					

B) PRODUCTION, SALES, PURCHASES, CONSUMPTION AND INVENTORY :

PRODUCT	31st March, 2009		31st March, 2008	
	Quantity Mt.	Amount Rs. in lacs	Quantity Mt.	Amount Rs. in lacs
1 PRODUCTION *				
Own Production	3429.207	7138.86	3978.813	6312.97
Job Work	87.150	135.68	98.896	122.58
Total		7274.54		6435.55
* Includes finished components at their machined weights.				
2 SALES				
Forgings and other steel products	3234.797	7428.17	4080.015	6150.20
Traded goods	251.452	64.23	24.735	59.84
Scrap	1200.988	691.14	1416.391	745.05
Job work	87.150	135.68	98.896	122.58
Total		8319.22		7077.67
3 PURCHASE OF TRADED GOODS				
Forgings and other steel products	251.452	57.10	24.735	48.40
Total		57.10		48.40
4 RAW MATERIAL AND COMPONENTS CONSUMED				
Steel Bars and Billets	4442.911	4431.56	5343.641	4170.80
Other Components		675.12		610.55
Total		5106.68		4781.35
5 OPENING STOCK				
Work in process and semi finished goods	583.486	1090.23	684.688	927.46
Scrap	21.301	19.51	25.895	14.28
Total		1109.74		941.74
6 CLOSING STOCK				
Work in process and semi finished goods	482.819	800.92	583.486	1090.23
Scrap	40.678	7.05	21.301	19.51
Total		807.97		1109.74

As per our report of even date

For S.R.Rege & Co.
Chartered Accountants

S.M.Patki
Partner
Membership No - 37690

PRADEEP GOYAL	Chairman and Managing Director
KEWAL KRISHAN NOHRIA	Director
RAJ KUMAR MITTAL	Director
OMPRAKASH AGARWAL	Director
RAKESH KUMAR AGARWAL	Director
DINESH T. PAREKH	Director
NEERU GOYAL	Director
ABHINAY KAPOOR	Company Secretary

Navi Mumbai
May 21, 2009

26th ANNUAL REPORT 2009



CASH FLOW STATEMENT PURSUANT TO CLAUSE 32 OF THE LISTING AGREEMENT FOR THE YEAR ENDED 31ST MARCH 2009

	31st March 2009 (Rs. In lacs)	31st March 2008 (Rs. In lacs)
A. CASH FLOW FROM OPERATING ACTIVITIES:		
NET PROFIT/LOSS BEFORE TAX AND EXTRAORDINARY ITEMS (Excluding Deferred Tax Assets)	523.21	376.63
ADJUSTMENTS FOR:		
DEPRECIATION	137.24	135.08
LOSS ON SALE OF ASSETS	-	-
LEASE RENTALS	-	-
DIVIDEND RECEIVED	(0.23)	(0.08)
INTEREST EXPENSES	403.28	387.32
MISC EXPENDITURE WRITTEN OFF	0.21	0.21
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	1,063.71	899.16
ADJUSTMENTS FOR:		
TRADE AND OTHER RECEIVABLES	(214.99)	(593.68)
INVENTORIES	518.33	(218.19)
TRANSFER FROM CAPITAL WORK IN PROGRESS	(56.17)	79.56
TRADE PAYABLE	(63.37)	222.40
PROFIT ON SALE OF ASSETS	(72.82)	(0.62)
CASH GENERATED FROM OPERATIONS	1,174.69	388.63
INTEREST PAID	(403.28)	(387.32)
DIRECT TAXES PAID - TDS	(0.87)	(6.06)
CASH FLOW BEFORE EXTRAORDINARY ITEMS	770.54	(4.75)
EXTRAORDINARY ITEMS	-	-
NET CASH USED IN OPERATING ACTIVITIES	770.54	(4.75)
B. CASH FLOW FROM INVESTING ACTIVITIES:		
PURCHASE OF FIXED ASSETS	(128.91)	(122.52)
SALE OF FIXED ASSETS	90.02	15.66
DIVIDEND RECEIVED	0.23	0.08
NET CASH FLOW FROM INVESTING ACTIVITIES	(38.66)	(106.78)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
PROCEEDS FROM ISSUE OF SHARE CAPITAL (SHARE APPLICATION MONEY)	-	(3.00)
PROCEEDS FROM WORKING CAPITAL BORROWINGS	(775.21)	124.99
PROVISION FOR GRATUITY AND LEAVE ENCASHMENT AS PER AS 15	20.16	(20.16)
PRELIMINARY EXPENSES INCURRED	-	-
PROCEEDS FROM OTHER BORROWINGS (NET)	25.91	(0.74)
PAYMENT OF FINANCE LEASE LIABILITIES	-	-
NET CASH FROM FINANCING ACTIVITIES	(729.14)	101.09
NET INCREASE IN CASH AND CASH EQUIVALENTS	2.74	(10.44)
CASH AND CASH EQUIVALENTS AS AT 31/03/2008 (OPENING BALANCE)	4.93	15.37
CASH AND CASH EQUIVALENTS AS AT 31/03/2009 (CLOSING BALANCE)	7.67	4.93
	2.74	(10.44)

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009.

- (1) The cash flow statement has been prepared in accordance with the requirements of Accounting Standard 3 "Cash Flow Statement" notified under the Company's (Accounting Standards) rules, 2006.
- (2) Figures in brackets indicate cash outgo.
- (3) Previous year's figures have been regrouped, wherever necessary, to conform to this year's classification.

AUDITOR'S CERTIFICATE

We have examined the attached cash flow statement of Pradeep Metals Limited for the period ended 31st March, 2009. The statement has been prepared by the Company in accordance with the requirement of Clause 32 of the Listing Agreement with The Bombay Stock Exchange Limited and based on and in agreement with the corresponding Profit and Loss Account and Balance Sheet of the Company covered by our report dated 21st May, 2009 to the members of the Company.

FOR S.R.REGÉ & CO.
Chartered Accountants

S.M.Patki
Partner
Membership No- 37690

Mumbai
May 21, 2009.

V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF COMPANY (AS PER MONETARY TERMS)

ITEM

CODE NO.
(ITC CODE)

	7	3	2	6	1	9	0	0
--	---	---	---	---	---	---	---	---

PRODUCT
DESCRIPTION

O	T	H	E	R		A	R	T	I	C	L	E	S		O	F		I	R	O	N	
O	R		S	T	E	E	L		F	O	R	G	E	D		S	T	A	M	P	E	D
B	U	T		N	O	T		F	U	R	T	H	E	R		W	O	R	K	E	D	-
O	T	H	E	R																		

ITEM

CODE NO.
(ITC CODE)

	7	3	2	6	9	0	1	5
--	---	---	---	---	---	---	---	---

PRODUCT
DESCRIPTION

F	I	N	I	S	H	E	D		A	N	D		S	E	M	I	-	F	I	N	I	-	
S	H	E	D		S	T	E	E	L		F	O	R	G	I	N	G	S		N	E	S	.
E	G		F	L	A	N	G	E	S		F	O	R		S	T	E	E	L		P	I	
P	E	S		A	N	D		T	U	B	E	S		A	U	T	O		S	P	A	R	
E	S		E	A	R	T	H		M	O	V	I	N	G		E	T	C.					

ITEM

CODE NO.
(ITC CODE)

	7	3	2	6	9	0	1	7
--	---	---	---	---	---	---	---	---

PRODUCT
DESCRIPTION

F	I	N	I	S	H	E	D		A	N	D		S	E	M	I	-	F	I	N	I	-	
S	H	E	D		S	T	E	E	L		F	O	R	G	I	N	G	S		N	E	S	.
F	O	R		A	U	T	O		S	P	A	R	E	S		A	N	D		E	A	R	
T	H		M	O	V	I	N	G		I	M	P	L	E	M	E	N	T	S				
E	T	C.																					

PRADEEP METALS LIMITED

Regd. Office : R-205, TTC Indl. Area, MIDC, Rabale, Navi Mumbai 400 701.
(Maharashtra)

ATTENDANCE SLIP

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL

DP ID *	
Client ID *	

Folio No.	
No. of Share(s) held	

NAME AND ADDRESS OF THE SHAREHOLDER

I hereby record my presence at the 26th ANNUAL GENERAL MEETING of the Company at R-205, TTC Indl. Area, MIDC, Rabale, Navi Mumbai 400 701 on Friday, 31st July, 2009, at 4.00 p.m.

Signature of the Shareholder/Proxy
(To be signed at the time of handing over this slip)

* Applicable for investors holding shares in electronic form.

-----Tear here-----

(TEAR HERE)

PRADEEP METALS LIMITED

Regd. Office : R-205, TTC Indl. Area, MIDC, Rabale, Navi Mumbai 400 701.
(Maharashtra)

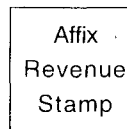
PROXY FORM

I/We of being a Member/Members of PRADEEP METALS LIMITED hereby appoint of or failing him/her of as/my / our Proxy to attend and vote for me/us and on my/our behalf at the 26th Annual General Meeting of the Company to be held on Friday, 31st July, 2009, at 4.00 p.m. and at any adjournment thereof.

Signed this day of 2009

Folio No. DP ID* Client ID*

No. of Shares held



(Signature of the Shareholder)

* Applicable for investors holding shares in electronic form.

Notes :

1. The proxy need not be a member.
2. The proxy form duly signed across Revenue Stamp should reach Company's Registered Office atleast 48 hours before the time of the meeting.

BOOK-POST

If undelivered, please return to :

PRADEEP METALS LIMITED
R-205, TTC Industrial Area, MIDC,
Rabale, Navi Mumbai - 400 701.
Maharashtra.

 **SIDDHIVINAYAK PRINTERS**
© 2503 11 10 • 2163 56 23