



**Pradeep Metals Limited**  
**Manufacturers of Precision Closed Die Forgings**

PML/SE/2016-17/17

7<sup>th</sup> October, 2016

The Secretary,  
BSE Limited  
P J Towers,  
Dalal Street,  
Mumbai-400 001

Dear Sir / Madam,

**Sub:** Regulation 34 (1) – Submission of 33<sup>rd</sup> Annual Report for FY 2015-16.  
**Scrip Code:** 513532

Pursuant to Regulation 34(1) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, (the Listing Regulations), and further to our letter bearing ref. no. PML/SE/2016-17/16 dated 1<sup>st</sup> October, 2016 we submit herewith, the 33<sup>rd</sup> Annual Report of Pradeep Metals Limited for the financial year ended 31<sup>st</sup> March, 2016, which was approved and adopted by the Members at the 33<sup>rd</sup> Annual General Meeting of the Company held on 29<sup>th</sup> September, 2016.

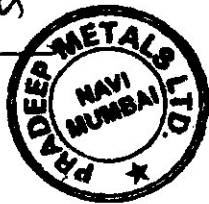
Please take the same on record.

Thanking you,

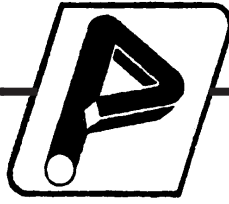
Yours Truly,  
For Pradeep Metals Limited

*Suchita Singh*

Suchita Singh  
Company Secretary  
A43837



Encl: as above



33 <sup>rd</sup>
ANNUAL
REPORT
2015-16

**PRADEEP METALS LIMITED**



**TABLE OF CONTENTS**

<b><u>CONTENTS</u></b>	<b><u>PAGE NO.</u></b>
<b>/ COMPANY INFORMATION</b>	<b>1</b>
<b>/ PERFORMANCE AT A GLANCE</b>	<b>2</b>
<b>/ NOTICE</b>	<b>3</b>
<b>/ DIRECTORS' REPORT</b>	<b>11</b>
<b>/ ANNEXURES TO DIRECTORS' REPORT</b>	<b>18</b>
<b>/ MANAGEMENT DISCUSSION &amp; ANALYSIS</b>	<b>38</b>
<b>/ REPORT ON CORPORATE GOVERNANCE</b>	<b>43</b>
<b>/ AUDITOR'S REPORTS</b>	<b>60</b>
<b>/ FINANCIAL STATEMENTS</b>	<b>70</b>

---

## 33<sup>rd</sup> ANNUAL REPORT 2016

### COMPANY INFORMATION

#### Board of Directors

Mr. Pradeep Goyal	Chairman & Managing Director
Mr. Omprakash Agarwal	Non-Executive Director
Dr. Kewal K. Nohria	Non-Executive Director
Mrs. Neeru Pradeep Goyal	Non-Executive Director
Mr. Suresh G. Vaidya	Independent Director
Mr. Raj Kumar Mittal	Independent Director
Mr. Rajeev D. Mehrotra	Independent Director
Mr. Jaidev R. Shroff	Independent Director

#### Chief Financial Officer

Mr. Rajeev Dixit (upto 5<sup>th</sup> August, 2015)  
Mr. Akshaya Shah  
(from 15<sup>th</sup> September, 2015 till 20<sup>th</sup> February, 2016)

#### DY. Chief Financial Officer

Mr. Dilip Dalvi  
(w.e.f. 27<sup>th</sup> May, 2016)

#### Company Secretary & Compliance Officer

Mr. Abhinay Kapoor (upto 16<sup>th</sup> July, 2016)  
Ms. Suchita Singh (w.e.f. 16<sup>th</sup> July, 2016)

#### Statutory Auditors

**N. A. Shah Associates LLP**  
(formerly known as M/s. N. A. Shah Associates)  
Chartered Accountants

#### Secretarial Auditors

**M/s. Shweta Gokarn & Co.**  
Company Secretaries

#### Internal Auditors

BDO India LLP

#### Cost Auditors

M/s. J. J. Paleja & Co.  
Cost Accountants

#### Bankers

Union Bank of India

#### Registered Office

R-205, MIDC, Rabale, Navi Mumbai 400 701.  
Tel: +91-22-27691026 Fax: +91-22-27691123  
e-mail: [info@pradeepmetals.com](mailto:info@pradeepmetals.com), [investors@pradeepmetals.com](mailto:investors@pradeepmetals.com)  
Website: [www.pradeepmetals.com](http://www.pradeepmetals.com)  
CIN: L99999MH1982PLC026191

#### Registrar and Transfer Agent

Link Intime India Pvt. Ltd.  
C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (West), Mumbai - 400 078  
Tel. +91-22-25946970 Fax: +91-22-25946969 e-mail: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)

**PERFORMANCE AT A GLANCE (STANDALONE)**

Rs. in lakhs

Particulars	2015-16	2014-15	2013-14	2012-13	2011-12
<b>Sales &amp; Other Income (Net of Excise Duty)</b>	12,084	13,261	11,542	12,703	11,255
<b>Profit before Interest, Depreciation &amp; Tax</b>	1,580	1,884	1,443	1,398	1,360
Less:- Finance Cost	676	421	331	423	440
Less:- Depreciation	370	258	206	200	181
Less:- Preliminary Expenses Written off	0	0	0	0	3
Less:-Prior period items - (income)/expenses (net)	20	0	0	0	0
<b>Profit Before Tax</b>	<b>514</b>	<b>1205</b>	<b>906</b>	<b>775</b>	<b>736</b>
Less:- Taxation (including MAT & Deferred Tax)	138	422	302	334	153
<b>Profit for the year before Dividend</b>	<b>376</b>	<b>783</b>	<b>604</b>	<b>441</b>	<b>583</b>
Earning per Equity Share of Rs.10/- each (in Rupees)					
(a) Basic	2.17	4.53	3.50	2.62	3.68
(b) Diluted	2.17	4.53	3.50	2.56	3.51
(c) Net Worth	3938	3687	3377	3015	2648

## 33<sup>rd</sup> ANNUAL REPORT 2016

### NOTICE

NOTICE IS HEREBY GIVEN THAT THE THIRTY THIRD ANNUAL GENERAL MEETING OF PRADEEP METALS LIMITED WILL BE HELD ON THURSDAY, 29<sup>TH</sup> SEPTEMBER, 2016 AT 3.00 PM AT MONARCH BANQUETS, PLOT NO. 110/111, MIDC, THANE BELAPUR ROAD, NEAR RABALE RAILWAY STATION, RABALE, NAVI MUMBAI 400701 TO TRANSACT THE FOLLOWING BUSINESS:

#### **ORDINARY BUSINESS:**

1. To consider and adopt:
  - a. the Audited Standalone Financial Statements of the Company for the financial year ended 31<sup>st</sup> March, 2016, together with the Reports of the Board of Directors and Auditors thereon.
  - b. the Audited Consolidated Financial Statements of the Company for the financial year ended 31<sup>st</sup> March, 2016, together with the Reports of the Auditors thereon.
2. To confirm the payment of Interim Dividend on Equity Shares for the financial year 2015-16.
3. To appoint a Director in place of Mrs. Neeru Goyal (DIN: 05017190), who retires by rotation and, being eligible, offers herself for re-appointment.

#### 4. Ratification of Appointment of Auditors

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

**“RESOLVED THAT** pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013, and the Companies (Audit and Auditors) Rule, 2014, as amended from time to time, the appointment of M/s. N. A. Shah Associates LLP (Registration No.: 116560W/W100149), [formerly known as M/s. N. A. Shah Associates], Chartered Accountants (Firm Registration No. 116560W), as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of Thirty Seventh Annual General Meeting of the Company to be held in the calendar year 2020, be and is hereby ratified and the Board be and is hereby authorized to fix the remuneration payable to the Auditors for the FY 2016-17, as may be recommended by the Audit Committee in consultation with the Auditors.”

#### **SPECIAL BUSINESS:**

5. To approve the remuneration of the Cost Auditors for the financial year ending 31<sup>st</sup> March, 2017.

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

**“RESOLVED THAT** pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014 [including any statutory modification(s) or re-enactment(s) thereof for the time being in force], M/s. J.J. Paleja & Co., Cost Accountants, Mumbai (Firm Registration No. 100656), appointed by the Board of Directors of the Company on the recommendation of the Audit Committee, to conduct the audit of the cost records of the Company, be paid a remuneration for the financial year ending on 31<sup>st</sup> March, 2017, of Rs. 1,25,000/- (Rupees One Lakh Twenty Five Thousand Only) plus Service tax and reimbursement of out of pocket expenses incurred by them in connection of the aforesaid audit.”

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

Place: Navi Mumbai  
Date: 6<sup>th</sup> August, 2016

#### **REGISTERED OFFICE:**

R-205, MIDC, Rabale, Navi Mumbai - 400 701  
Tel. no. 022-27691026 Fax:022-27691123  
Email: [investors@pradeepmetals.com](mailto:investors@pradeepmetals.com)  
Website : [www.pradeepmetals.com](http://www.pradeepmetals.com)  
CIN: L99999MH1982PLC026191

**Sd/-  
Suchita Singh  
Company Secretary  
Membership No.: A43837**



## NOTES

**1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (AGM) IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.

The instrument appointing the proxy, in order to be effective, must be deposited at the Company's Registered Office, duly completed and signed, not less than (48) FORTY EIGHT HOURS before the commencement of the meeting viz. upto 3.00 pm on 27<sup>th</sup> September 2016. Proxies submitted on behalf of limited companies, societies, etc., must be supported by appropriate resolutions/authority, as applicable. A Proxy Form is annexed to this Notice.

2. The relevant Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 ("Act") setting out material facts concerning the business under Item Nos. 4 and 5 of the Notice, is annexed hereto. The relevant details as required under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), of the person seeking re-appointment as Director under Item No. 3 of the Notice, are also annexed.
3. The Company has appointed Ms. Shweta Gokarn, Practicing Company Secretary (Certificate of Practice Number- 11001) to act as a Scrutinizer, for conducting the remote E-Voting process and to conduct voting/poll at AGM, in a fair and transparent manner.
4. The Register of Members and Transfer Books of the Company will be closed from Thursday, 22<sup>nd</sup> September, 2016 to Wednesday, 28<sup>th</sup> September, 2016 (both days inclusive) for Annual General Meeting.
5. During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, a Member would be entitled to inspect the proxies lodged at any time during the business hours of the Company, provided that not less than three days' notice in writing is given to the Company.
6. Members holding shares in dematerialized form are requested to intimate all changes pertaining to their bank details, Electronic Clearing Service (ECS) mandates, nominations, power of attorney, change of address, change of name, e-mail address, contact numbers, etc., to their Depository Participant (DP). Changes intimated to the DP will then be automatically reflected in the Company's records which will help the Company and the Company's Registrars and Transfer Agent i.e. Link Intime India Private Limited (LI IPL), C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup West, Mumbai- 400 078, to provide efficient and better services. Members holding shares in physical form are requested to intimate such changes to LI IPL.
7. Members holding shares in physical form in identical order of names in more than one folio are requested to send to the Company or LI IPL, the details of such folios together with the share certificates for consolidating their holding in one folio. A consolidated share certificate will be returned to such Members after making requisite changes thereon.
8. Members holding shares in physical form are requested to consider converting their holdings in dematerialised form to eliminate all risks associated with physical shares and for ease of portfolio management. Members can contact the Company or LI IPL for assistance in this regard.
9. Members seeking any information with regard to the Accounts, are requested to write to the Company at [investors@pradeepmetals.com](mailto:investors@pradeepmetals.com) at least 7 (seven) days before the Meeting, so as to enable the Management to keep the information ready at the AGM.
10. In case of joint holders attending the meeting, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote.
11. The Notice of the AGM along with the Annual Report for financial year 2015-16 is being sent by electronic mode to those Members whose e-mail addresses are registered with the Company/Depositories, unless any Member has requested for a physical copy of the same. For Members who have not registered their e-mail addresses, physical copies are being sent by the permitted mode.

---

## 33<sup>rd</sup> ANNUAL REPORT 2016

---

12. Members may also note that the electronic copy of the 33<sup>rd</sup> Annual Report (including the AGM Notice) will also be available on Company's website i.e. [www.pradeepmetals.com](http://www.pradeepmetals.com) for their reference.
13. All documents referred to in this Notice and Explanatory Statements are open for inspection at the Registered Office of the Company on all working days, between 10.00 AM and 01.00 PM up to date of the Annual General Meeting except on Sundays and holidays.
14. Members / Proxies/ authorized representatives are requested to bring their copies of the Annual Report to the meeting along with duly filled in attendance slips mentioning therein details of their DP ID and Client ID / Folio No. for attending the meeting.
15. In terms of the applicable provisions of Section 205A and 205C the Companies Act, 1956, the amount of dividend remaining unclaimed or unpaid for a period of seven years from the date of transfer to the unpaid dividend account is required to be transferred to the Investor Education and Protection Fund. Those members who have so far not encashed their dividend warrants pertaining to previous financial years are requested to approach the company for the payment thereof as the same will be transferred to Investor Education and Protection Fund (IEPF) pursuant to Section 125 of the Companies Act, 2013 on respective due dates. Kindly note that after such date, the members will have to claim such dividend from such Investor Education and Protection Fund in accordance with the Rules prescribed by the Central Government under the Companies Act, 2013.  

The Ministry of Corporate Affairs ("MCA") on May 10, 2012 notified the Investor Education and Protection Fund (Uploading of Information regarding Unpaid and Unclaimed amounts lying with Companies) Rules, 2012 ("IEPF Rules") which is applicable to the Company. The objective of IEPF Rules is to help the shareholder ascertain status of the unclaimed amounts and overcome the problems due to misplacement of intimation thereof, by post. etc. As per the provisions of the said IEPF Rules, the Company has placed under "Investors Section" on its website [www.pradeepmetals.com](http://www.pradeepmetals.com), the information on dividends which remain with the Company unclaimed as on 11<sup>th</sup> September, 2015 i.e. date of the last Annual General Meeting. The information is also available on the website of Investor Education and Protection Fund [www.iepf.gov.in](http://www.iepf.gov.in).
16. The Securities and Exchange Board of India ("SEBI") has mandated the submission of Permanent Account Number ("PAN") by every participant in the securities market. Members holding shares in dematerialized form are requested to submit their PAN details and email address to their respective Depository Participants. Members holding shares in physical form are requested to submit their PAN details and email address to the Company or LIPL, Registrar and Share Transfer Agent of the Company.
17. The Company's Equity shares are the Scrip which Securities and Exchange Board of India (SEBI) has specified for settlement only in dematerialized form by all investors.
18. Notice is being sent to all Members whose names would appear in the Register of Members as on 19<sup>th</sup> August, 2016, Directors and Auditors of the Company through email/courier/post.
19. A route map showing directions to reach to the venue of the 33<sup>rd</sup> Annual General Meeting is given at the end of this notice as per the requirement of Secretarial Standards on General Meeting (SS-2).





## PRADEEP METALS LIMITED

### VOTING THROUGH ELECTRONIC MEANS

Registered Folio No./DP ID No./ Client ID:	Number of Shares held:
--	------------------------

**Dear Member,**

**Subject: Instructions for e-voting**

Pursuant to the provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended by the Companies (Management and Administration) Amendment Rules, 2015, and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide e-voting facility to the Members to cast their votes electronically on all resolutions set forth in the Notice convening the 33<sup>rd</sup> Annual General Meeting to be held on Thursday, 29<sup>th</sup> September, 2016 at 3.00 pm. The Company has engaged the services of National Securities Depository Limited (NSDL) to provide the e-voting facility. The Notice is displayed on the Company's website [www.pradeepmetals.com](http://www.pradeepmetals.com) and on the website of NSDL [www.nsdl.co.in](http://www.nsdl.co.in).

The facility for voting through Polling paper will also be made available at the AGM and the members attending the AGM who have not already cast their votes by remote e-voting, shall be able to exercise their right at the AGM through polling paper.

The members who have cast their votes by remote e-voting prior to AGM may also attend AGM but shall not be entitled to cast their vote again.

The detailed instructions for e-voting are given below.

The e-voting facility is available at the link, <https://www.evoting.nsdl.com>

E-voting particulars :

EVEN (E-voting event number)	User ID	Password
------------------------------	---------	----------

The e-voting facility will be available during the following voting period:

Commencement of e-voting 26 <sup>th</sup> September, 2016 (9.00 am)	End of e-voting 28 <sup>th</sup> September, 2016 (5.00 pm)
--	---

During this period, Members' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 22<sup>nd</sup> September, 2016, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.

Please read the instructions printed below before exercising your vote. These details and instructions form an integral part of the Notice for the Annual General Meeting to be held on 29<sup>th</sup> September, 2016.

**Steps for e-voting:**

- i. The process and manner for remote e-voting are as under:
  - A. In case a Member receives an email from NSDL [for members whose email IDs are registered with the Company/Depository Participants(s)] :
    - i. Open email and open PDF file viz; "remote e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for remote e-voting. Please note that the password is an initial password.
    - ii. Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>
    - iii. Click on Shareholder - Login
    - iv. Put user ID and password as initial password/PIN noted in step (i) above. Click Login.
    - v. Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly

## 33<sup>rd</sup> ANNUAL REPORT 2016

recommended not to share your password with any other person and take utmost care to keep your password confidential.

- vi. Home page of remote e-voting opens. Click on remote e-voting: Active Voting Cycles.
  - vii. Select "EVEN" of "PRADEEP METALS LIMITED".
  - viii. Now you are ready for remote e-voting as Cast Vote page opens.
  - ix. Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
  - x. Upon confirmation, the message "Vote cast successfully" will be displayed.
  - xi. Once you have voted on the resolution, you will not be allowed to modify your vote.
  - xii. Institutional shareholders (i.e. other than individuals, HUF, NRI, etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to [csshwetagokarn@gmail.com](mailto:csshwetagokarn@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)
- B. In case a Member receives physical copy of the Notice of AGM [for members whose email IDs are not registered with the Company/Depository Participants(s) or requesting physical copy] :
- (i) Initial password is provided as below/at the bottom of the Attendance Slip for the AGM :  
**EVEN (Remote e-voting Event Number)      USER ID      PASSWORD/PIN**
  - (ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.
- II. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available at the downloads section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800-222-990.
- III. If you are already registered with NSDL for remote e-voting then you can use your existing user ID and password/PIN for casting your vote.
- IV. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- V. The voting rights of Members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 22<sup>nd</sup> September 2016.
- VI. Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. 22<sup>nd</sup> September, 2016 may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or LIPL, Registrar and Share Transfer Agent. However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or contact NSDL at the toll free no.: 1800-222-990.
- VII. A Member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.
- VIII. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through Polling paper.
- IX. Ms. Shweta Gokarn, Practicing Company Secretary (Membership No. 11001) is appointed as the Scrutinizer for providing facility to the Members of the Company to scrutinize the voting and remote e-voting process in a fair and transparent manner.
- X. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of "Polling Paper" for all those Members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
- XI. The Scrutinizer shall after the conclusion of voting at the general meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- XII. The Results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the BSE Limited, Mumbai.

**ANNEXURE TO THE NOTICE**
**Explanatory Statement Pursuant to Section 102 of the Companies Act, 2013**
**Item No: 3**

Profile of the Director being re-appointed as required under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:-

Name of the Director	Mrs. Neeru Goyal
Director Identification Number	05017190
Date of Birth	7 <sup>th</sup> September, 1958
Date of Appointment	8 <sup>th</sup> August, 2013 (AGM)
Expertise in Specific Functional Area	Management Expert
Nationality	Indian
Qualification	B.Sc (Chem.), M.A. (Eng. Lit.)
No. of shares held in the Company	5,45,109 Equity Shares (3.16 %)
Directorships held in other companies	Dhanlabh Engineering Works Private Limited Shubh Industrial Park Private Limited S. V. Shah Construction Services Private Limited Rabale Engineering India Private Limited
Chairperson/ Members of the Committee of the Board of Directors of the Company	Chairperson of CSR Committee
Chairman/Member of the Committee of the Board of Directors of other public companies (includes only Audit Committee and Stakeholders' Relationship Committee)	None

None of the Directors, Key Managerial Personnel of the Company or their relatives is in any way concerned or interested, financially or otherwise, in passing of this Resolution, Except Mrs. Neeru Goyal being retiring Director and Mr. Pradeep Goyal, spouse of Mrs. Neeru Goyal.

The Board commends passing of the Resolution set out at Item No. 3 of the accompanying Notice.

**Item No. 4**

M/s. N. A. Shah Associates LLP (Registration No: - 116560W/W100149) (formerly known as M/s. N. A. Shah Associates), Chartered Accountants (Firm Registration No. 116560W), were appointed as the Statutory Auditors of the Company for a period of five years at the Annual General Meeting (AGM) of the Company held on 11<sup>th</sup> September, 2015, to hold office from the conclusion of the Thirty Second AGM till conclusion of the Thirty Seventh AGM to be held in the year 2020. As per provisions of Section 139(1) of the Act, their appointment for the above tenure is subject to ratification by the Members at every AGM. Accordingly, ratification of the Members is being sought for appointment of Statutory Auditors as per the proposal contained in the Resolution set out at Item No. 4 of the Notice.

None of the Directors/Key Managerial Personnel of the Company or their relatives is, in any way, concerned or interested, financially or otherwise, in passing of this Resolution.

The Board commends passing of the Resolution set out at Item No. 4 of the accompanying Notice.

**Item No. 5**

The Board of Directors, on the recommendation of the Audit Committee, has approved the appointment and remuneration of M/s. J.J. Paleja & Co. (Firm Registration No. 100656), Cost Accountants, to conduct the audit of the cost records of the Company for the financial year ending 31<sup>st</sup> March, 2017 on a remuneration

---

## 33<sup>rd</sup> ANNUAL REPORT 2016

---

of Rs. 1,25,000/- (Rupees One Lakh Twenty Five Thousand Only) plus service tax and reimbursement of out of pocket expenses at actual. In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, consent of the Members is sought by passing an Ordinary Resolution, as set out at Item No. 5 of the Notice, for the remuneration payable to the Cost Auditors for the financial year ending March 31, 2017.

None of the Directors/Key Managerial Personnel of the Company or their relatives is, in any way, concerned or interested, financially or otherwise, in passing of this Resolution.

The Board commends passing of the Resolution set out at Item No. 5 of the accompanying notice.

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

Place: Navi Mumbai  
Date: 6<sup>th</sup> August, 2016

**Sd/-  
Suchita Singh  
Company Secretary  
Membership No.: A43837**



**Notice under Green Initiatives**

6<sup>th</sup> August, 2016

Dear Shareholder,

Ref: Green Initiative in the Corporate Governance: Go Paperless

The Ministry of Corporate Affairs ("MCA") has taken a 'Green initiative in the Corporate Governance' by allowing paperless compliances by companies vide its Circular Nos. 17/2011 dated 21/04/2011 and 18/2011 dated 29/04/2011 inter alia stating that the service of documents by the companies to its members can be made through electronic mode.

The initiative taken by the MCA is a welcome step for the society at large, as this will reduce paper consumption to a great extent, ensure prompt receipt of communication and avoid loss of document in postal transit. Supporting the said move of MCA, we propose to send all future shareholders communications/ documents like Notices of General Meetings, Annual Reports, Financial Results, etc. to the shareholder in electronic mode.

We are sure, that you will whole-heartedly support this initiative and cooperate with the Company to make it a success. We, therefore, request you to fill up the information slip below for registering your e-mail ID and send it to our Registrar & Share Transfer Agent, Link Intime India Pvt. Ltd. You can also send us an e-mail from your e-mail ID to [investors@pradeepmetals.com](mailto:investors@pradeepmetals.com) for receiving aforesaid documents in electronic form and mentioning there in your Folio No. /DP ID/Client ID.

Please note, as a valued shareholder, you are always entitled to request and receive, free of cost, a printed copy of the Annual Report of the Company and all other documents/communications entitled under the Companies Act, 2013.

Thanking you,

Yours truly,

For Pradeep Metals Ltd.

Sd/-

Suchita Singh

Company Secretary

Mem. No.: A43837

-----TEAR HERE-----

Link Intime India Pvt. Ltd.  
Unit: Pradeep Metals Ltd.  
C-13, Pannalal Silk Mills Compound,  
LBS Marg, Bhandup West,  
Mumbai 400 078.

Folio No. / DP ID & Client ID : \_\_\_\_\_

1<sup>st</sup> Name of 1st Registered Holder: \_\_\_\_\_

Name of Joint Holder(s) : \_\_\_\_\_

E-mail ID (to be registered) : \_\_\_\_\_

Date : \_\_\_\_\_

Signature of First Holder : \_\_\_\_\_

Note: Shareholders are requested to keep the company informed as and when there is any change in the e-mail address. Unless the e-mail ID given above is changed by you by sending another communication in writing, the Company will continue to send the documents to you on the above mentioned E-mail ID.

# 33<sup>rd</sup> ANNUAL REPORT 2016

## DIRECTORS' REPORT

Your Directors are pleased to present the Thirty Third Annual Report together with the Audited Financial Statements for the year ended 31<sup>st</sup> March, 2016.

### 1. FINANCIAL RESULTS

The Company's standalone financial performance for the year ended 31<sup>st</sup> March, 2016 is summarized below:

	(Rs. in lakhs)	
Year ended	31.03.2016	31.03.2015
Total Income	12,084.23	13,261.38
Profit/(Loss) before Depreciation	903.58	1,463.57
<b>Less:</b> Depreciation & amortization expenses	370.19	258.31
<b>Net Profit for the year before prior period items and taxes</b>	<b>533.39</b>	<b>1205.26</b>
Less: Prior period items (net)	19.87	-
<b>Profit before taxes</b>	<b>513.52</b>	<b>1,205.26</b>
Less: Provision for taxes	137.98	422.68
<b>Profit after tax for the year</b>	<b>375.54</b>	<b>782.58</b>

### 2. RESULTS OF OPERATIONS AND THE STATE OF COMPANY'S AFFAIRS

Your Company achieved Revenues from Operations and Other Income (net) of Rs. 12,084.23 lakhs during the financial year ended 31<sup>st</sup> March, 2016, as against Rs. 13,261.38 lakhs in the previous year, i.e. a decrease of 8.88%. Profit before taxes before prior period items for the year has declined by 55.74% and Profit after taxes by 52.01%.

Detailed analysis and future outlook of the Company's business are dealt in the Management Discussion and Analysis Report.

### 3. DIVIDEND

During the year, your Directors had declared and paid an Interim Dividend at the rate of 6% i.e.60 paise per Equity Share of Face Value of Rs 10/- each, as on 29<sup>th</sup> March, 2016, being the Record Date fixed for the purpose. Considering the current financial position and the Company's Capex and Investment plans, the Board of Directors has thought it prudent not to recommend Final Dividend for the financial year ended 31<sup>st</sup> March, 2016.

### 4. TRANSFER TO RESERVES

No amount has been transferred to the General Reserve. An amount of Rs.1484.35 lakhs is proposed to be retained in the Profit and Loss Account of the Company.

### 5. MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT

Management's Discussion and Analysis Report for the year under review, in terms of the Listing Regulations, is presented in a separate section forming part of the Annual Report.

### 6. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

The Company has one Wholly Owned Subsidiary namely Pradeep Metals Limited Inc., Texas, USA (the WOS) and one Stepdown Subsidiary namely Dimensional Machine Works LLC, Houston, USA (the SDS). Financials of the said subsidiaries are included in the Consolidated Financial Statements, which are prepared in accordance with the relevant Accounting Standards viz. AS-21, AS-23 and AS-27 issued by the Institute of Chartered Accountants of India and forms part of this Report.

The WOS is engaged in warehousing and marketing the products manufactured by the Company, whereas the SDS is manufacturing components mainly for the Oil & Gas industry in USA. The total income of the WOS and the SDS was Rs.1,036.79 lakhs and Rs.2,062.04 lakhs for the current year as compared to Rs.1,233.50 lakhs and Rs.954.55 lakhs for the previous year respectively. The combined loss before taxes of both the subsidiaries amounted to Rs.494.55 lakhs in the year as compared to the combined profit of Rs.171.18 lakhs in the previous year. The turnover and profitability of both the subsidiaries have suffered due to general slowdown in the manufacturing activities in Engineering and Oil & Gas industry in USA. The performance of the SDS for the FY 2014-15 are for a period of 3 months i.e. 1<sup>st</sup> January 2015 - 31<sup>st</sup> March 2015.

The Consolidated Income of the Company was Rs.14,446.34 lakhs in the current year as compared to Rs.14,309.41 lakhs in the previous year. The Consolidated Profit after taxes and allocation to minority interest has declined from Rs.828.26 lakhs in the previous year to Rs.74.94 lakhs for the year mainly due to slowdown in the global economy and crash in the Oil & Gas prices.

The Company does not have a Joint Venture or Associate Company.

As required by the Companies (Accounts) Rules, 2014, a report on performance and financial position of each of the subsidiaries, included in the Consolidated Financial statements, is annexed to this Report as **Annexure A** (Form No. AOC-1).

#### 7. DEPOSITS

The Company has not invited or accepted any fixed deposits from the public and, as such, no amount of principal or interest was outstanding in respect thereof on the date of the Balance Sheet.

#### 8. CREDIT RATING

The Company's financial discipline and prudence is reflected in the strong credit ratings ascribed by the rating agency as given below:

Facilities	Amount (Rs. in lakhs)	Rating Agency	Rating
Long Term Bank Facilities	4,000	Crisil Ltd.	CRISIL BBB/ Positive
Short-term Bank Facilities	4,500	Crisil Ltd.	CRISIL A3+

#### 9. SHARE CAPITAL

During the year under review, there was no change in the Company's Issued, Subscribed and Paid-up Equity Share Capital which consisted of 17,270,000 Equity Shares of Rs.10/- each as on 31<sup>st</sup> March, 2016.

The Company has issued only one class of Equity Shares and it has not issued shares with differential rights.

The Company has not issued any Equity Shares under Sweat Equity Share Capital or Employee Stock Option Scheme and there were no instances of non-exercising of voting rights in respect of shares purchased directly by employees under any scheme.

#### 10. DIRECTORS AND KEY MANAGERIAL PERSONNEL

There was no change in the Directors of the Company during the period under review. The Company has Eight (8) Directors consisting of Four (4) Independent Directors, One (1) Executive Director and Three (3) Non-Executive Directors (including a Woman Director).

In accordance with the provision of the Companies Act, 2013, Mrs. Neeru Goyal (DIN: 05017190), Non-Executive Non- Independent Director, retires by rotation at ensuing Annual General Meeting and, being eligible, has offered herself for re-appointment. Her background is given in the Corporate Governance Report, which forms part of this Report.

Mr. Rajeev Dixit, Chief Financial Officer of the Company was associated with the Company upto 5<sup>th</sup> August, 2015. Thereafter, Board of Directors, on recommendation of Nomination and Remuneration Committee, appointed Mr. Akshaya Shah as the Chief Financial Officer of the Company w.e.f. 15<sup>th</sup> September, 2015. In view of Mr. Akshaya Shah's unsatisfactory performance and indiscipline, his services were terminated

## 33<sup>rd</sup> ANNUAL REPORT 2016

w.e.f. 20<sup>th</sup> February, 2016. Mr. Dilip Dalvi was appointed as the Dy. Chief Financial Officer of the Company w.e.f. 27<sup>th</sup> May, 2016.

Mr. Abhinay Kapoor, Company Secretary and Compliance Officer of the Company resigned w.e.f. 16<sup>th</sup> July, 2016 and Ms. Suchita Singh was appointed as the Company Secretary and Compliance Officer of the Company w.e.f. 16<sup>th</sup> July, 2016.

Pursuant to the provisions of Section 203 of the Companies Act, 2013, Mr. Pradeep Goyal, Chairman and Managing Director, Mr. Dilip Dalvi, Dy. Chief Financial Officer and Ms. Suchita Singh, Company Secretary are the Key Managerial Personnel of the Company as on the date of this Report.

### 11. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

The information required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed to this Report as **Annexure B**.

### 12. DIRECTORS' RESPONSIBILITY STATEMENT

In terms of the provisions of Section 134(3)(c) read with Section 134(5) of the Companies Act, 2013, the Board of Directors, hereby confirm that:

- a. in the preparation of the annual accounts, the applicable accounting standards had been followed and there are no material departures;
- b. they had 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 at the end of the financial year and of the loss of the Company for that period;
- c. they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. they had prepared the annual accounts on a going concern basis;
- e. they had laid-down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- f. they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### 13. DECLARATION BY INDEPENDENT DIRECTORS

The Company received declarations from the Independent Directors of the Company, confirming that they meet the criteria of independence as provided under Section 149(6) of the Companies Act, 2013.

### 14. POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION ETC.

The Company has put in place appropriate policy on Directors' appointment and remuneration and other matters provided in Section 178(3) of the Companies Act, 2013.

The salient features of Company's policy on Directors' remuneration have also been disclosed in the Corporate Governance Report, which forms part of this Report.

### 15. ANNUAL EVALUATION OF BOARD'S PERFORMANCE, ITS COMMITTEES AND INDIVIDUAL DIRECTORS

Pursuant to the provisions of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations), the Board has carried out an annual performance evaluation of the working of its own performance, the Directors individually as well as evaluation of its Committees.

The performance of the Board and its Committees was evaluated by the Board after seeking inputs from the Board / Committee Members on the basis of criteria such as composition of the Board / Committees and structure, effectiveness of Board / Committees processes, providing information etc. A structured questionnaire was prepared after taking into consideration inputs received from the



Directors, covering various aspects of the Board's functioning.

The Board and Nomination and Remuneration Committee also reviewed the performance of Non - Independent Directors, performance of the Board as a whole and performance of the Chairman and Managing Director was evaluated taking into consideration views of Non-executive Directors. The evaluation was done on various parameters such as vision and strategy, participation, disclosures of interests, review of risk management policies and evaluating plans with reference to risk and return, good governance, leadership skills, operations, business development, human resources development, corporate communication etc. The Directors expressed their satisfaction with the evaluation process.

#### **16. CORPORATE GOVERNANCE AND VIGIL MECHANISM**

In compliance with the Listing Regulations, new Listing Agreement was executed on 8<sup>th</sup> February, 2016 with BSE Limited.

A detailed Report on Corporate Governance, pursuant to the requirements of the Listing Regulations forms part of the Annual Report. A Certificate from the Auditors of the Company, M/s. N. A. Shah Associates LLP (formerly known as M/s. N.A. Shah Associates) Chartered Accountants, confirming compliance with the conditions of Corporate Governance as stipulated under the aforesaid Schedule V(E) of the Listing Regulations, is annexed to this Report as **Annexure C**.

The Business Responsibility Reporting as required by Regulation 34(2) of the Listing Regulations, is not applicable to your Company for the financial year ending 31<sup>st</sup> March, 2016.

The Vigil Mechanism of the Company, which also incorporates a Whistle Blower Policy in terms of the Listing Regulations, includes an Ethics & Compliance Task Force comprising of senior executives of the Company. Protected disclosures can be made by a whistle blower through an E-mail or dedicated telephone line or a letter to the Chairman of the Audit Committee. The policy on vigil mechanism and whistle blower policy may be accessed on the Company's website at the link: [http://pradeepmetals.com/pdf/PML-Whistle\\_Blower\\_Policy-Vigil\\_Mechanism.pdf](http://pradeepmetals.com/pdf/PML-Whistle_Blower_Policy-Vigil_Mechanism.pdf)

#### **17. RISKS**

Your Directors have constituted a Risk Management Committee which has been entrusted with the responsibility to assist the Board in (a) Overseeing and approving the Company's risk management framework; and (b) Overseeing that all the risks that the organization faces such as strategic, financial, credit, market, liquidity, security, property, IT, Legal, regulatory, reputational and other risks have been identified and assessed and there is an adequate risk management infrastructure in place capable of addressing those risks. Risk Management Policy was reviewed and approved by the Committee.

#### **18. CORPORATE SOCIAL RESPONSIBILITY (CSR)**

The Corporate Social Responsibility Committee (CSR Committee) has formulated and recommended to the Board, a Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company, which has been approved by the Board and the same has been hosted on the Company's website [www.pradeepmetals.com](http://www.pradeepmetals.com).

The key philosophy of all CSR initiatives of the Company is guided by three core commitments of Scale, Impact and Sustainability.

During the year, the Company has spent Rs.10.36 lakhs (about 1.09% of the average net profits of last three financial years) on CSR activities.

The Company has identified focus areas of engagement which have been enumerated along with the Annual Report on CSR activities in **Annexure D** to this Report.

#### **19. AUDIT COMMITTEE**

The details in respect of the Audit Committee are included in the Corporate Governance Report, which forms part of this Report.

---

## 33<sup>rd</sup> ANNUAL REPORT 2016

---

### 20. AUDITORS AND AUDITORS' REPORT

#### a. Statutory Auditors

Pursuant to the provisions of Section 139(1) of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, M/s. N. A. Shah Associates LLP (Registration No: - 116560W/W100149) (formerly known as M/s. N.A. Shah Associates, Firm Registration Number: 116560W), Chartered Accountants, the Statutory Auditors of the Company, were appointed in 32<sup>nd</sup> Annual General Meeting ("AGM"), for a term of 5 years, subject to the ratification by Members in every AGM. The Company has received necessary certificates from the Auditor pursuant to Section 139 and 141 of the Companies Act, 2013 regarding their eligibility for appointment. In pursuance of the provisions of Section 139 of the Act, appropriate resolution for ratification of the appointment of M/s. N. A. Shah Associates LLP as the Statutory Auditor of the Company is being placed at the ensuing AGM.

#### Auditors Report

The Notes on Financial Statements referred to in the Auditors' Report are self-explanatory and do not call for any further comments. The Auditor's Report does not contain any qualification, reservation or adverse remark.

#### b. Cost Auditors

As per the requirement of Central Government and pursuant to the provisions of Section 148 of the Companies Act, 2013 (the Act) read with the Companies (Cost Records and Audit) Rules, 2014 as amended from time to time, the Company has been carrying out audit of its cost records every year.

The Board of Directors, on recommendation of Audit Committee has appointed M/s. J.J. Paleja & Co. (Firm Registration No: 100656), Cost Accountants, as Cost Auditor to audit the cost accounts of the Company for financial year 2016-17 at a remuneration of Rs.1,25,000/- plus taxes and reimbursement of out of pocket expenses. As required under the Act, a resolution seeking Member's approval for the remuneration payable to the Cost Auditor forms part of the Notice convening the Annual General Meeting.

The relevant Cost Audit Report for the FY 2014-15 were filed with Ministry of Corporate Affairs on 23<sup>rd</sup> September, 2015.

#### c. Secretarial Auditors and Secretarial Audit Report

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Rules made thereunder, M/s. Shweta Gokarn & Co. (Certificate of Practice No: 11001), Practising Company Secretaries, were appointed as the Secretarial Auditor to conduct a Secretarial Audit of the Company. The Secretarial Auditors' Report for the financial year ended 31<sup>st</sup> March, 2016 is annexed to this Report as **Annexure E**. No adverse comments have been made in the said Report.

### 21. PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN AND SECURITIES PROVIDED

During the financial year 2015-16, the Company has made investment of Rs.275.74 lakhs in the Equity Share Capital of the WOS and Rs.0.05 lakh towards acquisition of Shares of TJSB Sahakari Bank Limited.

During the year, the Company has given Corporate Guarantee to Union Bank of India, Hong Kong, for enabling the WOS to obtain a loan of USD 2 million for partly financing the cost of acquisition of 51% stake of the SDS. The amount of loan outstanding as on 31<sup>st</sup> March, 2016 was USD 2 million equivalent to Rs.1326.66 lakhs.

The Company has not given loans to any person / entity except, to its employees, during the financial year.

### 22. CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES

All contracts/ arrangements/ transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. During the year, the Company did not enter into any contract/ arrangement/ transaction with related parties, other than the

WOS, which could be considered material, in accordance with the policy of the Company on materiality of related party transactions.

The Policy on materiality of related party transactions and dealing with related party transactions as approved by the Board may be accessed on the Company's website [www.pradeepmetals.com](http://www.pradeepmetals.com)

The particulars as required under the Act are furnished in **Annexure F** (Form No. AOC-2) to this Report.

### **23. MATERIAL CHANGES AND COMMITMENTS**

Subsequent to the financial year under review, dispute has arisen with the 49% stakeholder of the SDS and the erstwhile vendor on certain issues. Efforts are being made to safeguard the interest of WOS and to reach an amicable, reasonable solution.

Save and except as above, no material changes have occurred and no commitments were given by the Company thereby affecting its financial position between the end of the financial year to which these financial statements relate and the date of this Report.

### **24. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

The particulars relating to conservation of energy, technology absorption, foreign exchange earnings and outgo, as required to be disclosed under the Act, are provided in **Annexure G** to this Report.

### **25. INTERNAL FINANCIAL CONTROL SYSTEM**

The Company has in place adequate internal financial controls, commensurate with the activities and size of the Company, with reference to financial statements. During the year, such controls were tested and no reportable material weaknesses in the design or operation were observed.

### **26. HUMAN RESOURCES**

The Company recognizes its human resources as one of its prime & critical resources. The relations between the Management and the Staff Members remained very cordial throughout the year under review. As on 31<sup>st</sup> March, 2016, the Company had 386 permanent employees at its manufacturing plants and administrative office.

### **27. EXTRACT OF ANNUAL RETURN AS ON 31<sup>st</sup> MARCH, 2016**

Extract of Annual Return of the Company is annexed herewith as **Annexure H** to this Report.

### **28. BOARD MEETINGS HELD DURING THE FY 2015-16**

During the financial year 2015-16, Seven (7) Board Meetings were held on 8<sup>th</sup> May, 2015, 3<sup>rd</sup> July, 2015, 10<sup>th</sup> August, 2015, 7<sup>th</sup> November, 2015, 8<sup>th</sup> February, 2016, 20<sup>th</sup> February, 2016 and 15<sup>th</sup> March, 2016, details of which are furnished in the Corporate Governance Report forming part of this Report. The gap between any two Meetings did not exceed 120 days.

### **29. PROMOTER GROUP**

The Promoter Group comprises of Mr. Pradeep Goyal, Mrs. Neeru Goyal, Rabale Engineering India Pvt. Ltd., and S. V. Shah Construction Services Pvt. Ltd. The Promoter Group holding in the Company currently is 70.03% of the Company's paid up Equity Capital i.e. an increase of 2.65% as compared to the financial year ended 31<sup>st</sup> March, 2015.

### **30. PARTICULARS OF EMPLOYEES**

In terms of the provisions of Sub Rule 2 of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, names and other particulars of the employees are given in **Annexure I** to this Report.

### **31. SPECIAL BUSINESS**

As regards the items in the Notice of the Annual General Meeting relating to Special Business, the Resolutions incorporated in the Notice and the Explanatory Statement relating thereto, fully indicate the reasons for seeking the approval of members to those proposals.

---

## 33<sup>rd</sup> ANNUAL REPORT 2016

---

### 32. GENERAL

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year:

- No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.
- The Company has constituted Anti Sexual Harassment Committee and during the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.
- There were no frauds reported by the Auditors under Sub section (12) of Section 143 of the Companies (Amendment) Act, 2015, to the Audit Committee, Board of Directors or Central Government.

### 33. ACKNOWLEDGEMENT

Your Directors wish to place on record their appreciation and acknowledge with gratitude the support and co-operation extended by the Government authorities, Union Bank of India (bankers), customers, vendors, clients, employees and members during the year under review and look forward to their continued support.

**For and on Behalf of the Board of Directors**

Place: Navi Mumbai  
Date: 6<sup>th</sup> August, 2016

**Sd/-  
Pradeep Goyal  
Chairman and Managing Director  
DIN: 00008370**

**ANNEXURE A TO DIRECTORS' REPORT**
**FORM AOC-1**

(Pursuant to first proviso to Sub-Section (3) of Section No. 129 of the Companies (Accounts) Rules, 2014) **Statement containing salient features of the Financial Statements of Subsidiaries/Associate Companies/Joint Ventures.**

**Part 'A' : Subsidiaries**
**(Rs. In lakhs)**

Sr. No.	Name of Subsidiary	Pradeep Metals Ltd Inc., Texas, USA	Dimensional Machine Works, LLC, Houston, USA
1	Reporting period	01.04.2015 to 31.03.2016	01.04.2015 to 31.03.2016
2	Share capital	569.14	1,016.53
3	Reserves and Surplus	(147.12)	(183.21)
4	Total Liabilities excluding share capital and reserves	2,172.32	777.69
5	Total Assets	2,594.34	1,611.01
6	Investments	518.42	-
7	Turnover / Total Income	1,036.79	2,062.04
8	Profit Before Taxation	(199.43)	(295.12)
9	Provisions for Taxation	(-9.46)	-
10	Profit after Taxation	(189.97)	(295.12)
11	Proposed Dividend	-	-
12	% of Share Holding	100%	51%

\*Exchange Rate of USD 1= Rs. 66.3329 for Balance Sheet items and Rs.65.4610 for Profit & Loss items for 2015-16.

- Note: 1. Names of the Subsidiaries which are yet to commence operations: None  
2. Names of subsidiaries which have been liquidated and sold during the year: None

**Part 'B': Associate and Joint Ventures**

None

- Note: 1. Names of the Associates/Joint Ventures which are yet to commence operations: None  
2. Names of Associates/Joint Ventures which have been liquidated or sold during the year: None.

## 33<sup>rd</sup> ANNUAL REPORT 2016

### ANNEXURE B TO DIRECTORS' REPORT

The information required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

**I. The ratio of remuneration of each Director to the median remuneration of the employees of the Company for the Financial year:**

Executive Director	Ratio to median remuneration
Mr. Pradeep Goyal	35
<b>Non-Executive Directors (sitting fees Only) *</b>	
Dr. Kewal Krishan Nohria	NA
Mr. Omprakash Agarwal	NA
Mrs. Neeru Goyal	NA
Mr. Suresh G. Vaidya	NA
Mr. Raj Kumar Mittal	NA
Mr. Rajeev D. Mehrotra	NA
Mr. Jaidev Shroff	NA

\* Non-executive Directors received no remuneration, except sitting fees for attending Board / Committee meetings.

**II. The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year:**

There was no change in the remuneration in the financial year 2015-2016.

**III. The percentage increase in the median remuneration of employees in the financial year :**

No increments were granted in FY 2015-16.

**IV. The number of permanent employees on the rolls of Company : 386**

**V. The explanation on the relationship between average increase in remuneration and Company performance.**

Revision in remuneration is not solely based on the Company's performance but also other factors like individual performance, experience, academic background, industry trends, economic situation and future growth prospects etc.

During the year under review the Company's performance was adversely Impacted due to global slowdown and hence, no increase in remuneration of the employees was considered.

**VI. Comparison of the remuneration of the Key Managerial Personnel (KMPs) against the performance of the Company.**

Rs. In lakhs

	Standalone	Consolidated
Aggregate remuneration of KMPs in FY 2015-16	113.59	113.59
Revenue	12,084.23	14,446.34
Remuneration of KMPs (as % of Revenue)	0.94	0.79
Profit Before Tax (PBT) (prior to exceptional item)	513.52	38.78
Profit Before Tax (PBT) (post exceptional item)	513.52	38.78
Remuneration of KMPs (as % of PBT)	22.12	292.91

## PRADEEP METALS LIMITED

**VII. Variation in the market capitalization of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year:**

	As on 31.03.2016	As on 31.03.2015	Increase(%)
<b>Market Capitalization (Rs. in lakhs)*</b>	8462.30	8142.88	3.92
<b>Price Earnings Ratio</b>	22.58	10.41	116.90

\*based on closing market price on BSE on the respective year end dates.

**VIII. Percentage increase in the market quotations for the shares of the Company in comparison to the rate at which the Company came out with the last public offer:**

Particulars	31.03.2016	IPO date 08.04.1994	% change
Market Price (BSE) Rs.	49	17.50	180

**IX. Average percentile increase already made in the salaries of the employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:**

There was no increase in salaries of the employees and managerial remuneration during the year.

**X. Comparison of each remuneration of the Key Managerial Personnel against the performance of the Company:**

(Rs. in lakhs)

Particulars	CMD	CS	CFO	CFO
	Mr. Pradeep Goyal	Mr. Abhinay Kapoor	Mr. Rajeev Dixit *upto 05.08.2015	Mr. Akshaya Shah *From 15.09.2015 till 20.02.2016
Remuneration in FY 2015-16	84.40	15.00	7.64*	6.55*
Revenue	12,084.23			
Profit before Taxes (PBT) (prior to exceptional item)	513.52			
Profit before Taxes (PBT) (post exceptional item)	513.52			
Remuneration of KMPs (as % of PBT)	16.43	2.92	1.49	1.27

\* associated with the Company for part of the year and hence remuneration is not comparable.

**XI. The key parameters for any variable component of remuneration availed by the Directors:**

Commission is the variable component in the remuneration of Director. The Commission amount is based on the performance of the Company.

**XII. The ratio of the remuneration of the highest paid Director to that of the employees who are not Directors but receive remuneration in excess of the highest paid Director during the year:**

None of the employees is drawing remuneration more than the highest paid Director.

**XIII. Affirmation that the remuneration is as per the remuneration policy of the Company:**

The company affirms that the remuneration is as per the remuneration policy of the Company.

## 33<sup>rd</sup> ANNUAL REPORT 2016

### ANNEXURE C TO DIRECTORS' REPORT AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE

To  
The Members of  
**Pradeep Metals Limited**

- 1) We have examined the compliance of conditions of Corporate Governance by Pradeep Metals Limited ('the Company'), for the year ended on 31<sup>st</sup> March, 2016, as stipulated in:
  - a) Clause 49 (excluding clause 49(VII)(E)) of the Listing Agreements of the Company with stock exchanges for the period from 1<sup>st</sup> April, 2015 to 30<sup>th</sup> November 2015.
  - b) Clause 49(VII)(E) of the Listing Agreements of the Company with the stock exchanges for the period from 1<sup>st</sup> April, 2015 to 1<sup>st</sup> September, 2015.
  - c) Regulation 23(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations) for the period from 2<sup>nd</sup> September, 2015 to 31<sup>st</sup> March, 2016 and
  - d) Regulations 17 & 27 (excluding regulations 23(4) and clauses (b) to (i) of Regulation 46 (2) and paragraphs C, D and E of Schedule V of the SEBI Listing Regulations for the period from 1<sup>st</sup> December, 2015 to 31<sup>st</sup> March, 2016
- 2) The compliance of conditions of Corporate Governance is the responsibility of the Company's Management. Our examination has been limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance as stipulated in the said Clause/Regulation as applicable. It is neither an audit nor an expression of opinion on the financial statements of the Company.
- 3) We have examined the relevant records of the Company in accordance with the Generally Accepted Auditing Standards in India, to the extent relevant, and as per the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India.
- 4) In our opinion and to the best of our information and according to our examination of relevant records, and the explanations given to us and representations made by the Directors and the Management, we certify that during the year ended 31<sup>st</sup> March 2016 the company has complied with the conditions of Corporate Governance as stipulated in Listing Agreement and Listing Regulations as applicable.
- 5) We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency of effectiveness with which the management has conducted the affairs of the Company.

For and on behalf of  
**N. A. Shah Associates LLP**  
Chartered Accountants  
Registration Number 116560W/W100149

**Milan Mody**  
Partner  
Membership No.: 103286

Place: Mumbai  
Date: 6<sup>th</sup> August 2016



**ANNEXURE D TO DIRECTORS' REPORT****Annual Report on Corporate Social Responsibility (CSR) activities for the financial year 2015-16  
(Rs. In lakhs)**

1.	A brief outline of the Company's CSR Policy including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR Policy and Projects or Programs and the	The Company has identified two focus areas of engagement which are as under: <ul style="list-style-type: none"><li>• Health: Creating nationwide awareness of cancer, its treatment and curing disabled people.</li><li>• Education: Promoting education by giving school kit, providing hostel facility and education to girl child (orphan) and providing education to tribal children.</li></ul>
2.	Composition	Mrs. Neeru Goyal - Chairperson Mr. Rajkumar Mittal - Member Mr. Rajeev Mehrotra - Member
3.	Average net profit of the Company for the last three financial years	948.68
4.	Prescribed CSR expenditure (Two percent of the amount mentioned in item 3 above)	18.97
5.	Details of CSR spent during the Financial Year	10.36
	a. Total amount to be spent for the financial year	18.97
	b. Amount unspent, if any,	8.61
	c. Manner in which the amount spent during the financial year	As per the table below
6.	Reason for not spending the amount earmarked :	Company's CSR initiatives usually involve setting the foundation of various programs at a small scale to learn from on-ground realities, getting feedback from community and then putting an enhanced sustainable model to ensure maximum benefit to the community. For these reasons, during the year, the Company's spend on the CSR activities was less than the limits prescribed under Companies Act, 2013. Moving forward, the Company would endeavor to spend on CSR activities in accordance with the prescribed limit.

## 33<sup>rd</sup> ANNUAL REPORT 2016

### DETAILS OF AMOUNT SPENT ON CSR ACTIVITIES DURING THE FINANCIAL YEAR 2015-16

(Rs. In lakhs)

Sr. No.	CSR project or Activity Identified	Sector in which the project is covered (Clause no. of Schedule VII to the Companies Act, 2013)	Project of Program (1) Local Area or Other (2) Specify the State and District where projects or programs was undertaken	Amount outlay (Budget) Project or program wise	Amount spent on the Projects or Programs Sub-Heads: (1) Direct Expenditure on Projects or Programs (2) Overheads	Cumulative Expenditure upto the reporting period i.e. FY 2015-16	Amount spent through Implementing Agency
1.	Indian Cancer Society	Health Clause (i)	Mumbai, Maharashtra	1.00	1.00	1.00	1.00
2.	Seva Sahayog Foundation	Education Clause (ii)	Mumbai, Maharashtra	0.10	0.10	0.10	0.10
3.	Rotary Foundation (India )	Health Clause (i)	Fund Polio - India	0.96	0.96	0.96	0.96
4.	Rotary Club Mumbai South Foundation (India )	Health Clause (i)	Mumbai, Maharashtra	0.24	0.24	0.24	0.24
5.	Rotary Foundation (India )	Health Clause (i)	Fund Polio - India	0.56	0.56	0.56	0.56
6.	Friends of Tribals Society	Education Clause (ii)	Madhya Pradesh	14.61	6.00	6.00	6.00
7.	Vanvasi Kalyan Ashram DNH	Education Clause (iii)	Silvasa, Dadra & Nagar Haveli	1.50	1.50	1.50	1.50
	Total			<b>18.97</b>	<b>10.36</b>	<b>10.36</b>	<b>10.36</b>

#### RESPONSIBILITY STATEMENT

The implementation and monitoring of Corporate Social Responsibility (CSR) Policy, is in compliance with CSR objectives and policy of the Company.

Sd/-  
**Pradeep Goyal**  
 Chairman and Managing Director  
 DIN:00008370

Sd/-  
**Neeru Goyal**  
 Chairperson, CSR Committee  
 DIN: 05017190

**ANNEXURE E TO DIRECTORS REPORT****SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2016**

[Pursuant to Section 204(1) of the Companies Act, 2013 and rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
The Members,  
Pradeep Metals Limited,  
R-205, MIDC Rabale,  
Navi Mumbai – 400 701

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Pradeep Metals Limited (hereinafter called the 'Company'). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of the Secretarial Audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2016 ('Audit Period'), complied with the Statutory provisions listed hereunder and also that the Company has proper Board Processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, Minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2016 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 (applicable upto 14<sup>th</sup> May, 2015) and The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (applicable with effect from 15<sup>th</sup> May, 2015);
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (**Not Applicable to the Company during the Audit Period**);
  - d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and The Securities and Exchange Board of India (Shared based Employee Benefits) Regulations, 2014 notified on 28<sup>th</sup> October 2014; (**Not Applicable to the Company during the Audit Period**);
  - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (**Not Applicable to the Company during the Audit Period**);
  - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (**Not applicable to the Company during the Audit Period**);
  - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (**Not applicable to the Company during the Audit Period**) and
  - i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements)

---

## 33<sup>rd</sup> ANNUAL REPORT 2016

---

Regulations, 2015 (applicable with effect from 1<sup>st</sup> December, 2015).

I have also examined compliance with the applicable clauses of the following:

- i. Secretarial Standards issued by The Institute of Company Secretaries of India (**Applicable with effect from 1<sup>st</sup> July, 2015**).
- ii. The Listing Agreements entered into by the Company with Stock Exchange

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We have relied on the representation made by the Company and its Officers for systems and mechanism formed by the Company for compliances under other applicable Acts, Laws and Regulations to the Company. The list of major heads/groups of Acts, Laws and Regulations as applicable to the Company is given as Annexure to this Report.

**I further report that**, the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on the agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at the Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committees of the Board, as the case may be.

**I further report that** there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with the applicable laws, rules, regulations and guidelines.

The list of **significant decisions** made during the year under review, are as follows:

- The Company has completed the process for acquisition of 51% stake in Dimensional Machine Works LLC, Texas (CNC Machine Shop) and the said LLC has become a Step Down Subsidiary of the Company.
- The Members have passed following Special Resolutions through Postal Ballot:
  - Authority for borrowing monies in excess of paid up capital and free reserves of the Company but not exceeding to Rs. 180 Crores.
  - Authority for creation of charges/ mortgages etc. on the properties of the Company for an amount not exceeding Rs. 180 Crores.
  - Giving loans/Guarantees or providing Securities for and on behalf of Subsidiary Companies (including overseas Subsidiaries) and/or making investments in such Subsidiary Companies (including overseas subsidiaries).

**For Shweta Gokarn & Co.**

**Ms. Shweta Gokarn**  
**ACS-30393**  
**C.P. No: 11001**

**Place:** Navi Mumbai  
**Date:** May 27, 2016

---

### ANNEXURE TO SECRETARIAL AUDIT REPORT LIST OF APPLICABLE LAWS TO THE COMPANY

Under the Major Group and Heads are as follows:

1. Factories Act, 1948;
2. Industrial Disputes Act, 1947;
3. Labour Laws and other incidental laws related to Labour and employees appointed by the Company either on its payroll or on contractual basis as related to wages, provident fund, ESIC, Compensation etc.;
4. Acts prescribed under preventions and control of pollution;
5. Acts prescribed under Environmental Protection;
6. Labour Welfare Act, Maharashtra
7. Minimum wages Act, etc.



**ANNEXURE F TO DIRECTORS REPORT**

**Form No. AOC-2**

**(Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)**

**Form for disclosure of particulars of contracts / arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013, including arms length transactions under third proviso thereto:**

- 1. Details of contracts or arrangements or transactions not at arms length basis: Not Applicable**
- 2. Details of material contracts or arrangement or transactions at arms length basis : Not Applicable**

For and on behalf of Board of Directors

Place : Navi Mumbai  
Date : 6<sup>th</sup> August, 2016

Pradeep Goyal  
Chairman and Managing Director  
DIN : 00008370

## 33<sup>rd</sup> ANNUAL REPORT 2016

### ANNEXURE G TO DIRECTORS' REPORT

Particulars of energy conservation, Technology Absorption and Foreign Exchange Earnings and outgo required under the Companies (Accounts) Rules, 2014.

#### A. CONSERVATION OF ENERGY

The Company continuously makes efforts to conserve energy.

- i. Steps taken that impact conservation of energy:  
Constant monitoring of compressed air leakage is introduced on weekly basis.  
Electrical system is upgraded to achieve unity power factor, resulting in significant discount from MSEB.  
High energy consuming machines are preferably operated in night shifts, when power tariff is low.
- ii. Steps taken by the Company for utilizing alternate sources of energy:  
The Company has completely switched over to use of gas in place of liquid fuels resulting in lower costs and lower pollution.  
The Company has installed new recuperators on all furnaces which has further reduced the fuel consumption.
- iii. The capital investment on energy conservation equipments: Rs. 9.58 Lakhs

#### TOTAL ENERGY CONSUMPTION & ENERGY CONSUMPTION PER UNIT OF PRODUCTION

##### a. Power & Fuel Consumption :

	31.03.2016	31.03.2015
1. Electricity *		
a. Purchased Unit (Nos.)	4,222,652	4,206,090
Total amount (Rs.)	33,767,290	30,413,560
Average rate (Rs./unit)	8.00	7.23
b. Own generation	N.A.	N.A.
2. Piped Natural Gas		
Quantity (Cubic Meter)	928,494	940,344
Total amount (Rs.)	27,845,443	39,238,268
Average rate (Rs./Cubic Meter)	29.99	41.73

##### b. Consumption per unit of Production :

Production	(MT-forged weight)	3929	4231
Heat Treatment	(MT-forged weight)	4032	4397
Electricity	(Units/MT)	1060	994
Cost/MT	(Rs./MT)	8476	7188
Piped Natural Gas Cost**	(Rs./MT)	6989	9274
(including heat treatment)			

\*Total electricity cost increased by about 11.02% compared to previous year. The cost of electricity (per unit) increased by 10.60% and the production decreased by 7.14%.

\*\*Gas consumption includes heat treatment of forgings. The cost of gas decreased by 28.13% during the year.

Production quantity decreased by 7.14% and heat treatment quantity decreased by 8.30%. Cubic meters of gas per ton of steel processed (including heat treatment) increased by 7% (from 109m<sup>3</sup> to 116.6 m<sup>3</sup> / ton). Total energy cost (Electricity plus Piped Natural Gas) decreased by 11.54% for the year.



**B. TECHNOLOGY ABSORPTION :**

1. The efforts made towards technology absorption / development:  
During past three years, the R&D activity was focused towards environment saving and converting waste material into usable high value items. Few new activities were added in the project basket while the few completed were shelved after documentation and filing patents where ever required.  
Brief summary of main developmental projects undertaken:
  - a) Direct reduction of iron ore in to sponge iron/pig iron.
  - b) Rapid processing of resinoid grinding wheels - A process developed for rapid curing of resin bonded grinding wheels having immense advantages in grinding of Carbon steel and SS materials.
  - c) Microwave assisted applications in construction industry - Rapid curing of concrete and drying of clay bricks used in construction industry.
  - d) Continuous curing of Brake pads - The process is expected to save time and energy required for curing.
  - e) Mag-Microwave process for HVGO treatment.
  - f) New idea Patent filing:
    - (i) *Coal liquefaction*
    - (ii) *Processing of Goethite (Iron) Ore using Microwave process.*
2. The benefits derived like product improvement, cost reduction, product development or import substitution:  
These are the new processes developed. Monetary benefits are yet to be derived through sale of technology, subsequent to granting of patents.
3. In case of imported technology (imported during the last three years reckoned from the beginning of the financial year):
  - a. Details of technology imported
  - b. The year of import
  - c. Whether the technology been fully absorbed
  - d. If not fully absorbed, areas where absorption has not taken place and the reasons thereofNo technology imported in last three years.
4. The expenditure incurred on Research and Development.
  - a. Capital Expenditure : Rs. 4.57 lakhs
  - b. Recurring Expenditure : Rs.11.12 lakhs

**C. Foreign Exchange Earnings and Outgo-**

	<b>Amount</b>
Foreign Exchange earned in terms of Actual Inflows	Rs. 7230.59 lakhs
Foreign Exchange outgo in terms of Actual outflows	Rs. 150.16 lakhs

## 33<sup>rd</sup> ANNUAL REPORT 2016

### ANNEXURE H TO THE DIRECTORS' REPORT

Form No. MGT-9

#### EXTRACT OF ANNUAL RETURN

as on the Financial Year ended on 31<sup>st</sup> March, 2016

[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management & Administration) Rules, 2014]

#### I REGISTRATION AND OTHER DETAILS

i) CIN	L99999MH1982PLC026191
ii) Registration Date	22 <sup>nd</sup> January, 1982
iii) Name of the Company	Pradeep Metals Limited
iv) Category/ Sub-category	Company having Share Capital
v) Address of the Registered office and contact details	R-205, MIDC, TTC Industrial Area, Rabale, Navi Mumbai 400 701 Contact Person : Suchita Singh – Company Secretary & Compliance Officer Email: <a href="mailto:investors@pradeepmetals.com">investors@pradeepmetals.com</a> Tel no.: 022-27691026
vi) Whether listed company	Yes (Listed on BSE Ltd.)
vii) Name, Address and Contact Details of Registrar and Transfer Agent, if any	Link Intime India Private Limited (LIPL), C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup West, Mumbai 400 078 Contact Person: Mr. Ajay Jadhav - Team Leader Investor Relations Registry Email: <a href="mailto:ajay.jadhav@linkintime.co.in">ajay.jadhav@linkintime.co.in</a> Tel no. :022-25946970

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company are given below:-

Sr. No.	Name & description of main products/services	NIC Code of the product/service*	% to total turnover of the Company #
1	Components for Process Control Equipment	33130	35.98
2	Components for Valves	29121	41.56

\*As per National Industrial Classification- Ministry of Statistics and Programme Implementation  
#On the basis of Gross Turnover





# PRADEEP METALS LIMITED

## III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name of Company	Address of Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares held	Applicable Section
1	Pradeep Metals Limited Inc. Texas, USA	77, Sugar Creek Center, Boulevard, Sugar Land, TX 77478	N. A.	Wholly Owned Subsidiary	100%	2(87)(ii)
2	Dimensional Machine Works, LLC, USA	6930, San Antonio Street, Houston, TX 77040	N. A.	Step-down Subsidiary	51%	2(87)(ii)

## IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

### i) Category-wise Share Holding

Category of shareholders	No. of Shares held at the beginning of the year (as on 01.04.2015)				No. of Shares held at the end of the year (as on 31.03.2016)				% of Change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
<b>A Promoters</b>									
(1) Indian									
a) Individual/ HUF	1,664,499	200	1,664,699	9.64	2,121,309	200	2,121,509	12.28	2.65
b) Central Govt.	0	0	0	0	0	0	0	0	0
c) State Govt(s).	0	0	0	0	0	0	0	0	0
d) Bodies Corporate	9,972,542	0	9,972,542	57.74	9,972,542	0	9,972,542	57.74	0
e) Banks/FI	0	0	0	0	0	0	0	0	0
f) Any Other	0	0	0	0	0	0	0	0	0
<b>SUB-TOTAL(A)(1)</b>	<b>11,637,041</b>	<b>200</b>	<b>11,637,241</b>	<b>67.38</b>	<b>12,093,851</b>	<b>200</b>	<b>12,094,051</b>	<b>70.03</b>	<b>2.65</b>
(2) Foreign									
a) NRIs-Individual	0	0	0	0	0	0	0	0	0
b) Other-Individual	0	0	0	0	0	0	0	0	0
c) Bodies Corporate	0	0	0	0	0	0	0	0	0
d) Banks/ FI	0	0	0	0	0	0	0	0	0
e) Any Other	0	0	0	0	0	0	0	0	0
<b>SUB-TOTAL(A)(2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL SHAREHOLDING OF PROMOTER (A) = (A)(1)+(A)(2)</b>	<b>11,637,041</b>	<b>200</b>	<b>11,637,241</b>	<b>67.38</b>	<b>12,093,851</b>	<b>200</b>	<b>12,094,051</b>	<b>70.03</b>	<b>2.65</b>
<b>B PUBLIC SHAREHOLDING</b>									
1 Institutions									
a) Mutual Funds	0	9,000	9,000	0.05	0	9,000	9,000	0.05	0
b) Banks/ FI	0	0	0	0	0	0	0	0	0
c) Central Govt.	0	0	0	0	0	0	0	0	0
d) State Govt(s).	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FII's	0	4,100	4,100	0.02	0	4,100	4,100	0.02	0
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others	0	0	0	0	0	0	0	0	0
(i-i) Qualified Foreign Investors	0	0	0	0	0	0	0	0	0
(i-ii) UTI	0	0	0	0	0	0	0	0	0
<b>SUB-TOTAL(B)(1)</b>	<b>0</b>	<b>13,100</b>	<b>13,100</b>	<b>0.08</b>	<b>0</b>	<b>13,100</b>	<b>13,100</b>	<b>0.08</b>	<b>0</b>

## 33<sup>rd</sup> ANNUAL REPORT 2016

Category of shareholders	No. of Shares held at the beginning of the year (as on 01.04.2015)				No. of Shares held at the end of the year (as on 31.03.2016)				% of Change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
2 Non-institution									
a) Bodies Corporate									
i) Indian	188,162	88,300	276,462	1.60	159,117	88,300	247,417	1.43	-0.17
ii) Overseas	0	230,000	230,000	1.33	0	230,000	230,000	1.33	0
b) Individuals									
i) Individual shareholders holding nominal share capital up to 1 Lakh	1,319,046	477,120	1,796,166	10.40	1,207,928	469,120	1,677,048	9.71	-0.69
ii) Individual shareholders holding nominal share capital in excess of 1 Lakh	1,243,272	122,400	1,365,672	7.91	868,648	122,400	991,048	5.74	-2.17
c) Other Non-Exec. Directors	833,300	0	833,300	4.83	949,000	0	949,000	5.50	0.67
(c-i) Qualified foreign Investor	0	0	0	0	0	0	0	0	0
(c-ii) NRIs (Repat)	500,865	596,510	1,097,375	6.35	498,914	138,800	637,714	3.69	-2.66
NRIs (Non-Repat)	8,850	0	8,850	0.05	16,850	0	16,850	0.10	0.05
(c-iii) Clearing Member	10,834	0	10,834	0.06	38,591	0	38,591	0.22	0.16
(c-iv) Shares held by subsidiary Companies on which no voting rights are exercisable	0	0	0	0	0	0	0	0	0
(c-v) Unclaimed Shares Suspense Account Clause 5A.II <sup>2</sup>	0	0	0	0	0	0	0	0	0
(c-vi) Trusts	1000	0	1,000	0	1,000	0	1,000	0	0
(c-ix) HUF	0	0	0	0	374,181	88,300	247,417	2.17	2.17
<b>SUB-TOTAL(B)(2)</b>	<b>4,105,329</b>	<b>1,514,330</b>	<b>5,619,659</b>	<b>32.54</b>	<b>4,114,229</b>	<b>1,048,620</b>	<b>5,162,849</b>	<b>29.89</b>	<b>-2.65</b>
<b>TOTAL PUBLIC SHAREHOLDING (B) = (B)(1)+(B)(2)</b>	<b>4,105,329</b>	<b>1,527,430</b>	<b>5,632,759</b>	<b>32.62</b>	<b>4,114,229</b>	<b>1,061,720</b>	<b>5,175,949</b>	<b>29.97</b>	<b>-2.65</b>
<b>C SHARES HELD BY CUSTODIAN FOR GDRS &amp; ADRS</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>GRAND TOTAL (A+B+C)</b>	<b>15,742,370</b>	<b>1,527,630</b>	<b>17,270,000</b>	<b>100.00</b>	<b>16,208,080</b>	<b>1,061,920</b>	<b>17,270,000</b>	<b>100.00</b>	<b>0</b>

### ii.) Shareholding of Promoters

Sr. No.	Shareholder's name	Shareholding at the beginning of the year (As on 01.04.2015)			Shareholding at the end of the year (As on 31.03.2016)			
		No. of shares	% of total Shares Of the Company	% of shares pledged/encumbered To total shares	No. of shares	% of total Shares Of the Company	% of shares pledged/encumbered To total shares	Change in shareholding during the year
1	Rabale Engineering (India) Pvt. Ltd	61,67,481	35.71	0	6,167,481	35.71	0	0
2	S V Shah Construction Services Pvt. Ltd.	38,05,061	22.03	0	3,805,061	22.03	0	0
3	Mr. Pradeep Goyal	15,76,400	9.13	0	1,576,400	9.13	0	0
4	Mrs. Neeru Goyal	88,299	0.51	0	545,109	3.16	0	2.65
	<b>Total</b>	<b>1,16,37,241</b>	<b>67.38</b>	<b>0</b>	<b>12,094,051</b>	<b>70.03</b>	<b>0</b>	<b>2.65</b>

**iii) Change in Promoters' Shareholding**

Sr. No.	Name of Promoter	Shareholding at the beginning of the year (As on 01.04.2015)		Cumulative Shareholding during the year (01-04-2015 to 31-03-2016)	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	Neeru Goyal				
	At the beginning of the year	88,299	0.51	88,299	0.51
	Date wise increase/ decrease in promoters shareholding during the year specifying the reasons for increase/decrease(e.g. allotment/ transfer/ bonus/ sweat equity etc)	Increase by 456,810 Share Transfer dated 29-06-2015	2.65	88,299/545,109	3.16
	At the end of the year	<b>545,109</b>	<b>3.16</b>	<b>88,299/545,109</b>	<b>0.51/3.16</b>

**#Inter-se Transfer among Promoters**

There were no Inter-se transfers.

**iv) Shareholding Pattern of top ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs)**

Sr. No.	Name	Shareholding		Date	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01.04.2015 to 31.03.2016)	
		No. of shares at the Beginning (01.04.2015) / end of the year (31.03.2016)	% of total shares of the Company				No. of Shares	% of total shares of the Company
1	Savita Aggarwal	474818/474818	2.75/2.75	31.03.2016	No Change	NA	474818	2.75
2	Om Global Singapore PTE Ltd.	230000/230000	1.33/1.33	31.03.2016	No Change	NA	230000	1.33
3	Navinkumar Marwah HUF	225880/212498	1.31/1.23	31.03.2016	Decrease	Transfer	212498	1.23
4	Sudhir N	143741/202948	0.83/1.17	31.03.2016	Increase	Buy	202948	1.17
5	Kalpana S	8567/156185	0.04/0.90	31.03.2016	Increase	Buy	156185	0.90
6	Ramesh Damani / M G Damani	87100/87100	0.50/0.50	31.03.2016	No Change	N.A.	87100	0.50
7	Laxmi Devi Madangopal Damani/ Girdharlal Sunderlal Daga / Chandrakala Suresh Biyani	108799/69223	0.63/0.40	31.03.2016	Decrease	Sell	69223	0.40
8	Marwadi Shares and Finance Limited	77971/20045	0.45/0.11	31.03.2016	Decrease	Sell	20045	0.11
9	Mlr Investors Pvt. Ltd.	70000/70000	0.41/0.41	31.03.2016	No Change	NA	70000	0.41
10	Ponika Multitrade	0/50000	0/0.28	31.03.2016	Increase	Transfer		0.29

## 33<sup>rd</sup> ANNUAL REPORT 2016

### v) Shareholding of Directors and Key Managerial Personnel

Sr. No.	Name	Shareholding		Date	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01.04.2015 to 31.03.2016)	
		No. of shares at the Beginning (01.04.2015) / end of the year (31.3.2016)	% of total shares of the Company				No. of Shares	% of total shares of the Company
<b>A</b>	<b>DIRECTORS</b>							
1.	Mr. Pradeep Goyal	15,76,400	9.13	No Change			15,76,400	9.13
2.	Mrs. Neeru Goyal	88,299/5,45,109	0.51/3.16	29.06.2015	Increase by 456,810	Transfer	88,299/5,45,109	0.51/3.16
3.	Mr. Omprakash Agarwal	13,300	0.07	No Change			13,300	0.07
4.	Dr. Kewal K. Nohria	8,20,000	4.75	21.08.16 28.08.15 04.09.15 18.09.15 09.10.15 23.10.15 30.10.15 13.11.15	17,225 29,441 8,110 45,500 2,227 2,500 1621 76	Buy	9,26,700	5.36
5.	Mr. Raj Kumar Mittal	0/9,000	0.05	14.08.15 17.08.16 18.08.16 19.08.16	4,253 2,000 2,000 747	Buy	0/9,000	0/0.05
6.	Suresh G. Vaidya	0/0	0	NA	NA	NA	0	0
7.	Mr. Rajeev D. Mehrotra	0/0	0	NA	NA	NA	0	0
8.	Mr. Jaidev Shroff	0/0	0	NA	NA	NA	0	0
9.	Mr. Abhinay Kapoor	0/0	0	NA	NA	NA	0	0
10.	Mr. Rajeev Dixit *	0/0	0	NA	NA	NA	0	0
11.	Mr. Akshaya Shah *	0/0	0	NA	NA	NA	0	0

\* Associated with the Company for part of the year.

**V. INDEBTEDNESS**

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Rs. in Lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year (01.04.2015)</b>				
i) Principal Amount	7210.63	-	-	7210.63
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>TOTAL(i+ii+iii)</b>	<b>7210.63</b>	<b>-</b>	<b>-</b>	<b>7210.63</b>
<b>Change in Indebtedness during the Financial year</b>				
Addition	26543.17	-	-	26543.17
Reduction	26,709.87	-	-	26,709.87
Exchange Difference (Loss)	180.70	-	-	180.70
<b>Net Change</b>	<b>(14.00)</b>	<b>-</b>	<b>-</b>	<b>(14.00)</b>
<b>Indebtedness at the end of the financial year (31.03.2016)</b>				
i) Principal Amount	7224.63	-	-	7224.63
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	5.58	-	-	5.58
<b>TOTAL(i+ii+iii)</b>	<b>7230.21</b>	<b>-</b>	<b>-</b>	<b>7230.21</b>

## 33<sup>rd</sup> ANNUAL REPORT 2016

### VI. REMUNERATION TO DIRECTORS AND KEY MANAGERIAL PERSONNEL

#### A. Remuneration to Managing Director, Whole-time Director and/or Manager:

(Rs. in Lakhs)

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager Pradeep Goyal Chairman and Managing Director	Total Amount
1	Gross salary		
	a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	84.00	84.00
	b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	0.40	0.40
	c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	0	0
2	Stock Option	N.A.	N.A.
3	Sweat Equity	N.A.	N.A.
4	Commission	N.A.	N.A.
	- as % of profit	N.A.	N.A.
	- others	N.A.	N.A.
5	Others		
	<b>TOTAL(A)</b>	84.40	84.40
	Ceiling as per the Act	The Company has received approval vide SRN C31189734/3/2015-CL-VII dated 02.11.2015 from Central Government for payment of Rs.11,746,000/- p.a. for a period from 17.12.2015 to 16.12.2017.	

#### B. Remuneration to other Directors:

(Rs. in Lakhs)

Particulars of Remuneration	Name of Directors							Total Amount
	Kewal Nohria	Raj Kumar Mittal	Suresh Vaidya	Omprakash Agarwal	Rajeev Mehrotra	Jaidev Shroff	Neeru Goyal	
<b>Independent Directors</b>								
- Fee for attending Board/ Committee meetings	-	1.20	1.10	-	0.70	0.10	-	3.10
- Commission	-	-	-	-	-	-	-	-
- Others	-	-	-	-	-	-	-	-
<b>TOTAL (1)</b>	-	1.20	1.10	-	0.70	0.10	-	3.10
<b>Other Non-Executive Directors</b>								
- Fee for attending Board/ Committee meetings	1.15	-	-	0.60	-	-	0.75	2.50
- Commission	-	-	-	-	-	-	-	-
- Others	-	-	-	-	-	-	-	-
<b>TOTAL (2)</b>	1.15	-	-	0.60	-	-	0.75	2.50
<b>GRAND TOTAL (1+2)</b>	1.15	1.20	1.10	0.60	0.70	0.10	0.75	5.60
Total Managerial Remuneration#	#							
Overall Ceiling as per the Act	NA							

# In terms of the provisions of Section 197(2) of the Companies Act, 2013, sitting fees paid to Non-Executive Directors are not considered in computation.



## PRADEEP METALS LIMITED

### C. Remuneration to key managerial personnel other than MD/MANAGER/WTD

(Rs. in Lakhs)

Sr. No.	Particulars of Remuneration	Name of Personnel other than MD/WTD/Manager			Total Amount
		Abhinay Kapoor Company Secretary	Rajeev Dixit Chief Financial Officer*	Akshaya Shah Chief Financial Officer*	
1	Gross salary				
	a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	15.00	7.64	6.55	29.19
	b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	0	0	0	0
	c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	0	0	0	0
2	Stock Option	0	0	0	0
3	Sweat Equity	0	0	0	0
4	Commission	0	0	0	0
	- as % of profit	0	0	0	0
5	Others	0	0	0	0
	- Medical	0	0	0	0
	- Cars	0	0	0	0
	- Interest Concession on Loan				
	<b>TOTAL</b>	<b>15.00</b>	<b>7.64</b>	<b>6.55</b>	<b>29.19</b>

\* Associated with the Company for part of the year hence, the same is not comparable.

### VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

There were no penalties, punishments or compounding of offences under the Companies Act, 2013 during the FY 2015-16.

## ANNEXURE I TO DIRECTORS' REPORT

### DETAILS OF REMUNERATION OF DIRECTORS, KMP'S AND EMPLOYEES

Statement pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 for the year ended on 31<sup>st</sup> March, 2016

**1. Details of employees employed throughout the year and in receipt of remuneration at the rate of not less than Rs. 60,00,000/- p.a:**

Sr. No.	Name	Age in Year (App)	Designation	Remuneration Paid* (Rs. In Lakhs)			Nature of Employment	Qualification	Date of Commencement of Employment	Experience in Year (Approx.)	Last employment held and designation	% of Equity Shares held by the employee in the Company*	Relation with any Director of the Company
				Gross Salary	Commission	Total Remuneration							
1	Mr. Pradeep Goyal	60 years	Chairman and Managing Director	84.40	Nil	84.40	Chairman and Managing Director	B. Tech., Metallurgist from IIT, Kanpur with a Master's degree in Materials Science & Engineering from M.I.T., Cambridge, USA	13.05.2016	40 years	Pradeep Metals Limited, Managing Director	9.12%	Spouse of Mrs. Neeru Goyal

**2. Details of employees employed for a part of the financial year and in receipt of remuneration for any part of the year, at a rate which, in aggregate, was not less than five lac rupees per month: None**

**3. Details of employees employed throughout the financial year or part thereof and was in receipt of remuneration in the year and is in excess of the remuneration of the Managing Director or Whole Time Director: None**

**NOTE:**

1. Gross salary comprises of salary and allowances.
2. \* Given as on 31-03-2016



## MANAGEMENT DISCUSSION & ANALYSIS

### 1. GLOBAL ECONOMY

Global decline continued in FY 2015-16, but at a slow pace. The financial position has also taken its backdrop in the developed economies. The decline in the price of crude oil in the last few months of the year showed considerable impact in the world economy. The challenge lies in presently restricting its effect on inflation. China, which is among the world's largest economies, is also moving from its policy of export oriented growth, towards consumption and services within the country, and concentrating on reduction of debt. With the changing dimensions of Chinese trading scenario, the global market can be affected substantially, specially the developing countries whose consumption and investment is dependent on the same. Adding to this list are several pressures with origins in political, geopolitical, or natural developments. In both the United States and Europe, the political discussion is turning increasingly inward.

Growth has been slow for too long. The World Bank's baseline projection for global growth for CY 2016-17 is expected to be modest 2.4%, primarily on account of a slower-than-expected recovery in advanced economies.

### 2. INDIAN ECONOMY

Though the Global scenario was not so favorable in the previous financial year, India's economy was optimistic with an estimated growth of 7.6% with a surge of 7.9% in the last quarter. India is expected to be the fastest growing economy in 2016-17 at 8% estimated growth. On an upbeat note, both rural and urban consumption are set to receive a boost after recent Indian Government's initiatives. India has managed to show positive economic growth in 2015-16 as it did in the previous year. The unfavorable monsoon in two consecutive years and public sector wage increase consequent to the recommendations of the seventh pay commission has also hindered India's economic growth. A good monsoon rain in 2016 should support rural and agricultural growth.

### 3. BUSINESS ENVIRONMENT:

Custom forging accounts for the largest segment of the forging business. Automobile, aerospace, defence, railways, agriculture, construction, mining, general industrial equipment, and material handling equipment are some of the major end-users of the forging products. The automobile sector is one of the major users of the forging products due to their reliability, strength, and economic feasibility.

Industry research reports outline the automotive sector as the major end-user for the forging market. Characteristics like reliability, strength, and economic viability have increased the importance of forged parts in the automobile sector. The impression die forging method is one of the most dominant type of technology being used in the market and is also termed as closed die forging. This method is most widely used in commercial forging processes due to its extreme dimensional accuracy and fine surface finish. With the automobile sector already at its growth, forging industries are looking forward towards other sectors.

### 4. BUSINESS SNAPSHOT

Pradeep Metals Limited (PML) generates over 1 billion rupees in annual sales through its products ranging from intricate closed die stainless, alloy and carbon steel forgings as finished and semi-finished machined components.

It currently serves 4 major industry verticals:

- Instrumentation,
- Oil & gas,
- Petro-chemical, and
- General engineering.

## 33<sup>rd</sup> ANNUAL REPORT 2016

Major customers are located in India, USA, UK, Singapore, Sweden, Denmark, France, Germany, Mexico and Argentina.

The Company uses state-of-the-art machinery with sophisticated tool-room equipment to manufacture its forgings and machined parts. The Company also employs hi-tech design and analysis software to create dies and tooling that play a key role in the production of forgings. The manufacturing plant is integrated with complete facilities for testing, cutting, dies and tool making, forging, heat-treatment, finishing, machining, cleaning and assembly. The Company continues to improve its machining capacity and capabilities by adding new CNC turning centers and Vertical Machining Centers (VMC) to address the increasing demand of finished machined components and sub-assemblies. In addition to in-house facilities, the Company has also made significant effort and developed dedicated vendors for machining, to further enhance its machining capacity.

The Company uses an in-house metallurgical laboratory, process control, continuous improvement principles to manufacture quality products. The quality assurance systems have been approved by Global Original Equipment Manufacturers (OEMs) including nuclear grade and high-pressure equipment OEMs in Europe, USA and South East Asia. The Company is certified to ISO 9001:2008 standards for twenty consecutive years and TÜV Pressure Equipment Directive 97/23/EC (PED) for over 11 years. It is a pleasure to inform the Members that the Company has received ISO 14001, OHSAS 18001, Marine & Norsok certifications during the financial year, which are available on website of the Company. The Company continues to improve its capabilities to serve highly demanding markets to maintain our niche position in the industry.

### 5. DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

- Total Income (net) was Rs.12,084.23 lakhs during FY 2015-16 as compared to Rs.13,261.38 lakhs in previous year i.e. a decrease by 8.87%.
- Exports (including incentives) have fallen from Rs.8,678.94 lakhs in FY 2014-15 to Rs.7,563.60 lakhs in FY 2015-16, a decrease of 12.85%.
- Domestic Sales declined from Rs.4,380.23 lakhs during FY 2014-15 to Rs.4,130.12 lakhs in FY 2015-16 i.e. by 5.71%.
- Income from Windmill amounted to Rs.216.00 lakhs during the year as compared to NIL in the previous year.
- EBITDA has fallen from Rs.1,884.29 lakhs in FY 2014-15 to Rs.1,579.56 lakhs in FY 2015-16.
- Profit after taxes has decreased from Rs.782.55 lakhs in FY 2014-15 to Rs.375.54 lakhs in FY 2015-16.

The turnover is lower mainly due to decline in sales realization / tonne by about 10% because of depressed economic conditions globally. Exports continue to be the dominant source of revenue, accounting for more than 66% of the product sales.

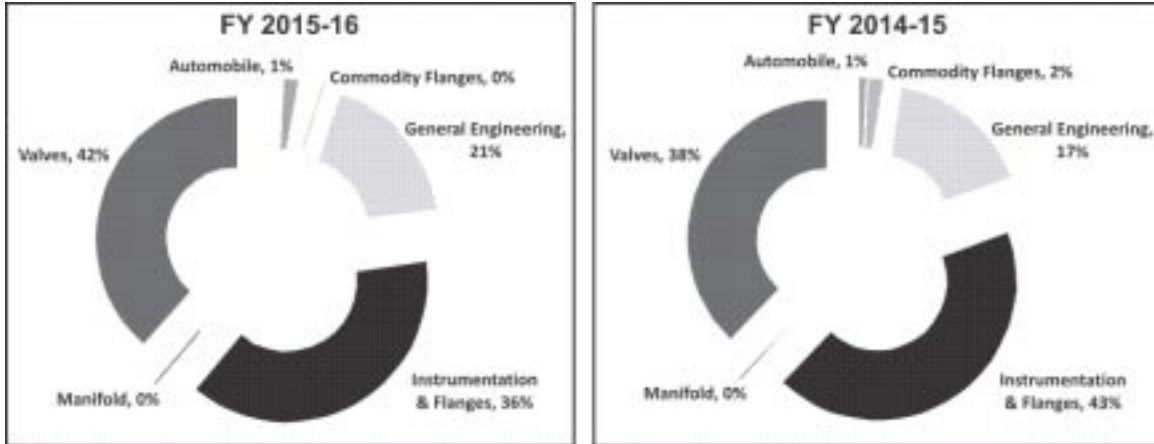
The profitability has been impacted due to the time lag between the fall in selling prices and raw materials prices and inventories loss. The fall in selling prices has been partially set off by lower raw materials cost but profitability has been affected by Rs.240 lakhs approx. due to the time lag between the two and inventories loss of about Rs.145 lakhs.

Energy saving devices continue to be a focus area in the Company. This has helped in reducing the total energy cost further in this year.

Industrial Microwave Research Center, R&D Division of the Company, has received, grant approval of Rs.275 lakhs from the Steel Development Fund of the Ministry of Steel for its prestigious R&D project for development of Microwave Assisted Iron Making Process. The total cost of the project is estimated at Rs.560 lakhs and the pilot plant is being established in the Company in collaboration with Chubu University of Japan and it is expected to generate a profitable business stream for the Company.

**6. SEGMENT WISE OR PRODUCT WISE PERFORMANCE**

The pie charts below show the business mix of various industries served by the Company:-



**7. FUTURE OUTLOOK**

PML is expecting a revival in demand over the next two years after a prolonged slowdown in the markets. Demand from exports and diversification into sectors such as Oil & gas, Defence and Railways will drive sales.

Our focus on niche OEM market, continues to provide for long term success. PML has developed many new components in the year 2015-16 which will result in increased business in the following years. It has also won several new e-auction bids for new locations of customers and started the sales in the current financial year. It has also started drive towards further value addition by providing sub-assemblies to its esteemed customers. This will be the focus area in the coming years.

The environment in the country remains positive. The Company is noticing a slow rise in the capital goods industry indicating new investments within India and as a result, an increase in domestic sales. The effort to bring new components in the Company’s basket of product-mix and the effort to provide more value added machined components to the overseas customers is yielding further benefits to the Company. Barring any unforeseen factors, the Company is expected to continue a steady growth in the coming years.

**8. OPPURTUNITIES AND THREATS**

**Threats**

- The customers’ demands for reducing prices of finished products with constant increase in the costs of fuel and raw material are a big hurdle in the growth and profitability of the Company in the increasing competition, which also demands for continuous improvement in processes and designs.
- Threats from low cost global manufacturers like China and Eastern Europe with auxiliary capacities, quality, productivity and introduction of automated processes by the Europeans, which may not be affordable by low cost countries.
- Additive manufacturing techniques are the demand of time for the production of metallic parts and forging companies need to be alert and think of suitable counter strategies.
- It is difficult to retain skilled and unskilled manpower in the organization as the global competition has increased demand of people in the forging industry.

### Opportunities

- Government of India has permitted 100% Foreign Direct Investment (FDI) in the automotive industry through the automatic route which has encouraged global OEMs to invest in and develop innovative products, technologies in India.
- Make in India initiative is expected to relax regulations and reduce complex procedures and ease out the business procedures.
- The automotive industry in India has seen considerable growth in the last couple of years and is amongst the largest in the world. With the Governments support initiatives and availability of resources, several auto makers have started investing in various segments of the industry in India. As a result, it is expected to get new openings to serve these auto makers in the domestic and international markets.
- Manufacturers of forgings are shutting doors in developed nations providing opportunities for emerging nations to pick up the slack.

### 9. RISKS AND AREAS OF CONCERN

The Company has drafted a Risk Management Policy and will implement risk mitigation measures, wherever needed. The Risk Management Committee of the Company reviews the Risk Management Policy, monitors its implementation and initiates proper steps / actions. A discreet risk management framework has been developed and a careful approach is undertaken to identify and analyze internal and external risks and minimize their impact on operations. A comprehensive framework has been developed to identify, monitor and mitigate various risk elements in accordance with the risk management process.

### 10. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company is finalizing an internal financial control system to encourage incorruptibility and deter fraudulent activities by management and employees. The Internal Control System emphasizes on Management Integrity, Competent Personnel, Segregation of Responsibilities, Record Maintenance and Safeguards. The Company's internal control system will be commensurate with its size, scale and complexities of its operations.

The internal audit is entrusted to BDO India LLP. The main thrust of internal audit is to test and review controls, appraisal of risks and business processes, besides benchmarking controls with best practices in the industry.

The Audit Committee of the Board of Directors reviews the adequacy and effectiveness of the internal control systems and suggests improvements to strengthen the same. The Audit Committee, Statutory Auditors and the Business Heads are periodically apprised of the internal audit findings and corrective actions taken. Audit Committee plays a key role in providing assurance to the Board of Directors. Significant audit observations and corrective actions taken by the management are presented to the Audit Committee of the Board. To maintain its objectivity and independence, the Internal Audit function reports to the Chairman of the Audit Committee.

### 11. HUMAN RESOURCES/INDUSTRIAL RELATIONS FRONT

Human resource is a means to achieve efficiency and effectiveness. It serves other functional areas, so as to help them to attain efficiency in their operations and achievement of goals. The Human Resource Management of our organization helps in attaining maximum individual development, desirable working relationship between employees and employers, employees and employees. They strive on increased concern for the quality of working life, total quality management and worker's participation in management. The Company provides in-house training to its employees and also sends them for obtaining training from various organizations.



Meetings are organized to understand the important HR strategies across the Company. Meetings were held to involve employees in business-related activities and they are updated on future business challenges and were made aware of the need to uplift skills and competencies.

The Company has constituted Anti Sexual Harassment Committee and there is a policy in place, to address issues pertaining to female employees. The Company had a total of 386 permanent employees as on 31<sup>st</sup> March, 2016.

**Cautionary Statement:**

Details provided hereinabove relating to various activities and future plans may be “forward-looking statements” within the realm 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, market conditions and other incidental factors.

---

## 33<sup>rd</sup> ANNUAL REPORT 2016

---

### **CORPORATE GOVERNANCE**

The detailed report on Corporate Governance for the Financial Year ended 31<sup>st</sup> March, 2016 as per Regulation 34(3) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Listing Regulations'), in the prescribed format is given as under:

#### **1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE**

Pradeep Metals Limited ('PML/the Company') is committed to the highest standards of Corporate Governance in all its endeavors by including 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.

The Company maintains high standard of Corporate Governance by being transparent, accountable and providing continuous disclosures to shareholders, employees, banks, government etc.

#### **□ GOVERNANCE STRUCTURE**

The Company's governance structure comprises of the Board of Directors and the Committees of Board of Directors which function on the Principles of Prompt Decision Making, Statutory Compliance, Accurate and Timely Disclosures, Transparency and Monitoring in order to create a value addition for its Stakeholders. In line with these principles, the Company has formed two tiers of Corporate Governance Structure, viz.

##### **a) The Board of Directors**

##### **b) Committees of Directors**

- During the year the Company has adopted a Code of Conduct for its Board of Directors including Independent Directors and Senior Management personnel. This code is available on the website of the Company <http://www.pradeepmetals.com/policies.html>.
- Pursuant to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Listing Regulations') the Company has executed fresh Listing Agreement with BSE Limited (the Stock Exchange) where the shares of the Company are listed.
- The Company is in compliance with the requirements stipulated under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

#### **2. BOARD OF DIRECTORS**

The Board of Directors of the Company comprises of a fair combination of Executive, Non-Executive and Independent Directors with diverse professional background complying with the provisions of the Companies Act, 2013 and the Listing Regulations.

As on 31<sup>st</sup> March, 2016, the Company has 8 (Eight) Directors. Of the Eight Directors, 1(One) is Executive Director, 7(Seven) are Non-executive Directors, of which 4(Four) are Independent Directors. The Chairman of the Company is an Executive Director and also the Managing Director. Except Managing Director and Independent Directors, all other Directors are liable to retire by rotation.

The Non-Executive Directors including Independent Directors on the Board are experienced, competent and highly renowned persons from the fields of finance & taxation, economics, law, legal etc. They take active part at the Board and Committee meetings by providing valuable guidance and expertise to the Management on various aspects of business, policy direction, governance, compliance etc. and play critical role on strategic issues, which enhances the transparency and add value in the decision making process of the Board of Directors which ultimately leads to the success of the Company. The maximum tenure of Independent Directors is in compliance with the Act. All the Independent Directors have confirmed that they meet the criteria as mentioned under Regulation 16(1)(b) of the the Listing Regulations read with Section 149(6) of the Act.

□ **Composition and category of Directors, other Directorships and Committee Memberships**

Name of Director	DIN	Category		Number of Shares Held
Mr. Pradeep Goyal	00008370	Promoter Director	Executive Director / Chairman and Managing Director	15,76,400
Mrs. Neeru P. Goyal	05017190	Promoter Director	Non-Executive & Non-Independent Director	5,45,109
Dr. Kewal K. Nohria	00060015	Non-Promoter Director	Non-Executive & Non-Independent Director	926,700
Mr. Omprakash Agarwal	00022796	Non-Promoter Director	Non-Executive & Non-Independent Director	13,300
Mr. Suresh G. Vaidya	00220956	Non-Promoter Director	Independent & Non-Executive Director	Nil
Mr. Raj Kumar Mittal	00020255	Non-Promoter Director	Independent & Non-Executive Director	9,000
Mr. Rajeev D. Mehrotra	00198137	Non-Promoter Director	Independent & Non-Executive Director	Nil
Mr. Jaidev R. Shroff	00191050	Non-Promoter Director	Independent & Non-Executive Director	Nil

Notes

- Mr. Suresh G. Vaidya, Mr. Raj Kumar Mittal, Mr. Rajeev D. Mehrotra and Mr. Jaidev R. Shroff were appointed as Independent Directors from 31<sup>st</sup> AGM held on 4<sup>th</sup> September, 2014 till 36<sup>th</sup> AGM to be held in the year 2019 and they are not liable to retire by rotation.
- Pursuant to the provisions of Section 152 of the Companies Act, 2013, Mrs. Neeru Pradeep Goyal retires by rotation and being eligible, offers herself for re-appointment.

□ **Board Meetings**

- The Company holds regular Board Meetings. The detailed agenda along with the explanatory notes are circulated to the Directors well in advance. The Directors can suggest inclusion of any item(s) in the agenda at the Board Meeting.
- The Company held Seven (7) Board Meetings during the financial year ended 31<sup>st</sup> March, 2016. The gap between two Board Meetings did not exceed one hundred and twenty days. The necessary quorum was present for all the meetings.
- During the FY 2015-16, information as mentioned in Schedule II Part A of the SEBI Listing Regulations has been placed before the Board for its consideration.
- The terms and conditions of appointment of Independent Directors are disclosed on the website of the Company [www.pradeepmetals.com](http://www.pradeepmetals.com)
- In terms of Regulation 25 of the Listing Regulations 2015 and Schedule IV to the Companies Act, 2013, one meeting of Independent Directors was held on 15<sup>th</sup> March, 2016. The Independent Directors *inter-alia*, reviewed performance of non-independent Directors, Chairman of the Company and Board as whole.
- The Board periodically reviews the Compliance of all laws applicable to the Company.

## 33<sup>rd</sup> ANNUAL REPORT 2016

□ **Details of Board Meetings (BM) held during the year:**

Dates of BM	08.05.15	03.07.15	10.08.15	07.11.15	08.02.16	20.02.16	15.03.16
Board Strength	8	8	8	8	8	8	8
No. of Directors Present	7	6	7	6	7	4	7

*The Company Secretary acts as a Secretary to all Board Meetings.*

□ **Attendance of each Director at the meeting of the Board of Directors and the last Annual General Meeting, Number of other Board Directorship or Committees in which a Director is a Member or Chairperson:**

Name of Director	Attendance in Board Meeting	Attendance in last AGM	Other Directorship and Committee Membership / Chairmanship			
	Meetings Held/ Meetings Attended		Board Directorship (incl. Chairmanship)	Board Chairmanship*	Committee Membership (incl. Chairmanship)**	Committee Chairmanship**
Mr. Pradeep Goyal	7/7	Present	3	Nil	6	2
Mrs. Neeru Pradeep Goyal	7/7	Present	Nil	Nil	Nil	Nil
Mr. Omprakash Agarwal	7/5	Present	Nil	Nil	Nil	Nil
Dr. Kewal K. Nohria	7/6	Present	8	Nil	4	2
Mr. Suresh G. Vaidya	7/6	Present	1	Nil	1	1
Mr. Raj Kumar Mittal	7/7	Present	1	Nil	1	1
Mr. Rajeev D. Mehrotra	7/5	Absent	Nil	Nil	Nil	Nil
Mr. Jaidev R. Shroff	7/1	Absent	6	Nil	1	Nil

\*Excludes Directorships in Private Limited Companies, Foreign Companies and Companies under Section 8 of the Companies Act.

\*\* Only in Audit Committee and Stakeholders' Relationship Committee of Indian Public Limited Companies have been considered for the Committee positions.

□ **Disclosure of relationships between Directors inter-se**

Sr. No.	Name of Director	Relationship
1	Mr. Pradeep Vedprakash Goyal	Husband- Wife
2	Mrs. Neeru Pradeep Goyal	

*Apart from the above, there are no inter-se relationships between the Board Members.*

□ **Details of familiarisation programme of the Independent Directors**

During the FY 2015-16 Company had organized two in-house familiarization programs for the Independent Directors, details of which are as under:

Sr. No.	Date of Programme	Area Covered	Duration
1	10.08.2015	Updation on Companies Act, 2013, rules made thereunder and recent amendments to it.	2 Hours
2	15.03.2016	Introduction to SEBI Listing Regulations, 2015 and Role and responsibilities of Independent Directors.	2 Hours

The details of familiarisation programs to the Independent Directors are also available on the website



of the Company i.e. <http://www.pradeepmetals.com/policies.html>

### 3. COMMITTEES OF THE BOARD

The Board has Five Committees: Audit Committee, Nomination and Remuneration Committee, Shareholders'/ Investors Grievance Committee, Corporate Social Responsibility(CSR) Committee and Risk Management Committee.

#### COMPOSITION OF COMMITTEES OF THE BOARD:

Name of Director (Whether Member Y/N)	Committees of the Board				
	Audit Committee	Nomination & Remuneration Committee	Shareholders'/ Investors' Grievance Committee	CSR Committee	Risk Management Committee
Mr. Pradeep Goyal	-	-	-	-	Y
Dr. Kewal K. Nohria	Y	Y	Y	-	Y
Mr. Suresh G. Vaidya	Y	Y	Y	-	-
Mr. Raj Kumar Mittal	Y	Y	-	Y	Y
Mr. Rajeev D. Mehrotra	-	Y	-	Y	Y
Mr. Jaidev R. Shroff	-	-	-	-	-
Mr. Omprakash Agarwal	-	-	Y	-	-
Mrs. Neeru Pradeep Goyal	-	-	-	Y	-

### 4. AUDIT COMMITTEE

The Audit Committee of the Company is constituted in line with the provisions of Regulation 18 of the SEBI Listing Regulations, read with Section 177 of the Companies Act, 2013. The primary objective of the Audit Committee is to monitor and provide effective supervision of the management's financial reporting progress with a view to ensuring accurate, timely and proper disclosures and transparency, integrity and quality of financial reporting.

The Committee oversees the work carried out by the Management and internal auditors on the financial reporting process and the safeguards employed by them.

#### □ Brief description of terms of reference:

- (i) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- (ii) Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- (iii) Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- (iv) Reviewing, with the management, the annual financial statements and auditors' report thereon before submission to the board for approval, with particular reference to:
  - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013.
  - b. Changes, if any, in accounting policies and practices and reasons for the same.
  - c. Major accounting entries involving estimates based on the exercise of judgment by management.
  - d. Significant adjustments made in the financial statements arising out of audit findings.
  - e. Compliance with listing and other legal requirements relating to financial statements.
  - f. Disclosure of any related party transactions.
  - g. Modified opinion in the draft audit report.
- (v) Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- (vi) Reviewing, with the management, the statement of uses / application of funds raised through an

---

## 33<sup>rd</sup> ANNUAL REPORT 2016

---

issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;

- (vii) Review and monitor the auditors' independence and performance, and effectiveness of audit process;
- (viii) Approval or any subsequent modification of transactions of the Company with related parties;
- (ix) Scrutiny of inter-corporate loans and investments;
- (x) Valuation of undertakings or assets of the company, wherever it is necessary;
- (xi) Evaluation of internal financial controls and risk management systems;
- (xii) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- (xiii) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- (xiv) Discussion with internal auditors of any significant findings and follow up thereon.
- (xv) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- (xvi) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- (xvii) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- (xviii) To review the functioning of the whistle blower mechanism;
- (xix) Approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
- (xx) Carrying out any other function as is mentioned in the terms of reference of the audit committee.  
Explanation : The terms "related party transactions" shall have the same meaning as provided in the SEBI Listing Regulations.
- (xxi) To review the financial statements, in particular, the investments made by the unlisted subsidiaries of the Company.
- (xxii) To review the following information
  - a. management discussion and analysis of financial condition and results of operations;
  - b. statement of significant related party transactions (as defined by the audit committee), submitted by management;
  - c. management letters / letters of internal control weaknesses issued by the statutory auditors;
  - d. internal audit reports relating to internal control weaknesses;
  - e. the appointment, removal and terms of remuneration of the chief internal auditor.
  - f. statement of deviations, if any;
    - (a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).
    - (b) annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7).

### **Powers of the Audit Committee**

The Audit Committee has following powers:

- (i) To investigate any activity within its term of reference.
- (ii) To seek information from any employee.
- (iii) To obtain outside legal or other professional advice.
- (iv) To secure attendance of the outsiders with relevant expertise, if it considers necessary.

□ **Composition of Audit Committee (AC) and attendance of Members.**

Name of Director	Designation	Audit Committee Meetings (2015-2016)					
		08.05.15	03.07.15	10.08.15	07.11.15	08.02.16	15.03.16
Mr. Raj Kumar Mittal	Chairman	Present	Present	Present	Present	Present	Present
Mr. Suresh G. Vaidya	Member	Present	Present	Present	Present	Present	Present
Dr. Kewal K. Nohria	Member	Present	Present	Present	Present	Present	Present

*The Company Secretary acts as a Secretary to all AC Meetings.*

**5. NOMINATION AND REMUNERATION COMMITTEE**

The Nomination and Remuneration Committee is constituted in line with the provisions of Regulation 19 of the the Listing Regulations, read with Section 178 of the Companies Act, 2013. The Company considers its human resources as its invaluable assets. The policy on remuneration of Directors, Key Managerial Personnel (KMPs) and other employees has been formulated in terms of the provisions of the Companies Act, 2013.

□ **Brief description of terms of reference/ role:**

- (i) Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board of Directors a policy relating to the remuneration of the Directors, Key Managerial Personnel and other employees.
- (ii) Formulation of criteria for evaluation of Independent Directors and the Board.
- (iii) Devise a policy on diversity of Board of Directors.
- (iv) Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board of Directors their appointment and removal.
- (v) Periodical review of the composition of the Board with the objective of achieving an optimum balance of size, skills, independence, knowledge, age, gender and experience.
- (vi) Recommend to the Board the appointment or reappointment of Directors.
- (vii) Review HR Policies / Initiatives and Senior level appointments.
- (viii) Carry out evaluation of every director's performance and support the Board and Independent Directors in evaluation of the performance of the Board, its committees and individual directors. This shall include "Formulation of criteria for evaluation of Independent Directors and the Board". Additionally the Committee may also oversee the performance review process of the KMP and executive team of the Company.
- (ix) On an annual basis, recommend to the Board the remuneration payable to the directors and oversee the remuneration to executive team or Key Managerial Personnel of the Company.
- (x) Oversee familiarization programme for directors.
- (xi) Provide guidelines for remuneration of directors on material subsidiaries.
- (xii) Performing such other duties and responsibilities in consistent with the regulatory requirements.

## 33<sup>rd</sup> ANNUAL REPORT 2016

### □ Composition of Nomination & Remuneration Committee (NRC) and Attendance of Members

Name of Director	Designation	NRC Meetings (2015-2016)		
		10.08.2015	18.02.2016	15.03.2016
Mr. Rajeev D. Mehrotra	Chairman	Present	Present	Present
Mr. Suresh G. Vaidya	Member	Present	Present	Present
Dr. Kewal K. Nohria	Member	Present	Present	Present
Mr. Raj Kumar Mittal	Member	Present	Present	Present

*The Company Secretary acts as a Secretary to all NRC Meetings.*

### □ Performance evaluation criteria for Independent Directors

A list of areas of director's responsibility is drawn up on the basis of a discussion on the subject of evaluation of performance by the entire Board of Directors, under the Chairman's guidance. Every director has a copy of the said list for each colleague, on which an evaluation would be made against each criterion, with brief supporting comments. They are sent to the recipients anonymously or with the identity of the evaluator revealed, whichever is agreed beforehand.

## 6. REMUNERATION OF DIRECTORS

### □ Remuneration to Managing Director/Executive Director

The remuneration to be paid to the Managing Director/Whole-time Directors etc. are governed as per the provisions of the Companies Act, 2013 and rules made there under or any other enactment for the time being in force and the approvals obtained from the Members of the Company.

The Nomination and Remuneration Committee makes such recommendations to the Board of Directors, as it may consider appropriate with regard to the remuneration to Managing Directors/ Whole-time Directors and based on the performance of the Company. ***However, considering the declined profitability in the financial year 2015-16, no Performance Bonus was paid to the Chairman and Managing Director for financial year 2015-16.***

### □ Remuneration to Non- Executive/ Independent Directors:

The Non-Executive/Independent Directors receive sitting fees and such other remuneration as permissible under the provisions of the Companies Act, 2013. The amount of sitting fees shall be such as may be recommended by the Nomination and Remuneration Committee and approved by the Board of Directors from time to time.

Pursuant to the provisions of earlier Clause 49(II)(C) of the amended Listing Agreement with the Stock Exchange and applicable provisions of the Companies Act, 2013, based on the recommendation of Nomination and Remuneration Committee and Board of Directors, Members of Company, on 4<sup>th</sup> September, 2014, had accorded their consent for payment of commission to the Directors of the Company (other than the Directors who are either in whole time employment of the Company or belong to the Promoters' Group) annually for each of the five financial years commencing from financial year 2014-15, an amount not exceeding 1% (one percent) of the net profits of the Company computed in accordance with the provisions of Section 198 of the Act, to be divided amongst the Directors aforesaid in such amounts or proportions and in such manner as the Board of Directors of the Company may from time to time determine and in default of such determination equally. The payment of commission was to be in addition to the sitting fees payable to such Directors for attending meetings of the Board and/or Committee(s) thereof or for any other purpose whatsoever as may be decided by the Board and reimbursement of expenses for participation in the Board and/or Committee meetings. ***However, considering the declined profitability in the FY 2015-16, all the Non-Executive and Independent Directors have decided to forego the commission for financial year 2015-16.***

An Independent Director shall not be eligible to get stock options and also shall not be eligible to participate in any share based payment schemes of the Company.

Any remuneration paid to Non-Executive/Independent Directors for services rendered which are professional in nature shall not be considered as part of the remuneration for the purpose of clause (b) above, if the following conditions are satisfied:

- The services are rendered by the Director in his capacity as a professional; and
- In the opinion of the Committee, the Director possesses the requisite qualification for the practice of that profession.

□ **Pecuniary relationship or transactions of Non-Executive Directors**

During the year under review, there was no pecuniary relationship and transactions of any Non-Executive Directors with the Company.

□ **Details of remuneration to the Non-executive/Non-Independent/Independent Directors during the year 2015-16 are given below:**

(Amt in Rs.)

Name of Director	Sitting Fees	Commission	Total
Mrs. Neeru P. Goyal	75,000	Nil	75,000
Dr. Kewal K. Nohria	1,15,000	Nil	1,15,000
Mr. Omprakash Agarwal	60,000	Nil	60,000
Mr. Suresh G. Vaidya	1,10,000	Nil	1,10,000
Mr. Raj Kumar Mittal	1,20,000	Nil	1,20,000
Mr. Rajeev D. Mehrotra	70,000	Nil	70,000
Mr. Jaidev R. Shroff	10,000	Nil	10,000

**Notes:**

- Considering the declined profitability, all the Board Members have decided to forego the commission for financial year 2015-16.
- The Company currently has no Stock Options for its Directors. During the year under review, none of the Directors was paid any performance linked incentive. In FY 2015-16, the Company did not advance any loans to any of the Non-Executive Directors.

□ **Details of remuneration to the Chairman and Managing Director (CMD) during the year 2015-16 are given below:**

(Amt in Rs.)

Name of the Director	Salary	Benefits	Commission	Total	Service Contract/Notice Period/Severance fees/ Pension
Mr. Pradeep Goyal	84,00,000	39,600	During the year no commission was paid.	<b>8,439,600</b>	<i>Appointed for a period of 3 years, i.e. from 17<sup>th</sup> December, 2014 to 16<sup>th</sup> December, 2017</i>

**Notes:**

- Company has received approval vide letter No. SRN.C31189834/3/2015-CL-VII dated 02.11.2015 from Central Government wrt appointment of Mr. Pradeep Goyal as CMD on following terms  
a) Rs. 1,09,57,867/- for a period from 17.12.2014 to 16.12.2015 b) Rs. 1,17,46,000/- p.a. for a period of two years from 17.12.2015 to 16.12.2017.
- Further, the Company has also received an approval from Central Government vide Letter No. SRN.C68229475/3/2015-CL-VII dated 02.11.2015, in response to the application made to Central Government for waiver of excess remuneration paid to Mr. Pradeep Goyal amounting to Rs. 4,27,644/- for a period from 01.04.2014 to 16.12.2014.

## 33<sup>rd</sup> ANNUAL REPORT 2016

### 7. SHAREHOLDERS'/INVESTORS GRIEVANCE COMMITTEE

The Shareholders' / Investors Grievance Committee is constituted in line with the provisions of Regulation 20 of the Listing Regulations, read with Section 178 of the Companies Act, 2013. The Board of the Company has constituted Shareholders' / Investors Grievance Committee consisting of 3 Directors of which 2 are Non-Executive Directors and 1 Independent Director to look into redressal of grievances of shareholders, including complaints for transfer, transmission, non-receipt of declared dividends / annual report etc. The Committee also looks into matters which can facilitate better investor's service and relations.

□ **Composition of Committee**

Name of Director	Position
Mr. Omprakash Agarwal	Chairman
Dr. Kewal K. Nohira	Member
Mr. Suresh G. Vaidya	Member

□ **Name of Non-Executive Director heading the committee:**

Mr. Omprakash Agarwal

□ **Compliance officer**

<b>Name of the Compliance Officer</b>	Ms. Suchita Singh*, Company Secretary
<b>Contact Details</b>	Pradeep Metals Limited R-205, MIDC, Rabale, Navi Mumbai - 400701.
<b>E-mail ID</b>	<a href="mailto:investors@pradeepmetals.com">investors@pradeepmetals.com</a>

\* Mr. Abhinay Kapoor Company Secretary, KMP and Compliance Officer of the Company resigned w.e.f. 16<sup>th</sup> July, 2016. Consequent to the resignation of Mr. Abhinay Kapoor, the Board appointed Ms. Suchita Singh as the Company Secretary, KMP and Compliance Officer of the Company. The appointment was effective from 16<sup>th</sup> July, 2016.

□ **Details of Complaints:**

Number of Shareholders' Complaints received so far	Number not solved to the satisfaction of shareholders	Number of pending complaints
8	Nil	Nil

### 8. GENERAL BODY MEETINGS

Details of Annual General Meetings held in the three previous years and Special Resolutions passed there at:

<b>Financial Year:</b> 2012-13 <b>Date and Time:</b> 8 <sup>th</sup> August, 2013 at 12:30 pm <b>Venue:-</b> R-205, MIDC, Rabale, Navi Mumbai-400701	<ul style="list-style-type: none"> <li>• No Special Resolution was passed in the meeting.</li> </ul>
<b>Financial Year:</b> 2013-14 <b>Date and Time:</b> 4 <sup>th</sup> September, 2014 at 12:30 pm <b>Venue:-</b> Monarch Banquets, Plot No. 110/111, MIDC, Thane Belapur Road, Near Rabale Railway Station, Rabale, Navi Mumbai-400701	<ul style="list-style-type: none"> <li>• Appointment of Mr. Pradeep Goyal as Chairman and Managing Director of the Company and payment of remuneration for a period of 3 years w.e.f. 17<sup>th</sup> December, 2014 to 16<sup>th</sup> December, 2017.</li> <li>• Authority for borrowing monies in excess of paid up capital and free reserves of the Company but not exceeding to Rs.150 Crores.</li> <li>• Authority for creation of charges/ mortgages etc. on the properties of the Company for an amount not exceeding Rs. 150 Crores.</li> </ul>

	<ul style="list-style-type: none"> <li>Authority to the Board of Directors to enter into contracts and supply goods and services to Pradeep Metals Ltd., New York, USA, 100% subsidiary of the Company to the extent of Rs. 20 Crores in any financial year.</li> </ul>
<b>Financial Year:</b> 2014-15 <b>Date and Time:</b> 11 <sup>th</sup> September, 2015 at 02.00 p.m. <b>Venue:</b> Monarch Banquets, Rabale, Navi Mumbai - 400701.	<ul style="list-style-type: none"> <li>Adoption of new set of Articles of Association of the Company, in substitution for and to the entire exclusion of the regulations contained in the existing Articles of Association of the Company.</li> </ul>

- **Details of Special Resolutions put through Postal Ballot during last year along with voting pattern**  
 During the year under review Members of the Company had passed 3 Special Resolutions through Postal Ballot, details of which are as follows:

Sr. No.	Particulars	% of votes in favour	% of votes in Against
	<b>Special Resolutions:</b>		
1.	Authority for borrowing monies in excess of paid up capital and free reserves of the Company, but not exceeding Rs.180 Crores	99.9801	0.0199
2.	Authority for creation of charges/ mortgages etc. on the properties of the Company for an amount not exceeding Rs.180 Crores	99.9843	0.0157
3.	Giving Loans/ Guarantees or providing securities for and on behalf of Subsidiary Companies (including overseas subsidiaries) and/or making investments in such Subsidiary Companies (including overseas subsidiaries) for an amount not exceeding Rs.50 Crore.	99.9810	0.0190

Ms. Shweta Gokarn, Company Secretary in Practice was appointed as scrutinizer for conducting the Postal Ballot process in fair and transparent manner. The procedure for conducting the Postal Ballot as specified in Section 110 of the Companies Act, 2013 and Rule 22 of the Companies (Management and Administration) Rules, 2014 was duly followed by the Company.

- **Details of the Special Resolution proposed to be conducted through postal ballot:**  
 The Company does not propose to pass any Resolution through postal ballot in ensuing Annual General Meeting.
- **The Procedure for postal Ballot:**  
 Shall be conducted as per the provisions of Section 110 of the Companies Act, 2013 read with the Companies (Management and Administration Rules), 2014.

## 9. MEANS OF COMMUNICATION

- **Quarterly Results :**  
 The quarterly, half yearly and yearly financial results for the Company are sent to the Stock Exchange where the shares of the Company are listed, immediately after they are approved by the Board.
- **Publication of quarterly results :**  
 The quarterly, half yearly and annual results are published by the Company in the Marathi and English edition of Dainik Sagar / Mumbai Lakshdeep and Asian Age / Financial Express respectively, along with an official press release.
- **Website Disclosures :**  
 The Company's website [www.pradeepmetals.com](http://www.pradeepmetals.com) contains all important public domain information and also the financial results of the Company.
- **Official News Releases on Website :**  
 All financial and other vital official news releases are also communicated to the concerned stock exchange, besides being placed on the Company's website. The Company also publishes the

## 33<sup>rd</sup> ANNUAL REPORT 2016

Annual Report, shareholding pattern on its website <http://www.pradeepmetals.com/reports.html>

□ **The presentation made to institutional investors or to the analysts:**

The Company has not made any presentations to institutional investors or to the analysts during the year under review.

### 10. GENERAL SHAREHOLDER INFORMATION

**1. Day, Date, Time & Venue of Annual General Meeting:**

The 33<sup>rd</sup> Annual General Meeting of the Members of Pradeep Metals Limited will be held at Monarch Banquets, Plot No. 110/111, MIDC, Thane Belapur Road, Near Rabale Railway Station, Rabale, Navi Mumbai 400701 on Thursday, 29<sup>th</sup> day of September, 2016 at 3.00 p.m.

**2. a. Financial Year of the Company :** 1<sup>st</sup> April to 31<sup>st</sup> March every year.

**b. Financial Calendar for FY 2016-17**

Results for the quarter ending	To be published
Q1 – 30 <sup>th</sup> June, 2016	On or before 14 <sup>th</sup> August, 2016
Q2 – 30 <sup>th</sup> September, 2016	On or before 14 <sup>th</sup> November, 2016
Q3 – 31 <sup>st</sup> December, 2016	On or before 14 <sup>th</sup> February, 2017
Q4 – 31 <sup>st</sup> March, 2017	On or before 30 <sup>th</sup> May, 2017

**3. Dividend Payment Date :**

The Board declared and paid an Interim Dividend at the rate of 6% i.e.60 paise per Equity Share of Face Value of Rs 10/- each, as on 29<sup>th</sup> March, 2016, being the Record Date fixed for the purpose. However, the Board has not recommended any final dividend for FY 2015-16.

**4. Date of Book Closure :**

Thursday, 22<sup>nd</sup> September, 2016 till Wednesday, 28<sup>th</sup> September, 2016

**5. Listing on Stock Exchange :** The Equity shares of the Company are listed on BSE Limited.

The Company has paid annual listing fee for the financial year 2016 - 2017.

**6. Stock Exchange Code (Equity) :**

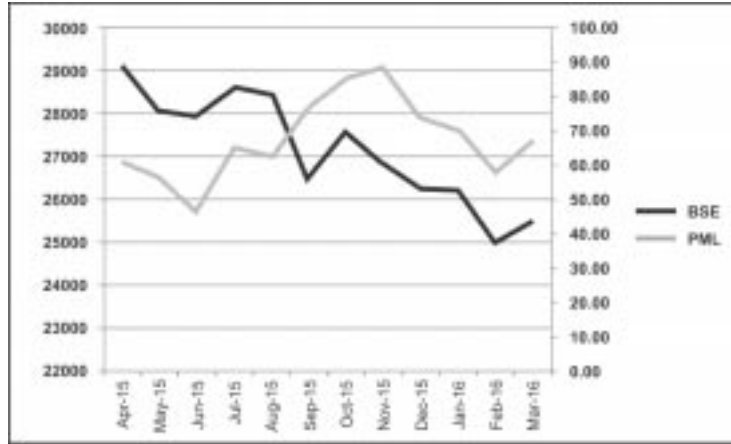
Stock Exchange :	Scrip Code
BSE Limited (BSE)	513530

**7. Stock Market price Data :**

Table below gives the monthly high and low prices and volumes of trading of Equity shares of the Company at BSE Limited (BSE) for the year 2015-16:

Month	High (Rs.)	Low (Rs.)	Volume
April 2015	61.00	44.05	104,493
May 2015	56.45	42.05	37,091
June 2015	46.00	40.00	91,927
July 2015	65.00	42.00	260,448
August 2015	62.45	47.15	279,903
September 2015	76.75	55.00	296,586
October 2015	85.40	68.00	166,013
November 2015	88.30	68.25	122,169
December 2015	73.75	60.10	79,174
January 2016	70.00	49.05	45,151
February 2016	58.00	41.65	100,203
March 2016	66.70	43.50	225,137



**8. Company's Performance in comparison to broad-based indices (BSE Sensex);****9. Registrar and Share Transfer Agent :**

Link Intime India Private Limited  
 C-13, Pannalal Silk Mills Compound, L.B.S. Marg,  
 Bhandup (W), Mumbai 400 078.  
 Contact No.: 022-2594 6970

**10. Share Transfer System :**

Presently, the share transfers which are received in physical form are processed, registered and returned by Registrar and Share Transfer agents within 15 days from the date of receipt of documents, provided the documents are found in order. Shares under objection are returned within 15 days.

The Company obtains from a Practicing Company Secretary a half yearly Certificate of Compliance with the share transfer formalities as required under Clause 47(c) of the erstwhile Listing Agreement with the Stock Exchanges or Regulation 40(9) of the Listing Regulations and files a copy of the Compliance certificate with the Stock Exchange.

**11. Distribution of Shareholding as on 31<sup>st</sup> March, 2016 :****A. Distribution of shares according to size of holding**

No. of Equity Shares held	No. of Shareholders	Share Amount (Rs.)	% of Shareholding
Upto 500	5,081	7,364,470	4.26
501-1000	366	3,169,400	1.83
1001-2000	184	2,691,080	1.55
2001-3000	55	1,390,330	0.80
3001-4000	29	1,024,880	0.59
4001-5000	36	1,726,520	0.99
5001-10000	39	2,856,630	1.65
10001 and above	54	152,476,690	88.28
<b>Total</b>	<b>5,844</b>	<b>172,700,000</b>	<b>100.00</b>

## 33<sup>rd</sup> ANNUAL REPORT 2016

### B. Pattern of Shareholding by categories of shareholders :

Category	No. of Shares	% of Total Shares
Promoters	12,094,051	70.03
Mutual Funds and UTI	9,000	0.05
Banks/FIs/Insurance Co. (Central/State Govt./ Non-Govt. Institutions)	0	0
Foreign Portfolio Investors	4,100	0.02
Corporate Bodies	247,417	1.43
Foreign Individual/ NRIs/OCBs	884,564	5.12
Clearing Members	38,591	0.22
Indian Public	3,991,277	23.11
Trust	1,000	0.01
<b>Total</b>	<b>17,270,000</b>	<b>100</b>

#### 12. Dematerialization of shares and liquidity:

Following are the details of shares held in Demat and Physical form:

Demat: 16,208,080 Equity Shares - 93.85% of Share Capital

Physical: 1,061,920 Equity Shares - 6.15% of Share Capital

The Company's shares are among the regularly traded shares on BSE.

#### 13. Outstanding GDR, ADR or warrants or any convertible instruments :

There are no outstanding instruments which are convertible into equity shares and resultantly, there is no impact on Equity Share Capital.

#### 14. Plant Location :

Pradeep Metals Limited,  
R-205, MIDC, Rabale,  
Navi Mumbai - 400701.  
Tel: +91-22-27691026 Fax: +91-22-27691123  
e-mail: [investors@pradeepmetals.com](mailto:investors@pradeepmetals.com)  
Website: [www.pradeepmetals.com](http://www.pradeepmetals.com)

#### 15. Address for Correspondence :

##### Investor Correspondence for shares held in Physical Form

Link Intime India Private Limited,  
C-13, Pannalal Silk Mills Compound, L.B.S. Marg,  
Bhandup (W), Mumbai 400 078.  
Contact No.: 022-2594 6970

##### Investor Correspondence for shares held in Demat Form

To the Depository Participant(s)

##### For any query on Annual Report

Ms. Suchita Singh,  
Company Secretary,  
Pradeep Metals Limited,  
R-205, MIDC, Rabale,  
Navi Mumbai - 400701.  
Tel: +91-22-27691026 Fax: +91-22-27691123  
e-mail: [investors@pradeepmetals.com](mailto:investors@pradeepmetals.com)  
Website: [www.pradeepmetals.com](http://www.pradeepmetals.com)  
CIN :L99999MH1982PLC026191

**16. Legal proceedings :**

As on 31<sup>st</sup> March, 2016 there were pending disputes in respect of Bonus Payment to workers and NMMC Cess. (See note 29(b) of Standalone Financial Statement).

**17. Unpaid / Unclaimed Dividend :**

Pursuant to IEPF (uploading of Information regarding unpaid & unclaimed amounts lying with companies) Rules, 2012, the Company has uploaded the said details as of the date of last AGM viz. 11<sup>th</sup> September, 2015 on the website of the Company and also on the website of the Ministry of Corporate Affairs.

**18. OTHER DISCLOSURES****a. Disclosures on materially significant related party transactions that may have potential conflict with the interest of the Company at large :**

The particulars of the transactions between the Company and related parties, as per the Accounting Standards are mentioned separately in Notes to Accounts - forming part of the Annual Accounts.

No transaction of material nature has been entered into by the Company with its promoters or Directors or management or relatives etc. that may have a potential conflict with the interest of the Company. All transactions with the Related Parties were in the ordinary course of business and at arm's length basis.

**b. Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets during the last three years :**

There was no such instance in the last three years.

**c. Whistle-Blower Policy and confirmation that no person has been denied access to the Audit Committee :**

Pursuant to section 177(9) and (10) of the Companies Act, 2013, the Company has a Whistle-Blower Policy for establishing a vigil mechanism for Directors and employees to report genuine concerns regarding unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct and Ethics Policy.

The said mechanism also provides for adequate safeguards against victimization of persons who use such mechanism and makes provisions for direct access to the Chairperson of the Audit Committee in appropriate or exceptional cases. We affirm that no employee of the Company was denied access to the Audit Committee. The said Whistle-Blower policy has been hosted on the website of the Company.

**d. Details of compliance with mandatory requirements and adoption of the non-mandatory requirements :**

The Company has complied with the mandatory requirements of Regulation 27 of the Listing Regulations, which are detailed in the annual report. The Company has obtained a certificate from Auditor certifying its compliance with the provisions of the Listing Regulations 2015. This certificate is attached to the Annual Report for FY 2015-16.

**e. Web link where policy for determining 'material' subsidiaries is disclosed :**

The Company's investment in Wholly Owned Subsidiary is not falling within the criteria prescribed in Regulation 23 of the Listing Regulations, (including any statutory enactments / amendments thereof) in respect of material subsidiary.

**f. Web link where policy on dealing with related party transactions :**

Below is the web link for policy adopted by Board on dealing with Related Party transactions:  
<http://www.pradeepmetals.com/policies.html>

**g. Commodity price risk or Foreign exchange risk and hedging activities :**

The Company avails Pre-Shipment Credit (PCFC) in Foreign Currency. Part of the Rupee term

## 33<sup>rd</sup> ANNUAL REPORT 2016

loans are also converted into Foreign Currency loans from time to time. The Company exports almost 70% of its products, which provides natural hedge.

- h. Disclosure of the discretionary requirements as specified in Part E of Schedule II :**
- i. The Board**  
The Chairman of the Company is an Executive Director and his office with required facilities is provided and maintained by the Company.
- ii. Shareholder Rights**  
As the Company's half yearly results are published in English newspapers and in also Marathi newspaper and also displayed on the website of the Company [www.pradeepmetals.com](http://www.pradeepmetals.com) and disseminated to the Stock Exchange (BSE) wherein the share of the Company is listed, hence separately not circulated to the shareholders.
- i. Modified opinion(s) in audit report :**  
There are no modified opinion contained in the Audit report.
- j. Separate posts of Chairperson and Chief Executive Officer :**  
The Company will consider segregation of the post of the Chairman & CEO of the Company. Mr. Pradeep Vedprakash Goyal is the Chairman and Managing Director of the Company.
- k. Reporting of Internal Auditor :**  
The Internal Auditors report directly to the Audit Committee.
- l. The compliance with corporate governance requirements specified in regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 shall be made in the section on corporate governance of the annual report :**  
The Company has complied with Corporate Governance requirements specified in Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the Listing Regulations.
- m. Secretarial Audit Report :**  
Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Rules made thereunder, M/s. Shweta Gokarn & Co., Practicing Company Secretaries, Navi Mumbai (Certificate of Practice Number: 11001) has conducted Secretarial Audit of the Company. The Secretarial Auditors' Report for the financial year ended 31<sup>st</sup> March, 2016 forms part of the Annual Report. No adverse comments have been made in the said Report.
- n. Appointment of Deputy Chief Financial Officer of the Company :**  
Subsequent to the termination of Services of Mr. Akshaya Shah – Chief Financial Officer of the Company, the Company appointed Mr. Dilip Dalvi as the Deputy Chief Financial Officer of the Company w.e.f. 27<sup>th</sup> May, 2016, for the purpose of compliance under the Act. Meanwhile, the Company is in the process of appointing CFO.
- o. Complaint filed by Mr. Akshaya Shah – Ex Chief Financial Officer of the Company to SEBI :**  
During the year, complaint was filed by Mr. Akshaya Shah - Ex Chief Financial Officer of the Company in SEBI. Company has filed its response and there is no further reply by SEBI. As per SCORES (web portal to SEBI) open complaint is showing as NIL.

**INFORMATION ON DIRECTOR RECOMMENDED FOR APPOINTMENT / RE-APPOINTMENT AT THE ENSUING ANNUAL GENERAL MEETING**

Name of the Director	Mrs. Neeru Pradeep Goyal - Non Executive Director
Director Identification Number	05017190
Date of Birth	7 <sup>th</sup> September, 1958
Date of Last Appointment	8 <sup>th</sup> August, 2013
Expertise in Specific Functional Area	Management Expert (AGM)
Qualification	B.Sc (Chem.), M.A. (Eng. Lit.)
No. of shares held in the Company	5,45,109 Equity Shares (3.16 %)
Lists of Outside Directorship Held	S. V. Shah Construction Services Pvt. Ltd. Rabale Engineering India Pvt. Ltd. Dhanlabh Engineering Works Pvt. Ltd. Shubh Industrial Park Pvt. Ltd.
Chairman/ Members of the Committee of the Board of Directors of the Company	Chairperson of CSR Committee
Chairman/Member of the Committee of the Board of Directors of other Companies: (Includes only Audit Committee and Shareholders Relationship committee)	} None

**DECLARATION BY THE CHAIRMAN and MANAGING DIRECTOR UNDER REGULATION 34 (3) READ WITH PARA (D) OF SCHEDULE V OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015:**

Pursuant to the provisions of Regulation 34(3) read with Schedule V(D) of the Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015, it is hereby declared that all the Board Members and Senior Management personnel of Pradeep Metals Limited have affirmed compliance with the Code of Conduct for the period from 1<sup>st</sup> April, 2015 to 31<sup>st</sup> March, 2016.

**For and On behalf of the Board of Directors  
Pradeep Metals Limited**

Sd/-

**Pradeep Goyal**

**Chairman and Managing Director**

(DIN: 00008370)

Date: 27<sup>th</sup> May, 2016

Place: Navi Mumbai

## 33<sup>rd</sup> ANNUAL REPORT 2016

### CEO / CFO CERTIFICATION

The Board of Directors  
Pradeep Metals Limited  
R-205, MIDC, Rabale  
Navi Mumbai 400 701.

Certificate under Regulation 17(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

This is to certify that

- A. We have reviewed the financial statements and the cash flow statement for the quarter/year ended 31<sup>st</sup> March, 2016 and that to the best of our knowledge and belief:
- These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - These statements together present a true and fair view of the Company's affairs and are in compliance with the 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 period 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:
- significant changes in internal control during the quarter / year ended 31<sup>st</sup> March, 2016;
  - significant changes in accounting policies during the quarter / year ended 31<sup>st</sup> March, 2016 and that the same have been disclosed in the notes to the financial statements; and
  - Instances of significant fraud of which we 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.

Date: 27<sup>th</sup> May 2016  
Place: Navi Mumbai

Sd/-  
**Pradeep Goyal**  
**Chairman and Managing Director**  
(DIN: 00008370)

Sd/-  
**Dilip Dalvi\***  
**Dy. Chief Financial Officer**

\* Mr. Dilip Dalvi was appointed as Dy. CFO of the Company w.e.f.27.05.2016 to perform the duties as per the Listing Regulations, 2015 and the Companies Act, 2013.



**INDEPENDENT AUDITORS' REPORT**

To,

**The Members of  
Pradeep Metals Limited  
Report on the standalone financial statement**

We have audited the accompanying standalone financial statement of **Pradeep Metals Limited** ('the Company') which comprise the Balance Sheet as at 31<sup>st</sup> March, 2016, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (together referred to as standalone financial statement).

**Management's responsibility for the standalone financial statement**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statement that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's responsibility**

Our responsibility is to express an opinion on these standalone financial statement based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We have conducted the audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statement are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone financial statement that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statement give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March, 2016, its profit and its cash flows for the year ended on that date.

---

## 33<sup>rd</sup> ANNUAL REPORT 2016

---

### Emphasis of matter

Reference is invited to note 40 in respect of recognition of revenue of Rs. 216 lakhs from sale of power generated from windmill to Maharashtra State Electricity Distribution Company Limited ('MSEDCL'). Pending execution of power purchase agreement ('PPA'), revenue has been recognised based on the provisional rates prescribed in the Order of Maharashtra State Regulatory Commission ('MERC') and in view of management, no uncertainty exist for the amount recorded as receivable from sale of power.

Our opinion is not qualified in above matter.

### Other matter

The financial statements of the Company for the year ended 31<sup>st</sup> March, 2015 were audited by another auditor whose report dated 8<sup>th</sup> May, 2015 expressed an unmodified opinion.

### Report on other legal and regulatory requirements

As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of Section 143(11) of the Act, we give in "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order.

As required by Section 143 (3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid standalone financial statement comply with the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B."
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer note 29 to the financial statements
  - ii. The Company did not have any long term contract including derivative contract for which there are any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

**For N. A. Shah Associates**  
Chartered Accountants  
Firm Registration No.: 116560W

Place: Mumbai  
Date: 27<sup>th</sup> May, 2016

**Milan Mody**  
Partner  
MembershipNo.: 103286





**Annexure A to Independent Auditors' Report for the period  
from 1<sup>st</sup> April, 2015 to 31<sup>st</sup> March, 2016**

**[Referred to in 'Other legal and regulatory requirements' of our report of even date]**

- i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
- c) As per the information and explanation given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- ii. a) The inventory has been physically verified by the management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable.
- b) As per the information and explanation given to us, discrepancies noticed on physical verification were not material.
- iii. According to the information and explanation given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained u/s 189 of the Companies Act, 2013. Therefore, clause (iii)(a), (iii)(b) and (iii)(c) of paragraph 3 the Order is not applicable.
- iv. According to the information and explanation given to us, in respect of corporate guarantee given (For loan taken by wholly owned subsidiary - also refer note 33) and investment made in wholly owned subsidiary, the Company has complied with the provisions of Section 185 and Section 186 of the Act. There are no loans granted or security given for which section 185 or section 186 needs to be complied with.
- v. In our opinion and according to the information and explanation given to us, the Company has not accepted any deposits. Therefore, question of reporting compliance with directive issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Act and rules framed thereunder does not arise. We have been informed that no order relating to Company has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- vi. As per information and explanation given to us, maintenance of cost records is prescribed for the Company pursuant to the Rules made by the Central Government under section 148(1) of the Act. We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 148 of the Act, and are of the opinion that *prima facie*, the prescribed accounts and records have been made and maintained.
- vii. (a) According to the information and explanations given to us and on the basis of our examination of records of the Company, in respect of amounts deducted / accrued in the books of accounts, the Company has been regular in depositing undisputed statutory dues including provident fund, employees' state insurance, sales tax, duty of customs, duty of excise, value added tax, cess and any other material statutory dues, as applicable to the Company, during the period with the appropriate authorities except few delays in respect of service tax. There are no arrears of outstanding statutory dues as at 31<sup>st</sup> March, 2016 for a period of more than six months from the date they became payable.
- (b) According to the records of the Company and information and explanations given to us, there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax which have not been deposited with appropriate authorities on account of any dispute except demand raised for income tax of Rs.1,991,272 for financial year 2012-13 under Income Tax Act, 1961. In respect of the income tax demand, the Company has filed rectification application for not giving credit of taxes paid

## 33<sup>rd</sup> ANNUAL REPORT 2016

and after rectification, no demand will be payable.

- viii. Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to the bank. The Company has not borrowed any money from financial institution, government and debenture holders.
- ix. The Company has not raised money by way of initial public offer or further public offer [including debt instruments] and term loans during the year hence clause (ix) of paragraph 3 of the Order is not applicable.
- x. During the course of our examination of the books of account and records of the Company, carried out in accordance with generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any incidence of material fraud by the Company or on the Company by its employees / officers, nor have been informed of any such case by the management.
- xi. In our opinion and according to the information and explanation given to us, managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provision of section 197 read with Schedule V of the Act.
- xii. In our opinion according to the information and explanation given to us, the Company is not a Nidhi company. Therefore, clause (xii) of paragraph 3 the Order is not applicable.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv. The Company has not made any preferential allotment or private placement or fully or partly convertible debentures during the year. Therefore, question of our comment on compliance with provisions of Section 42 of Act does not arise.
- xv. In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transaction with directors or person connected with him. Therefore, clause (xv) of paragraph 3 the Order is not applicable.
- xvi. In our opinion and according to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act 1934.

**For N. A. Shah Associates**

Chartered Accountants  
Firm Registration No.: 116560W

**Milan Mody**

Partner  
MembershipNo.: 103286

Place: Mumbai  
Date: 27<sup>th</sup> May, 2016

**Annexure B to Independent Auditors' Report of even date on the standalone financial statements of Pradeep Metals Limited**

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013**

We have audited the internal financial controls over financial reporting of **Pradeep Metals Limited** ("the Company") as of 31<sup>st</sup> March, 2016 in conjunction with our audit of the standalone financial statement of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

**Meaning of Internal Financial Controls over Financial Reporting**

The Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statement for external purposes in accordance with generally accepted accounting principles. The Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statement in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance

---

## 33<sup>rd</sup> ANNUAL REPORT 2016

---

regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statement.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In respect of inventory (recording of WIP and allocation of overheads) internal financial controls needs to be further strengthened to commensurate with the size of the Company and nature of its business.

In our opinion, read with our comment with respect to inventory above, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

**For N. A. Shah Associates**  
Chartered Accountants  
Firm Registration No.116560W

**Milan Mody**  
Partner  
MembershipNo.: 103286

Place: Mumbai  
Date: 27<sup>th</sup> May, 2016

## **Independent Auditor's Report**

**To**  
**The Members of**  
**Pradeep Metals Limited**  
**Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of **Pradeep Metals Limited** (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiary together referred to as "the Group") comprising of the Consolidated Balance Sheet as at 31<sup>st</sup> March, 2016, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

### **Management's Responsibility for the Consolidated Financial Statements**

The Holding Company's Board of Directors are responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Holding Company and its subsidiaries in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Holding Company and its subsidiaries for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments; the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the

## 33<sup>rd</sup> ANNUAL REPORT 2016

consolidated state of affairs of the Group as at 31<sup>st</sup> March, 2016, and their consolidated profit and their consolidated cash flows for the year ended on that date.

### Emphasis of matter

Reference is invited to note 40 in respect of recognition of revenue of Rs. 216 lakhs from sale of power generated from windmill to Maharashtra State Electricity Distribution Company Limited ('MSEDCL'). Pending execution of power purchase agreement ('PPA'), revenue has been recognised based on the provisional rate as prescribed in the Order of Maharashtra State Regulatory Commission ('MERC') and in view of management, no uncertainty exist for the amount recorded as receivable from sale of power.

Our opinion is not qualified in above matter.

### Other matters

1. We did not audit the financial statements of two subsidiaries included in the consolidated Statements, whose financial statements reflect total assets of Rs. 4,205.34 lakhs as at 31<sup>st</sup> March, 2016, total revenues of Rs. 3,082.01 lakhs and net cash flows aggregating to Rs. 121.08 lakhs. These financial statements have been certified by the Company's management and our opinion on the consolidated statements of the Group for the year then ended to the extent they relate to the statement as stated in this paragraph, is based solely on such management certified financial statements. Our opinion on the consolidated statements is not modified in respect of the above matter.
2. The consolidated financial statements of the Group for the year ended 31<sup>st</sup> March, 2015, were audited by another auditors whose report dated 8<sup>th</sup> May, 2015 expressed an unmodified opinion.

### Report on Other Legal and Regulatory Requirements

As required by Section 143 (3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of aforesaid consolidated financial statements;
- b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditor;
- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
- d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- e) On the basis of the written representations received from the directors of the Holding Company as on 31<sup>st</sup> March, 2016 taken on record by the Board of Directors of the Holding Company, none of the directors is disqualified as on 31<sup>st</sup> March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act;
- f) With respect to adequacy of internal financial controls system over financial reporting of the Group and operating effectiveness of such controls, refer to our separate report given in Annexure I; and
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Group has disclosed the impact of pending litigations on its financial position in its consolidated financial statements. Refer note 28 to the consolidated financial statements;
  - ii. The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company.

**For N. A. Shah Associates**  
Chartered Accountants  
Firm's Registration No.: 116560W

Place: Mumbai  
Date: 27<sup>th</sup> May, 2016

**Milan Mody**  
Partner  
Membership No.: 103286

**Independent Auditor's Report**

**To the Board of Directors of  
Pradeep Metals Limited**

**Report on consolidated financial results pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

We have audited the financial results of **Pradeep Metals Limited** ('the Company') and its subsidiaries (collectively referred to as 'the Group') for the consolidated year to date results for the period 1<sup>st</sup> April, 2015 to 31<sup>st</sup> March, 2016 ('consolidated statement'), attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**Management's responsibility for consolidated statements**

These consolidated statements are the responsibility of the Company's management and have been approved by Board of Directors. The consolidated statement have been prepared on the basis of the annual consolidated financial statements in accordance with Accounting Standards specified under section 133 of the Companies Act, 2013, read with relevant rules issued thereunder and other accounting principles generally accepted in India.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the consolidated statement based on our audit of such annual statements.

We conducted our audit in accordance with the standard on auditing generally accepted in India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether these Consolidated Financial Statement are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the consolidated statement that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the consolidated statement.

We believe that our audit provides a reasonable basis for our opinion.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us this Statement:

- (i) are presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in this regard; and
- (ii) give a true and fair view of the net profit and other financial information for the year ended 31<sup>st</sup> March, 2016.

**Emphasis of Matter**

Reference is invited to note 2 of the notes to the results in respect of recognition of revenue of Rs. 216 lakhs from sale of power generated from windmill to Maharashtra State Electricity Distribution Company Limited ('MSEDCL'). Pending execution of power purchase agreement ('PPA'), revenue has been recognised based on the provisional rate as prescribed in the Order of Maharashtra State Regulatory Commission ('MERC') and in view of management, no uncertainty exist for the amount recorded as receivable from sale of power. Our opinion is not qualified in above matter.

**Other Matters**

1. We did not audit the financial statements of two subsidiaries included in the consolidated Statements, whose financial statements reflect total assets of Rs. 4,205.34 lakhs as at 31<sup>st</sup> March, 2016, total revenues of Rs. 3,082.01 lakhs and net cash flows aggregating to Rs. 121.08 lakhs. These financial statements

---

## 33<sup>rd</sup> ANNUAL REPORT 2016

---

have been certified by the Company's management and our opinion on the consolidated statements of the Group for the year then ended to the extent they relate to the statement as stated in this paragraph, is based solely on such management certified financial statements. Our opinion on the consolidated statements is not modified in respect of the above matter.

2. The consolidated statements of the Group for the year ended 31<sup>st</sup> March, 2015, were audited by another auditors whose report dated 8<sup>th</sup> May, 2015 expressed an unmodified opinion.

**For N. A. Shah Associates**  
Chartered Accountants  
Firm Registration no.116560W

**Milan Mody**  
Partner  
MembershipNo.: 103286

Place: Mumbai  
Date: 27<sup>th</sup> May, 2016




**PRADEEP METALS LIMITED**
**Balance Sheet as at 31st March, 2016**

Particulars	Note No.	(Rs. in lakhs)	
		As at 31st March, 2016	As at 31st March, 2015
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholder's funds</b>			
Share capital	2	1,726.26	1,726.26
Reserves and surplus	3	2,211.92	1,961.10
		<b>3,938.18</b>	<b>3,687.36</b>
<b>Non-current liabilities</b>			
Long term borrowings	4	1,179.06	1,031.49
Deferred tax liabilities (Net)	5	412.95	337.00
Long term provisions	6	168.46	69.76
		<b>1,760.47</b>	<b>1,438.25</b>
<b>Current liabilities</b>			
Short-term borrowings	7	5,753.86	6,034.22
Trade payable			
- Due to micro and small enterprises		-	-
- Due other than to micro and small enterprises	8	556.39	773.24
Other current liabilities	9	845.72	607.46
Short-term provisions	10	96.90	275.68
		<b>7,252.87</b>	<b>7,690.60</b>
<b>Total</b>		<b>12,951.52</b>	<b>12,816.21</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible assets	11	3,624.39	2,867.29
Intangible assets		68.30	17.80
Capital Work-in-Progress		253.04	626.25
Intangible assets under development		-	65.65
Non-current investments	12	543.70	267.91
Long term loans and advances	13	741.54	613.36
Other non-current assets	14	0.74	0.72
		<b>5,231.71</b>	<b>4,458.99</b>
<b>Current assets</b>			
Inventories	15	3,006.44	3,621.28
Trade receivable	16	3,455.23	3,815.54
Cash and bank balances	17	49.09	31.46
Short-term loans and advances	18	198.34	240.71
Other current assets	19	1,010.71	648.24
		<b>7,719.81</b>	<b>8,357.23</b>
<b>Total</b>		<b>12,951.52</b>	<b>12,816.21</b>
<b>Significant accounting policies</b>	1		
<b>Other notes</b>	2 to 43		

Notes referred to herein above form an integral part of financial statements.  
As per our report of even date

**For N. A. Shah Associates**  
Chartered Accountants  
Firm Registration No.116560W

**For and on behalf of the Board of Directors of  
Pradeep Metals Limited**

**Milan Mody**  
Partner  
Membership No. 103286

**Pradeep Goyal**  
Chairman and Managing Director  
DIN: 00008370

**Neeru Goyal**  
Director  
DIN: 05017190

**Abhinay Kapoor**  
Company Secretary

**Dilip Dalvi**  
Dy. Chief Financial Officer

Place: Mumbai  
Date: 27<sup>th</sup> May, 2016

Place : Navi Mumbai  
Date: 27<sup>th</sup> May, 2016

## 33<sup>rd</sup> ANNUAL REPORT 2016

### Statement of Profit and Loss for the year ended 31st March, 2016

Particulars	Note No.	Year ended 31st March, 2016	(Rs. in lakhs) Year ended 31st March, 2015
<b>Revenue</b>			
Revenue from operations	20	12,306.32	13,443.25
Less : Excise duty		(396.60)	(384.09)
Revenue from operations (net)		<u>11,909.72</u>	<u>13,059.17</u>
Other income	21	174.52	202.22
<b>Total revenue</b>		<b><u>12,084.23</u></b>	<b><u>13,261.38</u></b>
<b>Expenses</b>			
Cost of material consumed	22	5,406.67	6,716.50
Changes in inventories of work-in-progress and scrap	23	215.98	(253.50)
Manufacturing expenses	24	2,495.64	2,562.72
Employee benefit expenses	25	1,583.95	1,449.45
Finance costs	26	676.00	420.72
Depreciation and amortization expense	11	370.19	258.31
Administrative, selling and distribution expense	27	802.41	901.92
<b>Total expenses</b>		<b><u>11,550.84</u></b>	<b><u>12,056.13</u></b>
<b>Profit before prior period items and taxes</b>		533.39	1,205.26
Prior period items - (income)/expenses (net)	28	19.87	-
<b>Profit before taxes</b>		<b><u>513.52</u></b>	<b><u>1,205.26</u></b>
<b>Tax expense:</b>			
- Current tax		103.84	252.63
Less: MAT Credit entitlement		(41.80)	(6.20)
- Deferred tax charge / (Credit)		75.94	176.25
- Short provision of income tax for earlier year		20.87	-
Less: MAT Credit entitlement of earlier year		(20.87)	-
<b>Profit after tax for the year</b>		<b><u>375.54</u></b>	<b><u>782.58</u></b>
<b>Basic and diluted earnings per share</b>			
Equity shares (Face value of Rs. 10 each)	32	2.17	4.53
<b>Significant accounting policies</b>	1		
<b>Other notes</b>	2 to 43		

Notes referred to herein above form an integral part of financial statements.

As per our report of even date

**For N. A. Shah Associates**  
Chartered Accountants  
Firm Registration No.116560W

**For and on behalf of the Board of Directors of  
Pradeep Metals Limited**

**Milan Mody**  
Partner  
Membership No. 103286

**Pradeep Goyal**  
Chairman and Managing Director  
DIN: 00008370

**Neeru Goyal**  
Director  
DIN: 05017190

**Abhinay Kapoor**  
Company Secretary

**Dilip Dalvi**  
Dy. Chief Financial Officer

Place: Mumbai  
Date: 27<sup>th</sup> May, 2016

Place : Navi Mumbai  
Date: 27<sup>th</sup> May, 2016

**NOTE NO - 1: Notes on financial statements for the year ended 31<sup>st</sup> March, 2016**
**1. Significant accounting policies**
**1.1. Basis of preparation of financial statements**

The financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (“GAAP”) under the historical cost convention on the accrual basis. GAAP comprises of accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

**1.2. Presentation and disclosure of financial statement**

All assets and liabilities have been classified as current & non-current as per the Company’s normal operating cycle and other criteria set out in the Schedule III of the Companies Act, 2013.

Based on the nature of products / services / time between acquisition of assets for processing / rendering of services and their realization in cash and cash equivalents, operating cycle is less than 12 months, however for the purpose of current/ non-current classification of assets and liabilities, period of 12 months have been considered as its normal operating cycle.

**1.3. Use of estimates**

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the application of accounting policies, reported balances of assets and liabilities, disclosure of contingent liabilities as on the date of financial statements and reported amounts of income and expenses during the period. Management believes that the estimates and assumptions used in the preparation of financial statements are prudent and reasonable. Actual results could differ from those estimates. Any difference between the actual results and estimates are recognized in the period in which the results are known / materialize. Any revision to accounting estimates is recognized prospectively in the current and future periods.

**1.4. Fixed assets**
**1.4.1. Tangible assets**

Tangible assets are stated at cost of acquisition / construction less accumulated depreciation (amortization wherever applicable) and accumulated impairment losses, if any.

**1.4.2. Intangible assets**

Intangible assets are recognized only if it is probable that the future economic benefits attributable to asset will flow to the Company and the cost of asset can be measured reliably. Intangible assets are stated at cost of acquisition/ development less accumulated amortization and accumulated impairment loss, if any.

**1.4.3. Cost of fixed assets includes non-refundable taxes and duties, borrowing cost directly attributable to the qualifying asset (as per Accounting Standard 16 – Borrowing Costs) and any directly attributable costs of bringing the asset to its working condition for its intended use.**
**1.4.4. Capital work-in-progress comprises of cost incurred on fixed assets under construction / acquisition that are not yet ready for their intended use at the balance sheet date.**
**1.5. Depreciation / amortization**

1.5.1. Depreciation on fixed assets (other than freehold land and capital work in progress) is provided using straight line basis in accordance with Schedule II of the Companies Act, 2013 except for the plant and machinery for which on the basis of internal technical assessment made by the management, the depreciation has been provided considering the useful life of the plant. The assets which has useful life different than as prescribed under Part C of Schedule II of the Companies Act, 2013 are as follows:

<b>Tangible asset</b>	<b>Useful life</b>
Machinery for heavy production/ Press/ Cranes etc.	15 Years
Other machineries	8 Years
Individual assets whose cost does not exceed five thousand rupees	Nil. Depreciated fully in the year of Capitalisation

## 33<sup>rd</sup> ANNUAL REPORT 2016

1.5.2. In case of assets purchased, sold or discarded during the period, depreciation on such assets is calculated on pro-rata basis from the date of such addition or as the case may be, upto the date on which such asset has been sold or discarded.

1.5.3. Intangible assets are amortized over their estimated useful lives on straight-line method.

Intangible asset	Estimated useful life
(a) Epicor ERP software	10 years
(b) Other softwares	3 years

1.5.4. Leasehold land is amortized over the period of lease (i.e. 95 years) or useful life whichever is lower.

### 1.6. Impairment of assets

The carrying amounts of assets are reviewed at each balance sheet date for any indication of impairment based on internal / external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life or a reasonable estimate thereof.

Based on the assessment done at each balance sheet date, recognized impairment loss is further provided or reversed depending on changes in circumstances. After recognition of impairment loss or reversal of impairment loss as applicable, the depreciation charge for the fixed asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its useful life. If the conditions leading to recognition of impairment losses no longer exist or have decreased, impairment losses recognised are reversed to the extent it does not exceed the carrying amount that would have been determined after considering depreciation/amortization had no impairment loss been recognised in earlier years.

### 1.7. Inventories

Raw materials and components, packing materials, consumables, stores and spares are valued at lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

The Cost comprises of costs of purchase, duties and taxes (other than those subsequently recoverable) and other costs incurred in bringing them to their present location and condition. Cost for raw material is determined on specific identification basis and other materials & consumables on weighted average method.

1.7.1. Work-in-progress & finished goods is valued at lower of cost and net realizable value. Cost includes direct materials valued on weighted average basis and costs of conversion which include costs directly related to the units of production and systematic allocation of fixed and variable production overheads. Net realizable value is the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs necessary to make the sale. The cost of finished goods also includes excise duty wherever applicable.

1.7.2. Dies are valued at cost or net realisable value whichever is less. Cost includes material cost & labour cost. Costs are determined on specific identification basis.

1.7.3. Scrap is valued at net realisable value.

### 1.8. Investments

Investments are classified into current and long-term investments.

Investments that are readily realizable and intended to be held for not more than a year from the date on which such investments are made are classified as current investments. All other investments are classified as long-term investments.

Current investments are carried at lower of cost and fair value / net asset value determined on

category wise for related investments. Long term investments are carried at cost. Provision for diminution in value of long term investments is made to recognize a decline, other than temporary, on an individual investment basis.

The cost of investments comprises of purchase price and directly attributable acquisition charges such as brokerage, fees and duties. Investment transactions are accounted for on a trade date basis. In determining the holding cost of investments and the gain or loss on sale of investments, the 'weighted average cost' method is followed.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the Statement of Profit and Loss.

### **1.9. Revenue recognition**

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

- Domestic sales of goods are recognized when significant risks and rewards of ownership of the goods have been passed to the buyer which generally coincides with dispatch of goods and are recorded inclusive of excise duty and net of sales tax, rebates and trade discounts and sales returns.
- Exports sales of goods are recognized when significant risks and rewards of ownership of the goods have been passed to the buyer, usually on the basis of dates of shipping bill / bill of lading.
- Revenue from tooling charges (die design and preparation charges) are recognised as per the terms of the contract as and when services are rendered.
- Revenue from sales of electricity is recognised when significant risks and rewards of ownership of the goods have been passed to the buyer, usually on transmission of electricity based on the data provided by the electricity department.
- Interest income is recognized on time proportion basis taking into account the amount outstanding and rate applicable.
- Dividend income on investment is accounted for in the year in which the right to receive the payment is established.
- Income from guarantee commission is recognised as a percentage of guarantee given on annual basis.
- Export incentives / benefits  
Export incentives / benefits are recognised as income in Statement of Profit and Loss on export of goods based on fulfilling specified criteria's and also reasonable certainty of utilizing the benefit by import of goods/sale of license in open market.

### **1.10. Foreign currency transactions**

Transactions denominated in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction.

As at balance sheet date, foreign currency monetary items are translated at closing exchange rate. Foreign currency non-monetary items are carried at historical cost using exchange rate on the date of transaction.

Exchange difference arising on settlement or translation of foreign currency monetary items are recognized as income or expense in the year in which they arise except to the extent exchange differences are regarded as an adjustment to interest cost and treated in accordance with Accounting Standard 16- Borrowing Cost.

### **1.11. Employee benefits**

#### **1.11.1. Short term employee benefits**

All employee benefits falling due wholly within twelve months of rendering the service are classified as short term employee benefits and they are recognized as an expense at undiscounted amount in the Statement of Profit and Loss in the period in which the employee renders the related service.

---

## 33<sup>rd</sup> ANNUAL REPORT 2016

---

### 1.11.2. Post-employment benefits

#### Defined Contribution Plan

The Company's defined contribution plan comprises of Provident Fund, Employee State Insurance Scheme and Employee Pension Scheme. The defined contribution plan is post-employment benefit plan under which the Company contributes fixed contribution amount to a government administered fund and will have no obligation to pay further contribution. The fixed contribution under the schemes is recognized in Statement of Profit and Loss during the period in the period in which employee renders the related service.

- Defined Benefit Plan and other long-term benefits
  - o The Company has defined benefit plans comprising of gratuity and other long term benefits include leave benefits. For gratuity, the Company has a Group Gratuity-cum-Life Insurance Scheme with Life Insurance Corporation of India (LIC), for future payment of gratuity to employees at retirement, death while in employment or on termination. Leave benefits are non-funded. The present value of the defined benefit obligations and other long term benefits is determined based on actuarial valuation using the projected unit credit method. The rate used to discount defined benefit obligation is determined by reference to market yields at the Balance Sheet date on Indian Government Bonds for the estimated term of obligations. The expected return on plan assets is the Company's expectation of average long term rate of return on the investment of the fund over the entire life of the related obligation. The rate used to discount defined benefit obligation is determined by reference to market yields at the Balance Sheet date on Indian Government Bonds for the estimated term of obligations.
  - o Actuarial gains or losses arising on account of experience adjustment and the effect of changes in actuarial assumptions are recognized immediately in the Statement of Profit and Loss as income or expense.

### 1.12. Borrowing cost

Borrowing costs that are directly attributable to the acquisition, construction or development of a qualifying asset are capitalized as part of the cost of the respective asset till such time the asset is ready for its intended use or sale. A qualifying asset is an asset which necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest, exchange difference arising from foreign currency borrowings to the extent they are treated as an adjustment to the borrowing cost and other costs that an entity incurs in connection with the borrowing of funds.

### 1.13. Operating lease

Lease arrangements where risks and rewards incidental to ownership of an asset substantially vest with the lessor are classified as operating lease.

Rental expenses on assets obtained under operating lease arrangements are recognised on a straight-line basis as an expense in the Statement of Profit and Loss over the lease term of respective lease arrangement.

### 1.14. Taxes on income

Tax expenses comprise of current tax, minimum alternate tax, deferred tax charge or credit and adjustments of taxes for earlier years.

Provision for current tax is made as per the provisions of the Income Tax Act, 1961.

Deferred tax charge or credit reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years and are measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date.

Deferred tax assets are recognized only to the extent there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets

are recognized only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits. Deferred tax assets are reviewed for the appropriateness of their respective carrying amounts at each balance sheet date.

At each Balance Sheet date, the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably / virtually certain as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

Minimum Alternative Tax (MAT) credit, which is equal to the excess of MAT [calculated in accordance with provisions of section 115JB of the Income tax Act, 1961 (the Act)] over normal income-tax is recognized as an asset by crediting the Statement of Profit and Loss only when and to the extent there is convincing evidence that the Company will be able to avail the said credit against normal tax payable during the period specified under the Act for utilisation. The Company reviews the MAT credit entitlement asset at each reporting date for reversal, if any.

#### **1.15. Cash and cash equivalents**

Cash and cash equivalents include cash in hand, bank balances, deposits with banks (other than on lien) and all short term and highly liquid investments that are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value.

#### **1.16. Cash flow statement**

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

#### **1.17. Provisions, contingent liabilities and contingent assets**

A provision is recognized when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources. When there is a possible obligation or a present obligation in respect of which likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are neither disclosed nor recognised.

#### **1.18. Earnings per share**

Basic earnings per share are calculated by dividing the net profit or loss (after tax) for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the period is adjusted for events of bonus issue and share split.

For the purpose of calculating diluted earnings per share, the net profit or loss (after tax) for the year attributable to equity shareholders and the weighted average number of equity shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

#### **1.19. Segment reporting**

The segments have been identified taking into account the nature of the products / services, geographical locations, nature of risks and returns, internal organisation structure and internal financial reporting system. The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

#### **1.20. Prior period items**

Prior period items are disclosed separately in the Financial Statement.

## 33<sup>rd</sup> ANNUAL REPORT 2016

### Notes on financial statements for the year ended 31st March, 2016

#### 2 Share capital

(Rs. in lakhs)

##### 2.1 Authorised capital

###### Equity share capital

	As at 31st March, 2016	As at 31st March, 2015
18,500,000 (Previous year : 18,500,000) Equity Shares of Rs.10 each	1,850.00	1,850.00
550,000 (Previous year : 550,000) Preference Shares of Rs.100 each	550.00	550.00
<b>Total</b>	<b><u>2,400.00</u></b>	<b><u>2,400.00</u></b>

##### 2.2 Issued, subscribed and paid-up capital

###### Issued

17,270,000 (Previous year :17,270,000) Equity Shares of Rs.10 each	1,727.00	1,727.00
17,270,000 (Previous year :17,270,000) Equity Shares of Rs.10 each	1,727.00	1,727.00
Less: Calls in arrear	(0.74)	(0.74)
<b>Total</b>	<b><u>1,726.26</u></b>	<b><u>1,726.26</u></b>

##### 2.3 Reconciliation of number of shares outstanding

Shares outstanding at beginning of the year	17,270,000	17,270,000
Shares issued during the year	-	-
Shares bought back during the year	-	-
Shares outstanding at the end of the year	<b>17,270,000</b>	<b>17,270,000</b>

##### 2.4 Shares held by each shareholder holding more than 5% shares

Name of shareholder	As at 31st March, 2016		As at 31st March, 2015	
	Number of Shares	% of holding	Number of Shares	% of holding
S. V. Shah Construction Services Private Limited	3,805,061	22.03	3,805,061	22.03
Pradeep Goyal	1,576,400	9.13	1,576,400	9.13
Rabale Engineering ( I ) Private Limited	6,167,481	35.71	6,167,481	35.71

##### 2.5 Rights, preferences and restrictions of equity shares

The Company has only one class of shares referred to as equity shares having a par value of Rs. 10 each. Each holder of equity share is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the company, after distribution of all preferential amounts (after due adjustments in case shares are not fully paid up). However, no such preferential amounts exist currently.



	(Rs. in lakhs)	
	As at	As at
	31st March, 2016	31st March, 2015
<b>3 Reserve and surplus</b>		
<b>Securities premium account</b>		
Opening Balance	515.98	515.98
Add: Transferred from statement of profit and loss	-	-
	<u>515.98</u>	<u>515.98</u>
<b>General Reserves</b>		
Opening Balance	211.60	211.60
Add: Transferred from statement of profit and loss	-	-
	<u>211.60</u>	<u>211.60</u>
<b>Surplus balance in Statement of Profit and Loss</b>		
Opening Balance	1,233.52	923.03
Add:		
Net profit/(loss) transferred from Statement of Profit and Loss	375.54	782.58
Deferred tax liability written back (Refer note 11.3)	-	106.94
Less:		
Proposed dividend (including Dividend Distribution Tax - Nil (Previous year: Rs. 42.19 lakhs))	-	249.43
Interim dividend (including Dividend Distribution Tax of Rs. 21.10 lakhs (Previous year: Nil))	124.71	-
Depreciation adjustment on fixed assets (Refer note 11.3)	-	329.59
	<u>1,484.35</u>	<u>1,233.52</u>
<b>Total</b>	<u><u>2,211.92</u></u>	<u><u>1,961.10</u></u>
<b>4 Long term borrowings</b>		
<b>Secured</b>		
<b>Term loans</b>		
<b>From banks</b>		
- Foreign currency loan [Refer note 4.1 (i) and 4.2]	785.61	-
- Rupee loan [Refer note 4.1(i) and 4.2]	335.05	1,031.49
- Vehicle loan [Refer note 4.1(ii) and 4.2]	58.39	-
<b>Total</b>	<u><u>1,179.06</u></u>	<u><u>1,031.49</u></u>

#### 4.1 Details of security provided

(i) Term loans from banks, all interest thereon, costs, charges, expense and all other monies are secured by extension of charge on pari passu basis on fixed assets of the Company (present and future) and second charge on current assets. The loans are further secured by personal guarantee of Chairman and Managing Director of the Company.

(ii) Vehicle loans are secured against hypothecation of the vehicle against which the loan has been taken.

## 33<sup>rd</sup> ANNUAL REPORT 2016

### 4.2 Terms of repayment and maturity profile of the term loan is as set out below:

(Rs. in lakhs)

Particulars	Amount*	Terms of repayment
Term loan VI	- (35.52)	Repayable in quarterly 15 installments of Rs. 15.00 lakhs each starting from July 2012 and last installment of Rs. 5.57 lakhs payable in October 2015.
Term loan VII	206.90 (285.32)	Repayable in 15 quarterly installments of Rs. 27.35 lakhs each starting from January 2014 and last installment payable of Rs. 15.45 lakhs.
Term loan VIII	357.57 (-)	Repayable in 16 quarterly installments of Rs. 30.00 lakhs each starting from June 2016.
Term Loan IX	835.61 (855.58)	Repayable in 21 quarterly installments of Rs. 50.00 lakhs each starting from January 2017. This loan is converted into foreign currency loan with tenure of 6 months and eligible for rollover at the end tenure of loan. However, overall loan arrangement is as per original terms of sanction and hence same is grouped as long term loan.
Vehicle loan	70.69 (-)	Repayable in 60 equated monthly installment of Rs. 1.56 lakhs (including interest) each starting from January 2016.

\* Figures in bracket pertain to previous year.

Note : Above figures are including current maturity

	As at 31st March, 2016	As at 31st March, 2015
<b>5 Deferred tax liabilities (net)</b>		
<b>A - Deferred tax liabilities</b>		
Differences in depreciation and amortization for accounting and income tax purposes	542.13	395.41
<b>Total (A)</b>	<b>542.13</b>	<b>395.41</b>
<b>B - Deferred tax assets</b>		
Provision for doubtful debts/ advances	10.06	-
Provision for employee benefits	73.80	-
Disallowance under section 43B of Income Tax Act, 1961	45.31	58.41
<b>Total (B)</b>	<b>129.18</b>	<b>58.41</b>
<b>Net deferred tax liabilities (A-B)</b>	<b>412.95</b>	<b>337.00</b>
<b>6 Long term provisions</b>		
Provision for employee benefits		
- Leave benefits (Refer note 36.5)	93.80	69.76
- Gratuity (Refer note 36.4)	74.66	-
<b>Total</b>	<b>168.46</b>	<b>69.76</b>
<b>7 Short term borrowings</b>		
<b>Secured</b>		
<b>From bank</b>		
Working capital loans		
- Cash credit (Repayable on demand) [Refer note 7.1]	1,951.33	2,080.37
- Packing credit	2,531.09	2,329.12
- Bills discounted	1,271.44	1,624.73
<b>Total</b>	<b>5,753.86</b>	<b>6,034.22</b>

(Rs. in lakhs)

	As at	As at
	31st March, 2016	31st March, 2015

### 7.1 Details of security provided on working capital loans

Working capital loans are secured by extension of charge on pari passu basis on entire current assets of the Company including bills discounted/ purchased and second charge on the fixed assets. The Loan is further secured by personal guarantee of Chairman and Managing Director of the Company.

### 8 Trade payable

- Amounts due to micro & small enterprises [Refer note 8.1]	-	-
- Others	556.39	773.24
<b>Total</b>	<b><u>556.39</u></b>	<b><u>773.24</u></b>

**8.1** Under the Micro, Small and Medium Enterprises Development Act, 2006 [MSMED Act], certain disclosures are required to be made relating to Micro and Small Enterprises. The Company has not received any information from its suppliers about their coverage under the MSMED Act and as such no further disclosures are required to be made. Auditor's have relied on the same.

### 9 Other current liabilities

Current maturity of long term borrowings		
- Rupee loan	229.41	144.93
- Foreign currency loan	50.00	-
- Vehicle loan	12.30	-
Interest accrued but not due	5.58	-
Unpaid dividend	35.49	22.43
Advances from customers	6.07	4.59
Statutory liabilities	18.19	25.23
Accrued expenses	212.45	174.85
Salary and wages payable	71.13	67.19
Trade payable for capital goods		
- Amounts due to micro & small enterprises [Refer note 8.1]	-	-
- Others	190.87	151.08
Others liabilities [Employee related liabilities etc.]	14.21	17.16
<b>Total</b>	<b><u>845.72</u></b>	<b><u>607.46</u></b>

### 10 Short term provisions

Provision for employee benefits		
- Gratuity (Refer note 36.4)	32.98	-
- Leave benefits (Refer note 36.5)	21.79	-
Proposed dividend	-	207.24
Tax on dividend	-	42.19
Provision for contingency (Refer note 10.1)	42.14	26.25
<b>Total</b>	<b><u>96.90</u></b>	<b><u>275.68</u></b>

## 33<sup>rd</sup> ANNUAL REPORT 2016

### 10.1 Movement of provision for contingencies as per Accounting Standard - 29 'Provisions, Contingent Liability and Contingent Asset'

(Rs. in lakhs)

Particulars*	Margin on sales Return(a)	Provision for bonus(b)	NMMC(c)	Total(a+b+c)
Opening balance	-	26.25	-	26.25
	(-)	(26.25)	(-)	(26.25)
Add: Provision made	0.89	-	15.00	15.89
	(-)	(-)	(-)	(-)
Less: Utilised/ paid	-	-	-	-
	(-)	(-)	(-)	(-)
Add: Write back	-	-	-	-
	(-)	(-)	(-)	(-)
Closing balance	0.89	26.25	15.00	42.14
	(-)	(26.25)	(-)	(26.25)

\*Figures in bracket pertain to previous year

**Note :**

Provision for contingency represents (a) provision for expected margin on sales return; (b) provision for bonus payable for earlier years; and (c) provision for disputed Navi Mumbai Municipal Cess ('NMMC') liability. In respect of (a) the outflow is expected to be within a period of one year and in respect of (b) and (c) the timing for outflow coincides with outcome of the suit/ dispute.

Notes on financial statements for the year ended 31<sup>st</sup> March, 2016

11 Fixed assets

11.1 Fixed assets as at 31<sup>st</sup> March, 2016

(Rs. in Lakhs)

Particulars	GROSS BLOCK				DEPRECIATION / AMORTISATION				NET BLOCK
	As At 1 <sup>st</sup> April, 2015	Additions	Deductions	As at 31 <sup>st</sup> March, 2016	As at 1 <sup>st</sup> April, 2015	For the year	Deletions / Adjustments	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2016
<b>Tangible assets</b>									
Leasehold land (Refer note 11.4)	55.81	-	-	55.81	-	13.71	-	13.71	42.10
Freehold land	56.70	-	-	56.70	-	-	-	-	56.70
Factory buildings	355.34	595.06	-	950.40	191.19	20.79	-	211.98	738.42
Plant and machinery	3,160.17	398.45	38.66	3,519.96	1,933.34	220.29	15.30	2,138.33	1,381.64
Wind mill	1,279.51	-	-	1,279.51	0.15	55.25	-	55.40	1,224.11
Electrical installation	162.36	35.29	-	197.65	131.98	14.07	-	146.05	51.60
Office equipment	18.34	1.52	-	19.86	13.06	4.92	-	17.98	1.88
Computers	33.37	7.29	-	40.65	26.38	8.41	-	34.79	5.86
Furniture and fixtures	15.83	17.34	-	33.17	4.91	2.41	-	7.32	25.85
Vehicles	76.87	78.88	4.64	151.11	45.99	13.27	4.40	54.86	96.26
<b>Sub-total (A)</b>	<b>5,214.30</b>	<b>1,133.83</b>	<b>43.30</b>	<b>6,304.83</b>	<b>2,347.00</b>	<b>353.13</b>	<b>19.71</b>	<b>2,680.43</b>	<b>3,624.41</b>
<b>Intangible assets</b> (Other than internally generated)									
Software	36.87	67.54	-	104.41	19.07	17.05	-	36.12	68.30
<b>Sub-total (B)</b>	<b>36.87</b>	<b>67.54</b>	<b>-</b>	<b>104.41</b>	<b>19.07</b>	<b>17.05</b>	<b>-</b>	<b>36.12</b>	<b>68.30</b>
<b>Total [(A) + (B)]</b>	<b>5,251.17</b>	<b>1,201.37</b>	<b>43.30</b>	<b>6,409.24</b>	<b>2,366.07</b>	<b>370.18</b>	<b>19.71</b>	<b>2,716.55</b>	<b>3,692.71</b>

Notes on financial statements for the year ended 31<sup>st</sup> March, 2016

11 Fixed assets

11.2 Fixed assets as at 31<sup>st</sup> March, 2015

(Rs. in Lakhs)

Particulars	GROSS BLOCK				DEPRECIATION / AMORTISATION				NET BLOCK	
	As At 1 <sup>st</sup> April, 2014	Additions	Deductions	As at 31 <sup>st</sup> March, 2015	As at 1 <sup>st</sup> April, 2014	For the year	Adjustment on change in method (Refer note 11.3)	Deletions / Adjustments	As at 31 <sup>st</sup> March, 2015	As at 31 <sup>st</sup> March, 2015
Leasehold land	55.81	56.70	-	112.51	-	-	-	-	-	112.51
Freehold land	355.34	-	-	355.34	180.56	10.63	-	-	191.19	164.15
Plant and machinery	3,395.77	110.02	345.62	3,160.17	1,740.12	197.12	315.21	319.11	1,933.34	1,226.83
Wind mill	-	1,279.51	-	1,279.51	-	0.15	-	-	0.15	1,279.36
Electrical installation	170.45	2.79	10.88	162.36	121.63	14.36	1.71	5.72	131.98	30.38
Office equipment	38.35	-	20.01	18.34	18.84	4.80	7.96	18.54	13.06	5.28
Computers	102.03	3.25	71.91	33.37	90.24	6.39	1.59	71.84	26.38	6.99
Furniture and fixtures	34.78	2.30	21.25	15.83	20.92	2.17	0.32	18.50	4.91	10.92
Vehicles	68.58	12.61	4.32	76.87	37.35	9.97	2.79	4.12	45.99	30.88
<b>Sub-total (A)</b>	<b>4,221.11</b>	<b>1,467.18</b>	<b>473.99</b>	<b>5,214.30</b>	<b>2,209.66</b>	<b>245.59</b>	<b>329.58</b>	<b>437.83</b>	<b>2,347.00</b>	<b>2,867.30</b>
<b>Intangible assets</b> (Other than internally generated)										
Software	33.43	3.44	-	36.87	6.35	12.72	-	-	19.07	17.80
<b>Sub-total (B)</b>	<b>33.43</b>	<b>3.44</b>	<b>-</b>	<b>36.87</b>	<b>6.35</b>	<b>12.72</b>	<b>-</b>	<b>-</b>	<b>19.07</b>	<b>17.80</b>
<b>Total [(A) + (B)]</b>	<b>4,254.54</b>	<b>1,470.62</b>	<b>473.99</b>	<b>5,251.17</b>	<b>2,216.01</b>	<b>258.31</b>	<b>329.58</b>	<b>437.83</b>	<b>2,366.07</b>	<b>2,885.10</b>

**11.3** In the previous year, the Company had reviewed the useful lives of its fixed assets in accordance with Schedule II of the Companies Act 2013. Accordingly, the depreciation of Rs. 329.58 lakhs and corresponding deferred tax effect aggregating to Rs. 106.94 lakhs was adjusted in surplus of Statement of Profit and Loss.

**11.4** Depreciation and amortization for the year includes amortization for earlier years aggregating to Rs. 13.12 lakhs (Previous year: Nil).

**11.5 Movement of capital work in progress** (Rs. in lakhs)

Particulars	2015-2016	2014-2015
Opening capital work in progress	691.90	179.20
Add: Addition during the year	543.45	1,911.78
Less: Assets capitalized/reversed during the year	982.31	1,399.08
<b>Closing capital work in progress</b>	<b>253.04</b>	<b>691.90</b>

**11.6 Movement of intangible assets under development** (Rs. in lakhs)

Particulars	2015-2016	2014-2015
Opening intangible under development	65.65	60.30
Add: Addition during the year	1.89	5.35
Less: Intangible capitalized/reversed during the year	67.54	-
<b>Closing capital work in progress</b>	<b>-</b>	<b>65.65</b>

**11.7 Details of remaining amortization period and carrying value of intangible assets is as given below:** (Rs. in lakhs)

Description	Carrying amount as at		Remaining useful life as at [months]	
	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
Server licence	0.43	0.53	48	60
Microsoft Office	3.22	4.28	11 to 24	23 to 36
Epicore software	63.10	-	112	-
Other softwares	1.54	12.98	-	12

(Rs. in lakhs)  
As at  
31st March, 2016      31st March, 2015

**12 Non-current investments**

(At cost, unless otherwise specified)

**Long term investment**

**Unquoted investment**

**(a) Trade investment**

**In wholly owned subsidiary (Refer note 12.2)**

Pradeep Metals Ltd Inc., USA      543.65      267.91  
(200 (Previous year : 200) Shares of face value UD\$. 25 each)

**(b) Other investments**

TJSB Sahkari Bank Limited      0.05      -  
(100 (Previous year : Nil) shares of Rs. 50 each)

**Total**      **543.70**      **267.91**

## 33<sup>rd</sup> ANNUAL REPORT 2016

		(Rs. in lakhs)	
		As at	As at
		31st March, 2016	31st March, 2015
<b>12.1 Other disclosures of investment</b>			
Aggregate cost of unquoted investment		543.70	267.91
Market value of unquoted investment		-	-
Provision for diminution in value of investment		-	-
<b>12.2</b>	The Company's wholly owned subsidiary and its step down subsidiary has incurred losses in the current year. The Company considers its investment in its subsidiaries as long term and strategic in nature. Accordingly, no provision is considered necessary towards diminution in the value of the Company's investment.		
<b>13 Long term loans and advances</b>			
(Unsecured, considered good unless otherwise stated)			
Capital advances		462.63	444.14
Security deposits		49.00	50.56
Advance income tax [Net]		157.11	106.06
MAT credit entitlement		68.88	6.20
Prepaid expenses		3.92	6.41
<b>Total</b>		<b>741.54</b>	<b>613.36</b>
<b>14 Other non-current assets</b>			
(Unsecured, considered good unless otherwise stated)			
Deposit with bank (under lien) [Refer note 14.1 below]		0.74	0.72
<b>Total</b>		<b>0.74</b>	<b>0.72</b>
<b>14.1</b>	Bank deposits aggregating to Rs. 0.74 lakhs (Previous year : Rs. 0.72 lakhs) are under lien with banks towards guarantees issued by bank.		
<b>15 Inventories</b>			
Raw material		534.17	880.49
Work-in-progress		1,296.33	1,512.99
Stores, spares and consumables		173.25	187.48
Dies		989.20	1,027.51
Stock of scrap		13.50	12.81
<b>Total</b>		<b>3,006.44</b>	<b>3,621.28</b>
<b>16 Trade receivable</b>			
(Unsecured, considered good unless otherwise stated)			
(from the date they are due for payment)			
Debt outstanding for a period exceeding six months			
Considered good		73.85	36.39
Considered doubtful		12.36	-
Others debts		3,381.38	3,779.15
		<b>3,467.59</b>	<b>3,815.54</b>
Less: Provision for doubtful debts		12.36	-
<b>Total</b>		<b>3,455.23</b>	<b>3,815.54</b>
<b>16.1</b>	Note: The borrowings for Working Capital and Sundry Debtors includes export bills aggregating to Rs. 1,271.44 lakhs (Previous year: Rs. 1,624.76 lakhs) purchased / discounted by the Bank but pending realisation as on the date of the Balance Sheet.		



	(Rs. in lakhs)	
	As at	As at
	31st March, 2016	31st March, 2015
<b>17 Cash and bank balances</b>		
<b>Cash and cash equivalent</b>		
Cash in hand	2.28	0.95
Balance with bank		
- In current accounts	3.71	0.47
	<u>5.99</u>	<u>1.42</u>
<b>Other bank balances</b>		
Balance with bank		
- Bank deposits [Refer note 17.1]	7.61	7.61
(More than 3 months and less than 12 months)		
- Unpaid dividend account	35.49	22.43
	<u>43.10</u>	<u>30.04</u>
<b>Total</b>	<u><u>49.09</u></u>	<u><u>31.46</u></u>
<b>17.1</b> Bank deposits aggregating to Rs. 7.61 lakhs (Previous year : Rs. 7.61 lakhs) are under lien with banks towards guarantees issued by bank.		
<b>18 Short-term loans and advances</b>		
(Unsecured, considered good unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received	14.66	16.15
Other loans and advances		
- Advance to suppliers	2.20	4.43
- Prepaid expenses	84.15	66.07
- Balance with tax authorities	97.33	154.05
<b>Total</b>	<u><u>198.34</u></u>	<u><u>240.71</u></u>
<b>19 Other current assets</b>		
(Unsecured, considered good unless otherwise stated)		
Export incentive receivable		
- Considered good	248.33	189.26
- Considered doubtful	3.07	-
	<u>251.40</u>	<u>189.26</u>
Less: Provision for doubtful other current asset	3.07	-
	<u>248.33</u>	<u>189.26</u>
Sales tax refund receivable	502.98	458.98
Other receivables		
- On sale of electricity - windmill	216.00	-
- Guarantee commission receivable (from wholly owned subsidiary)	25.60	-
- Reimbursement of expenses recoverable (from wholly owned subsidiary)	17.80	-
<b>Total</b>	<u><u>1,010.71</u></u>	<u><u>648.24</u></u>

## 33<sup>rd</sup> ANNUAL REPORT 2016

### Notes on financial statements for the year ended 31st March, 2016

	(Rs. in lakhs)	
	2015-2016	2014-2015
<b>20 Revenue from operations</b>		
Sale of Products		
- Domestic	3,639.89	3,550.30
- Export	7,212.45	8,564.43
Job work and tooling charges		
- Domestic	40.65	25.57
- Export	141.01	-
<b>Other operating revenue</b>		
- Export incentives (Refer note 39)	210.14	114.51
- Sale of electricity - windmill (Refer note 40)	216.00	-
- Scrap sales	840.86	1,182.40
- Miscellaneous receipts	5.32	6.05
	<b>12,306.32</b>	<b>13,443.25</b>
Less: Excise duty	(396.60)	(384.09)
<b>Total</b>	<b>11,909.72</b>	<b>13,059.17</b>
<b>20.1 Earnings in foreign currency (On accrual basis)*</b>		
FOB value of export	7,089.58	8,434.47
Guarantee commission recovered	25.60	-
Job work/ tooling charges	141.01	-
*Excluding reimbursement of expenses.		
<b>20.2 Broad category of sales and services</b>		
Steel forgings	10,455.74	11,730.64
Sale of scrap	840.86	1,182.40
Job work/ tooling charges	181.66	25.57
<b>Total</b>	<b>11,478.26</b>	<b>12,938.60</b>
Note: Sales amount is net of excise duty recovered.		
<b>21 Other income</b>		
Interest income		
- On fixed deposit	0.71	2.05
- Others	1.44	13.71
Profit on sale of fixed assets (Net)	-	144.46
Dividend income (from current investment)	-	0.08
Guarantee commission recovered	25.60	-
Miscellaneous receipts	15.95	19.96
Foreign exchange fluctuation - gain (Net)	130.81	21.97
<b>Total</b>	<b>174.52</b>	<b>202.22</b>
<b>22 Cost of material consumed</b>		
Opening stock	880.49	681.59
Add : Purchases and incidental expenses	5,060.36	6,915.40
	<b>5,940.84</b>	<b>7,596.99</b>
Less : Closing stock	534.17	880.49
<b>Total</b>	<b>5,406.67</b>	<b>6,716.50</b>

		(Rs. in lakhs)			
		2015-2016	2014-2015		
<b>22.1</b>	<b>Details of raw material and components consumed</b>				
	Carbon and stainless steel	5,060.36	6,915.40		
	Dies	348.11	351.63		
	<b>Total</b>	<b><u>5,408.47</u></b>	<b><u>7,267.03</u></b>		
<b>22.2</b>	<b>CIF value of imports (accrual basis)</b>				
	Stores and spares	66.88	-		
	Capital goods	25.14	19.78		
	<b>Total</b>	<b><u>92.01</u></b>	<b><u>19.78</u></b>		
<b>22.3</b>	<b>Consumption of imported and indigenous raw material and stores, spares</b>				
		(Rs. in lakhs)			
		2015-2016		2014-2015	
		%	Amount	%	Amount
	<b>Raw material</b>				
	Indigenous	100.00	5,406.67	100.00	6,716.50
	Imported	-	-	-	-
	<b>Total</b>	<b><u>100.00</u></b>	<b><u>5,406.67</u></b>	<b><u>100.00</u></b>	<b><u>6,716.50</u></b>
	<b>Stores and spares</b>				
	Indigenous	84.97	378.13	100.00	531.86
	Imported	15.03	66.88	-	-
	<b>Total</b>	<b><u>100.00</u></b>	<b><u>445.01</u></b>	<b><u>100.00</u></b>	<b><u>531.86</u></b>
<b>23</b>	<b>Changes in inventories of work-in-progress and scrap</b>				
		(Rs. in lakhs)			
		2015-2016	2014-2015		
	<b>Opening stock</b>				
	Work-in-progress	1,512.99	1,252.34		
	Scrap	12.81	19.96		
		<b>(A)</b>	<b><u>1,525.80</u></b>	<b>(A)</b>	<b><u>1,272.30</u></b>
	<b>Less : Closing stock</b>				
	Work-in-progress	1,296.33	1,512.99		
	Scrap	13.50	12.81		
		<b>(B)</b>	<b><u>1,309.82</u></b>	<b>(B)</b>	<b><u>1,525.80</u></b>
	<b>(Increase)/ decrease in inventories of work-in-progress and scrap</b>	<b>(A-B)</b>	<b><u>215.98</u></b>	<b>(A-B)</b>	<b><u>(253.50)</u></b>

## 33<sup>rd</sup> ANNUAL REPORT 2016

		(Rs. in lakhs)	
		2015-2016	2014-2015
<b>24</b>	<b>Manufacturing expenses</b>		
	Die expenses	348.11	351.63
	Consumption of stores and spares	445.01	531.86
	Freight inward, octroi and other expenses	61.72	56.31
	Power and fuel	589.35	660.86
	Insurance expenses	58.22	36.70
	Repairs and maintenance		
	- Plant and machinery	164.99	212.43
	- Building	16.83	39.42
	Contract labour expense	145.63	137.02
	Job work expenses	639.11	511.13
	Rent (Refer note 31 )	26.66	25.35
	<b>Total</b>	<b><u>2,495.64</u></b>	<b><u>2,562.72</u></b>
<b>25</b>	<b>Employee benefit expense</b>		
	Salaries, wages and bonus	1,250.74	1,267.94
	Contribution to provident and other funds	87.78	71.80
	Gratuity expenses (Refer note 36.3)	142.24	27.75
	Leave benefits (Refer note 36.5)	57.35	29.05
	Workmen and staff welfare expenses	45.84	52.91
	<b>Total</b>	<b><u>1,583.95</u></b>	<b><u>1,449.45</u></b>
<b>26</b>	<b>Finance cost</b>		
	Interest on loans	427.60	234.16
	Other interest costs	38.02	3.51
	Bank charges	53.97	77.07
	Foreign exchange loss (attributable to finance cost) [Refer note 26.1 below]	156.42	105.99
	<b>Total</b>	<b><u>676.00</u></b>	<b><u>420.72</u></b>

**26.1** The foreign exchange loss relating to foreign currency term loan and working capital loans to the extent considered as an adjustment to the interest cost as per para 4(e) of Accounting Standard 16-Borrowing Costs.

	(Rs. in lakhs)	
	2015-2016	2014-2015
<b>27 Administrative, selling and distribution expense</b>		
Freight outward	423.87	494.28
Professional fees	121.99	144.24
Office expenses	35.44	34.61
Travelling and conveyance expenses	31.19	60.92
Rates and taxes	22.43	14.18
Motor car expense	23.43	23.93
Security expense	22.30	21.08
Printing and stationery	20.94	19.92
Repairs and maintenance		
- Others	18.44	13.16
Payment to auditor (Refer note 27.1)	15.75	6.96
Communication expenses	15.05	16.64
Selling and other expenses	9.86	33.00
Directors sitting fees	5.60	3.38
Provision for doubtful receivable/ other current asset	15.43	-
Bad debts written off	2.98	3.60
Corporate Social Responsibility (Refer note 37)	10.36	7.83
Donation	1.03	3.32
Loss on sale of fixed assets	4.89	-
Miscellaneous expenses	1.42	0.87
<b>Total</b>	<b>802.41</b>	<b>901.92</b>
<b>27.1 Payment to auditor*</b>		
Statutory audit fee	8.00	4.21
Other matters	7.75	2.26
Out of pocket expense	-	0.49
<b>Total</b>	<b>15.75</b>	<b>6.96</b>
*Excluding service tax of Rs. 1.52 lakhs (Previous year: Rs. 0.86 lakhs)		
<b>27.2 Expenditure in foreign currency</b>		
Traveling expenses	14.58	23.98
Others	-	12.95
Interest expenses	33.05	-
Freight outward	1.83	-
Professional fees	8.69	-
<b>28 Prior period items</b>		
<b>Income</b>		
Excise duty on fixed asset	14.19	-
	<b>14.19</b>	-
<b>Expenses</b>		
Gratuity expenses	34.06	-
	<b>34.06</b>	-
<b>Net prior period (income)/expense</b>	<b>19.87</b>	-
Note : Excluding depreciation and amortization for the earlier years aggregating to Rs. 13.12 lakhs (Previous year: Nil) disclosed with depreciation for the current year.		

## 33<sup>rd</sup> ANNUAL REPORT 2016

### 29 Contingent liabilities

Contingent liabilities are determined on the basis of available information and are disclosed in the notes to financial statements. Details of contingent liabilities not provided for are given below:

Particulars	(Rs. in lakhs)	
	As at	As at
	31st March, 2016	31st March, 2015
(a) Letters of guarantee issued by bank	8.35	8.33
(b) Claim for Navi Mumbai Municipal Cess payable (net)	45.29	-
(c) Claim against the Company not acknowledged as debts (Net)	5.16	5.16
(d) Corporate guarantee given	1,325.10	-

Note: In respect of (a) and (d) above, the Company does not expect any cash outflow. In respect of (b) and (c) above, future cash out flows are determinable on receipt of decisions/ judgments pending with forums/authorities.

Note: The Company had received demand notice for assessment year 2013-2014 from income tax department for Rs. 19.91 lakhs (Previous year :Nil). The Company has filed rectification application for not giving credit of taxes paid and after rectification, no demand will be payable. In view of the above, this demand is not disclosed under contingent liabilities.

### 30 Capital and other commitments

Capital Commitment (net of advance paid) - Rs. 669.66 lakhs (Previous Year: Rs. 580.40 lakhs). There are no other commitments.

### 31 Disclosure of lease - Operating lease

The Company has taken factory premises and machinery under operating lease for a period upto 3 years. Agreement for factory premises is non-cancellable and machinery is cancellable. Rent incurred with respect to cancellable operating lease (machinery) is Rs. 2.66 lakhs (Previous year: Rs. 1.35 lakhs). With respect to non-cancellable operating lease arrangement (factory premises), rent for the year and the future minimum lease payments is as under:

	(Rs. in lakhs)	
	As at	As at
	31st March, 2016	31st March, 2015
Lease rent expenses debited to statement of profit and loss [Refer note 27]	24.00	24.00
<b>Future lease rent payable</b>		
- Not later than one year	24.00	4.00
- Later than one year and not later than five years	28.00	-
- Later than five years	-	-
- Contingent rent payable	-	-

### 32 Calculation of basic / diluted earning per share

Particulars	2015-2016	2014-2015
Profit/ (loss) after tax (Rs. in lakhs)	375.54	782.58
Weighted average number of equity shares outstanding	17,270,000	17,270,000
Face value	10.00	10.00
Earnings / (loss) per share - basic and dilutive	2.17	4.53

**33 Related party disclosure**
**33.1 Names of related parties**

Description of relationship	Name of the Related Party
Director/ Key management personnel (KMP)	Pradeep Goyal, Chairman & Managing Director
Relatives of key management personnel [only where there are transaction]	Neeru Goyal (Wife of KMP, also director in the Company) Abhinav Goyal (Son of KMP)
Subsidiary companies	Pradeep Metals Limited Inc., USA Dimensional Machine Works LLC, USA (Stepdown subsidiary)
Enterprises/ firm where Key Management Personnel/ Director have significant influence [only where there are transaction]	Dhanlabh Engineering Works Private Limited Economic Forge Private Limited
Enterprise having significant influence over the Company	S.V. Shah Construction Services Private Limited Rabale Engineering (I) Private Limited

Note: Designated Key Managerial Personnel as required by Section 203 of the Companies Act, 2013 are not considered to be Key Management Personnel [Related party] as per Accounting Standard-18 'Related Party Disclosures'.

**33.2 Transactions with related parties during the year**

(Rs. in lakhs)

Name of the party	Nature of the transaction	2015-2016	2014-2015
Dhanlabh Engineering Works Private Limited	Labour charges paid	41.07	47.95
	Sales	2.58	1.81
	Rent expenses	28.43	27.87
	Electricity charges (Reimbursement)	11.26	11.59
Economic Forge Private Limited	Labour charges paid	6.66	16.76
	Purchases	0.48	0.65
Pradeep Metals Limited Inc., USA	Sales	706.23	1,186.92
	Guarantee commission recovered	25.60	-
	Reimbursement of expenses recovered	17.80	-
	Investment made	275.75	265.19
	Corporate guarantee given #	1,325.10	-
Abhinav Goyal	Salary paid	2.45	29.40
Neeru Goyal	Sitting fees paid	0.75	0.40
	Dividend paid	3.24	6.54
Pradeep Goyal	Managerial remuneration	84.40	84.40
	Dividend paid	9.46	18.92
S.V.Shah Construction Services Private Limited	Dividend paid	22.83	45.67
Rabale Engineering (I) Private Limited	Dividend paid	37.00	74.01

## 33<sup>rd</sup> ANNUAL REPORT 2016

### 33.3 Closing balances

(Rs. in lakhs)

Name of the party	Nature of outstanding	31st March, 2016	31st March, 2015
Pradeep Metals Limited Inc., USA	Trade receivable	441.57	721.59
	Reimbursement of expenses receivable	17.80	-
	Guarantee commission recoverable	25.60	-
	Investment	543.65	267.91
	Corporate guarantee given#	1,325.10	-
Dhanlabh Engineering Works Private Limited	Trade payable	8.41	9.92
Abhinav Goyal	Salary payable	-	2.38
Pradeep Goyal	Managerial remuneration payable	6.90	4.84

#Converted in INR at exchange rate of year end i.e. Rs. 66.26.

Note: In addition to above transactions, Chairman and Managing Director of the Company has given personnel guarantee for loan facilities taken by the Company [Refer note 4.1 and 7.1 ]

### 34 Segmental disclosure

a) Primary Segment: The Company is primarily engaged in a manufacturing of closed die forgings & processing thereof. During the year, the Company has also started generating power from Wind Turbine Generator which is sold to Maharashtra State Electricity Distribution Company Limited (MSEDCL). However, pending execution of power purchase agreement with MSEDCL, wind mill operation is disclosed under other reconciling item in current year.

(Rs. in lakhs)

Particulars	Closed die forging and processing	Others	Elimination	Total
External revenue	11,694	216	-	11,910
Previous year	13,059	-	-	13,059
Inter segment revenue	-	-	-	-
Previous year	-	-	-	-
<b>Total revenue</b>	<b>11,694</b>	<b>216</b>	<b>-</b>	<b>11,910</b>
Previous year	13,059	-	-	13,059
Segment results	1,148	160	-	1,308
Previous year	1,698	0	-	1,698
Unallocated corporate expenses				118
Previous year				72
Less: Finance costs (net)				676
Previous year				421
<b>Profit before tax</b>				<b>514</b>
Previous year				1,205
<b>Income taxes</b>				<b>138</b>
Previous year				423
<b>Net profit</b>				<b>376</b>
Previous year				782



 **PRADEEP METALS LIMITED**

<b>Other information</b>				
Segment assets	11,400	1,497		12,897
Previous year	11,432	1,336		12,768
Unallocated corporate assets				54
Previous year				48
Segment liabilities	1,384	128		1,512
Previous year	1,285	129		1,414
Unallocated corporate liabilities				7,502
Previous year				7,715
Depreciation/ amortization	315	55		370
Previous year	258	0		258
Capital expenditure	741	-		741
Previous year	744	1,207		1,951

b) Secondary Segment: Geographical Segment

**Sales, service income and other operating revenue by geographical market:**

(Rs. in lakhs)

<b>Locations*</b>	<b>2015-2016</b>	<b>2014-2015</b>
India	4,556.25	4,494.74
Outside India	7,353.46	8,564.43
<b>Total</b>	<b>11,909.72</b>	<b>13,059.17</b>

\*Net of excise duty

Note : Revenue within India includes sales to customers located within India and revenue outside India includes sales to customers located outside India.

**Trade receivable at year end**

(Rs. in lakhs)

<b>Locations</b>	<b>As at 31st March, 2016</b>	<b>As at 31st 31st March, 2015</b>
India	556.80	703.81
Outside India	2,904.52	3,111.73
<b>Total</b>	<b>3,461.32</b>	<b>3,815.54</b>

Note: Above figures are net of provision Rs 12.36 lakhs (Previous year : Nil).

In view of the interwoven / intermix nature of business and manufacturing facility, other segmental information in respect of secondary segment is not ascertainable.

## 33<sup>rd</sup> ANNUAL REPORT 2016

### 35 Unhedged foreign currency exposure

Derivative instruments outstanding as at year end Rs. Nil (Previous year: Rs. Nil). Particulars of unhedged foreign currency exposure as at the Balance Sheet date are as follows:

Particulars	As at 31 <sup>st</sup> March, 2016		As at 31 <sup>st</sup> March, 2015	
	Amount in Foreign Currency (in lakhs)	Rs.inlakhs	Amount in Foreign Currency (in lakhs)	Rs.inlakhs
<b>Borrowings</b> [Term loan & packing credit] USD	50.81	3,366.61	37.47	2,329.11
<b>Trade and other receivable</b> USD	19.00	1,258.82	13.66	849.23
EURO	8.27	372.17	0.85	56.53
GBP	0.48	45.37	0.02	1.60
<b>Capital advances given</b> USD	1.39	92.24	-	-

Note: Open purchase orders have not been considered for foreign currency exposure.

**Notes on financial statements for the year ended 31st March, 2016**
**36 Disclosures as required under Accounting Standard 15 (AS 15) – Employee benefits (Revised):**
**36.1 Charge to Statement of Profit and Loss based on contributions in respect of Defined Contribution Plan :**

Particulars	2015-2016	2014-2015
Provident fund	87.47	71.54
Labour welfare fund	0.31	0.27
<b>Total</b>	<b>87.78</b>	<b>71.80</b>

**36.2 Defined benefits :**

The Company has long term employee benefits schemes in the form gratuity and leave benefits. Gratuity liability is funded with LIC of India.

**36.3 The principal assumptions considered for valuating the actuarial liability of gratuity and leave entitlements / benefits are as tabulated below:**

Particulars	2015-2016
Discount rate	7.46%
Expected rate of return of plan assets	8.50%
Future salary growth #	8.00%

# The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotions and other relevant factors such as supply and demand factors in the employment market.

**36.4 Gratuity - Funded**

The following table set out the status of the gratuity plan as required under Accounting Standard 15 - Employee Benefits:

**Reconciliation of opening and closing balance of obligations**

Particulars	2015-2016
Liability at the beginning of the year	225.05
Interest cost	24.03
Current service cost	32.98
Past service cost	-
Benefit paid	(14.72)
Actuarial (gain)/ loss on obligations	100.43
<b>Liability at the end of the year</b>	<b>367.77</b>

**Reconciliation of opening and closing balance of plan assets**

Opening fair value of plan assets	190.99
Expected return on the plan assets	18.23
Contributions	68.30
Actuarial gain/(loss)	(2.67)
Benefits paid	(14.72)
<b>Closing fair value of plan assets</b>	<b>260.13</b>

**Reconciliation of fair value of assets and obligations**

Present value of the obligation at the year end	367.77
Fair value of the plan assets at the year end	260.13
<b>(Asset)/ liability recognised in the Balance Sheet</b>	<b>107.64</b>

## 33<sup>rd</sup> ANNUAL REPORT 2016

(Rs. in lakhs)

<b>Particulars</b>	<b>2015-2016</b>
<b>Expenses recognised in the Statement of Profit and Loss:</b>	
Current service cost	32.98
Interest cost	24.03
Actuarial (gain)/loss on obligations	103.10
Expected return on plan assets	(18.23)
Other gratuity expenses	0.36
<b>Total expense/ (credit) recognised in the Statement of Profit and Loss</b>	<b>142.24</b>
<b>Table of recognition of actuarial gain/loss :</b>	
Actuarial (gain)/loss on obligation for the year	100.43
Actuarial (gain)/loss on asset for the year	(2.67)
Actuarial (gain)/loss recognised in income statement	97.76
<b>Details of present value of obligation, plan assets and experience adjustments :</b>	
Present value of obligation	367.77
Fair value of plan assets	260.13
(Surplus)/ Deficit	107.64
Experience Adjustments:	
On plan liability - (gain)/loss	100.43
On plan asset (loss)/gain	(2.67)
Gain/ (loss) adjustments on account of change in actuarial assumptions	103.10
<b>Investment Details:</b>	
	<b>2015-2016</b>
Investment with insurer [LIC of India]	100%
Expected employer's contribution for the next year	32.98

Note: Gratuity liability is funded through policy with LIC of India and contribution paid were based on demand from LIC of India and hence no independent actuary valuation was carried out in the previous year. In current year, Company has additionally obtained independent actuary valuation report.

### 36.5 Leave benefits

Liability for leave benefits in nature of compensated absences, sick leave and casual leave is unfunded and is actuarially determined considering the leave policy/rules of the Company. The liability for leave benefits as at year end is Rs. 115.58 lakhs (Previous year: Rs. 69.76 lakhs). As per para 132 of Accounting Standard 15 - Employee Benefits, no other disclosure is required.

**37** As per Section 135 of the Companies Act, 2013 a Corporate Social Responsibility (CSR) committee has been formed by the Company. The area for CSR activities are Education and Empowerment, Employability and Entrepreneurship, Health and Sanitation and others.

(a) Gross amount required to be spent by the Company during the current year was Rs.18.97 lakhs (Previous year : Rs. 16.06 lakhs).

(b) Details of amount spent during the year are as under:

(Rs. in lakhs)

Particulars	Year	In cash	Yet to be paid in cash	Total
Construction/Acquisition of assets	2015-2016	-	-	-
Other purposes		10.36	-	10.36
Construction/Acquisition of assets	2014-2015	-	-	-
Other purposes		7.83	-	7.83

**38 Cash flow statement related :**

- 38.1** Aggregate outflow on account of direct taxes paid is Rs. 175.76 lakhs (Previous year : Rs. 320.39 lakhs).
- 38.2** Conversion of Rupee term loan in foreign currency loan (USD) aggregating to Rs. 855.58 lakhs (Previous year : Nil) is not considered as cash transaction.
- 39** During the year, Company has recognized export incentive under Merchandise Exports from India Scheme (MEIS) aggregating to Rs. 130.01 lakhs (Previous year : Nil) considering certainty over utilization of these duty scrips.
- 40** Company's 2.1 MW Wind Mill was originally set up as a captive unit. In view of the changed Government's policy, it is economical to supply the power to Maharashtra State Electricity Distribution Co. Ltd. (MSEDCL). The necessary steps are being taken to sign and execute Power Purchase Agreement (PPA) with MSEDCL. Pending execution of PPA, revenue of Rs. 216.00 lakhs (Previous year: Nil) has been recognised from the power generated and fed into the Grid based on the provisional rate as prescribed in the Order of Maharashtra State Regulatory Commission ("MERC") and is grouped under other operating revenue.
- 41** The Company has terminated Chief Financial Officer in February 2016 and Company is in the process of appointing new Chief Financial Officer in accordance with second proviso to section 203 of the Companies Act, 2013.
- 42** Additional Information as required by para 5 of General Instructions for preparation of Statement of Profit and Loss (other than already disclosed above) are either Nil or Not Applicable.
- 43 Previous years comparatives**  
Previous year's figures have been re-grouped / reclassified wherever necessary to conform to the current year's classification.

**For N. A. Shah Associates**  
Chartered Accountants  
Firm Registration No.116560W

**Milan Mody**  
Partner  
Membership No. 103286

Place: Mumbai  
Date: 27<sup>th</sup> May, 2016

**For and on behalf of the Board of Directors of  
Pradeep Metals Limited**

**Pradeep Goyal**  
Chairman and Managing Director  
DIN: 00008370

**Abhinay Kapoor**  
Company Secretary

Place : Navi Mumbai  
Date: 27<sup>th</sup> May, 2016

**Neeru Goyal**  
Director  
DIN: 05017190

**Dilip Dalvi**  
Dy. Chief Financial Officer

## 33<sup>rd</sup> ANNUAL REPORT 2016

### Cash Flow Statement for the year ended 31st March, 2016

(Rs. in lakhs)

Particulars	Note	2015 - 2016	2014 - 2015
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>			
Net profit/(loss) before taxation and prior period item		533.39	1,205.26
Adjustments for:			
Depreciation and amortization	370.19		258.31
Dividend received	-		(0.08)
Provision for doubtful debts/ other current assets	15.43		-
Provision for contingency	15.89		-
Unrealised foreign exchange (gain)/loss (Net)	159.90		153.94
(Profit)/loss on sale of fixed asset (net)	4.89		(144.46)
Interest expenses	676.00		237.67
Interest income	(2.16)		(15.76)
		1,240.15	489.62
<b>Operating profit before changes in assets and liabilities</b>		<b>1,773.54</b>	<b>1,694.88</b>
Movements in working capital : [Current and Non-current]			
(Increase) / decrease in loans and advances and other current assets	(319.12)		(99.51)
(Increase) / decrease in inventories	614.84		(487.02)
(Increase) / decrease in trade receivable	368.98		(639.01)
Increase / (decrease) in trade payable, other current liabilities and provisions	(30.36)	634.34	(104.28)
		<b>2,407.87</b>	<b>365.06</b>
Less: Prior period items		19.87	-
		<b>2,388.00</b>	<b>365.06</b>
Adjustment for:			
Direct taxes paid [including tax deducted at source]		175.69	320.29
<b>Net cash generated/ (used in) from operating activities...(A)</b>		<b>2,212.31</b>	<b>44.77</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of fixed assets (Including capital advances)	(741.20)		(1,951.44)
Sale of fixed asset	18.70		180.62
(Increase)/decrease in other bank balances and non-current assets [Other than cash and cash equivalent]	(13.08)		(2.16)
Dividends received from investments	-		0.08
Investments made in wholly owned subsidiary	(275.75)		(264.19)
Other investment	(0.05)		-
Interest received	2.16		15.76
		<b>(1,009.22)</b>	<b>(2,021.33)</b>
Adjustment for:			
Direct taxes paid [including tax deducted at source]		0.07	0.10
<b>Net cash generated / (used in) from investing activities...(B)</b>		<b>(1,009.29)</b>	<b>(2,021.43)</b>

Particulars	Note	(Rs. in lakhs)	
		2015 - 2016	2014 - 2015
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceeds from long term borrowing		475.20	1,053.21
Repayment of long term borrowing		(172.69)	(259.37)
Increase/(decrease) in working capital loan (Net)		(469.46)	1,656.41
Dividend paid (Including dividend distribution tax)		(361.08)	(236.64)
Interest paid on loans		(670.42)	(237.66)
<b>Net cash generated / (used) from financing activities...(C)</b>		<b>(1,198.45)</b>	<b>1,975.94</b>
<b>Net increase in cash and cash equivalents...(A + B + C)</b>		<b>4.57</b>	<b>(0.72)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	17 & 38	1.42	2.14
<b>Cash and cash equivalents at the end of the year</b>		5.99	1.42
		<b>4.57</b>	<b>(0.72)</b>
<b>Significant accounting policies</b>	1		
<b>Other notes</b>	2 to 43		

Notes referred to herein above form an integral part of financial statements.  
As per our report of even date

**For N. A. Shah Associates**  
Chartered Accountants  
Firm Registration No.116560W

**For and on behalf of the Board of Directors of  
Pradeep Metals Limited**

**Milan Mody**  
Partner  
Membership No. 103286

**Pradeep Goyal**  
Chairman and Managing Director  
DIN: 00008370

**Neeru Goyal**  
Director  
DIN: 05017190

**Abhinay Kapoor**  
Company Secretary

**Dilip Dalvi**  
Dy. Chief Financial Officer

Place: Mumbai  
Date: 27<sup>th</sup> May, 2016

Place : Navi Mumbai  
Date: 27<sup>th</sup> May, 2016

## 33<sup>rd</sup> ANNUAL REPORT 2016

### CONSOLIDATED BALANCE SHEET AS AT 31<sup>st</sup> MARCH , 2016

		(Rs. in lakhs)	
	Note No.	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholder's funds</b>			
Share capital	2	1,726.26	1,726.26
Reserves and surplus	3	1,967.01	2,057.13
		<u>3,693.27</u>	<u>3,783.39</u>
Minority interest		<b>417.75</b>	<b>400.82</b>
<b>Non-current liabilities</b>			
Long term borrowings	4	2,393.39	1,031.49
Deferred tax liabilities (Net)	5	412.95	337.00
Long term provisions	6	176.42	69.76
Other long term liabilities	7	2.66	-
		<u>2,985.42</u>	<u>1,438.25</u>
<b>Current liabilities</b>			
Short-term borrowings	8	5,856.08	6,034.21
Trade payable			
- Due to micro and small enterprises	9	-	-
- Due other than to micro and small enterprises	9	1,195.70	2,648.85
Other current liabilities	10	1,348.85	1,221.96
Short-term provisions	11	96.90	300.95
		<u>8,497.53</u>	<u>10,205.96</u>
<b>Total</b>		<u><b>15,593.97</b></u>	<u><b>15,828.43</b></u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible assets	12	4,201.23	3,130.08
Intangible assets		1,697.17	1,586.02
Capital Work-in-Progress		253.04	626.25
Intangible assets under development		-	65.65
Non-current investments	13	0.05	-
Long term loans and advances	14	774.70	613.36
Other non-current assets	15	0.74	0.72
		<u>6,926.93</u>	<u>6,022.09</u>
<b>Current assets</b>			
Inventories	16	3,789.39	4,293.09
Trade receivables	17	3,304.81	4,374.05
Cash and bank balances	18	386.49	234.17
Short-term loans and advances	19	219.05	256.80
Other current assets	20	967.30	648.24
		<u>8,667.04</u>	<u>9,806.34</u>
<b>Total</b>		<u><b>15,593.97</b></u>	<u><b>15,828.43</b></u>
<b>Significant accounting policies</b>	1		
<b>Other notes</b>	2 to 47		

Notes referred to herein above form an integral part of financial statements.  
As per our report of even date

**For N. A. Shah Associates**  
Chartered Accountants  
Firm Registration No.116560W

**Milan Mody**  
Partner  
Membership No. 103286

Place: Mumbai  
Date: 27<sup>th</sup> May, 2016

**For and on behalf of the Board of Directors of  
Pradeep Metals Limited**

**Pradeep Goyal**  
Chairman and Managing Director  
DIN: 00008370

**Abhinay Kapoor**  
Company Secretary

Place : Navi Mumbai  
Date: 27<sup>th</sup> May, 2016

**Neeru Goyal**  
Director  
DIN: 05017190

**Dilip Dalvi**  
Dy. Chief Financial Officer




**PRADEEP METALS LIMITED**
**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2016**

(Rs. in lakhs)

	Note No.	year ended 31 <sup>st</sup> March, 2016	year ended 31 <sup>st</sup> March, 2015
<b>Revenue</b>			
Revenue from operations	21	14,648.35	14,491.05
Less : Excise duty		(396.60)	(384.09)
Revenue from operations (net)		14,251.75	14,106.97
Other income	22	194.59	202.44
<b>Total revenue</b>		<b>14,446.34</b>	<b>14,309.41</b>
<b>Expenses</b>			
Cost of material consumed	23	6,202.77	7,047.49
Changes in inventories of finished goods, work-in-progress and scrap	24	94.21	(590.28)
Manufacturing expenses	25	3,165.14	2,844.54
Employee benefit expenses	26	2,762.23	1,896.20
Finance costs	27	770.38	422.68
Depreciation and amortization expense	12	467.52	272.29
Administrative, selling and distribution expense	28	921.01	1,071.65
<b>Total expenses</b>		<b>14,383.26</b>	<b>12,964.57</b>
<b>Profit before prior period items and taxes</b>		<b>63.08</b>	<b>1,344.84</b>
Less: Prior period expense	29	24.30	-
<b>Profit before taxes</b>		<b>38.78</b>	<b>1,344.84</b>
<b>Tax expense:</b>			
Current tax			
- Current tax		103.84	282.27
Less: MAT Credit entitlement		(41.80)	(6.20)
- Deferred tax charge / (Credit)		75.94	176.25
- Short/(excess) provision for income tax for earlier years (Net)		(8.65)	-
Less: MAT Credit entitlement of earlier year		(20.87)	-
		<b>108.45</b>	<b>452.32</b>
<b>(Loss)/ Profit after tax before minority interest</b>		<b>(69.67)</b>	<b>892.52</b>
Less/(add): Allocation to minority interest		(144.61)	64.26
<b>Net profit for the year</b>		<b>74.94</b>	<b>828.26</b>
<b>Basic and diluted earnings/(loss) per share</b>			
Equity shares (Face value of Rs. 10 each)		0.43	4.80
<b>Significant accounting policies</b>	1		
<b>Other notes</b>	2 to 47		

Notes referred to herein above form an integral part of financial statements.

As per our report of even date

**For N. A. Shah Associates**  
Chartered Accountants  
Firm Registration No.116560W

**Milan Mody**  
Partner  
Membership No. 103286

Place: Mumbai  
Date: 27<sup>th</sup> May, 2016

**For and on behalf of the Board of Directors of  
Pradeep Metals Limited**
**Pradeep Goyal**  
Chairman and Managing Director  
DIN: 00008370

**Abhinay Kapoor**  
Company Secretary

Place : Navi Mumbai  
Date: 27<sup>th</sup> May, 2016

**Neeru Goyal**  
Director  
DIN: 05017190

**Dilip Dalvi**  
Dy. Chief Financial Officer

## 33<sup>rd</sup> ANNUAL REPORT 2016

### NOTE NO - 1: Notes on Consolidated financial statements for the year ended 31<sup>st</sup> March, 2016

#### 1. Significant accounting policies

##### 1.1 Background

Pradeep Metals Limited (hereinafter referred to as 'the Parent Company', 'the Company' or 'Holding Company') together with its subsidiaries (the Parent Company and its subsidiaries together referred to as "the Group") is into the business of manufacturing closed-die forging.

##### 1.2 Principles of consolidation

- (a) Subsidiaries have been consolidated as per Accounting Standards 21 - on 'Accounting for Consolidated Financial Statements' (AS 21).
- (b) Financial statements of two subsidiaries included in the consolidated Statements are unaudited and have been prepared and certified by management for the purpose of consolidated financial statements.
- (c) The consolidated financial statements of the Holding Company and its subsidiary (which is not in the nature of joint ventures) have been consolidated on a line-by-line basis by adding together the book values of the like items of assets, liabilities, income and expenses after eliminating intra-group balances and the unrealised profits / losses on intra-group transactions and are presented to the extent possible, in the same manner as the Parent Company's independent financial statements.
- (d) The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statement.
- (e) Minority interest in the net asset of consolidated subsidiaries consists of the amount of equity attributable to the minority shareholders as on the dates on which investments are made by the Company in the subsidiary companies and further movements in their share in the equity subsequent to the dates of investments as stated above.
- (f) Goodwill on consolidation represents the difference between the Group's share in the net worth of a subsidiary and the cost of acquisition at each point of time of making the investment in the subsidiary. For this purpose, the Group's share of net worth is determined on the basis of the latest financial statements, prior to the acquisition, after making necessary adjustments for material events between the date of such financial statements and the date of respective acquisition. Capital reserve on consolidation represents negative goodwill arising on consolidation. Goodwill arising on consolidation as per Accounting Standard (AS) 21 "Consolidated Financial Statements" is not amortized, however, it is tested for impairment. In the event of cessation of operations of a subsidiary, associate or joint venture, the unimpaired goodwill is written off fully.
- (g) The subsidiaries considered in consolidated financial statements and its country of incorporation is as tabulated below:

Sr. no.	Name of the entity	Country of incorporation	Proportion of interest (including beneficial interest) / voting power (either directly/ indirectly through subsidiary)	
			As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015
<b>(A)</b>	<b>Wholly owned direct subsidiary company</b>			
1.	Pradeep Metals Limited Inc.	USA	100%	100%
<b>(B)</b>	<b>Step down subsidiary</b>			
1.	Dimensional Machine Works, LLC	USA	51%	51%

##### 1.3 Basis of preparation of consolidated financial statements

The consolidated financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles ("GAAP") under the historical cost convention on the accrual basis. GAAP comprises of accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

##### 1.4 Presentation and disclosure of consolidated financial statements

All assets and liabilities have been classified as current & non-current as per the Group's normal

operating cycle and other criteria set out in the Schedule III of the Companies Act, 2013.

Based on the nature of products / services and time between acquisition of assets for processing / rendering of services and their realization in cash and cash equivalents, operating cycle is less than 12 months, however for the purpose of current/ non-current classification of assets and liabilities, period of 12 months have been considered as its normal operating cycle.

#### 1.5 Use of estimates

The preparation of the consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the application of accounting policies, reported balances of assets and liabilities, disclosure of contingent liabilities as on the date of consolidated financial statements and reported amounts of income and expenses during the period. Management believes that the estimates and assumptions used in the preparation of consolidated financial statements are prudent and reasonable. Actual results could differ from those estimates. Any difference between the actual results and estimates are recognised in the period in which the results are known/ materialise. Any revision to accounting estimates is recognised prospectively in the current and future periods.

#### 1.6 Fixed assets

##### 1.6.1 Tangible assets

Tangible assets are stated at cost of acquisition / construction less accumulated depreciation (amortization wherever applicable) and accumulated impairment losses, if any.

##### 1.6.2 Intangible assets

Intangible assets are recognized only if it is probable that the future economic benefits attributable to asset will flow to the enterprise and the cost of asset can be measured reliably. Intangible assets are stated at cost of development or consideration paid for acquisition less accumulated amortization and accumulated impairment loss, if any.

1.6.3 Cost of fixed assets includes non-refundable taxes and duties, borrowing cost directly attributable to the qualifying asset (as per Accounting Standard 16 – Borrowing Costs) and any directly attributable costs of bringing the asset to its working condition for its intended use.

1.6.4 Capital work-in-progress comprises of cost incurred on fixed assets under construction / acquisition that are not yet ready for their intended use at the balance sheet date.

#### 1.7. Depreciation/ amortization

##### 1.7.1. In case of Parent Company

- Depreciation on fixed assets (other than freehold land and capital work in progress) is provided using straight line basis in accordance with Schedule II of the Companies Act, 2013 except for the plant and machinery for which on the basis of internal technical assessment made by the management, the depreciation has been provided considering the useful life of the plant. The assets which has useful life different than as prescribed under Part C of Schedule II of the Companies Act, 2013 are as follows:

Tangible asset	Useful life
Machinery for heavy production/ Press/ Cranes etc.	15 Years
Other machineries	8 Years
Individual assets whose cost does not exceed five thousand rupees	Nil. Depreciated fully in the year of Capitalisation

- In case of assets purchased, sold or discarded during the period, depreciation on such assets is calculated on pro-rata basis from the date of such addition or as the case may be, upto the date on which such asset has been sold or discarded.
- Leasehold land is amortized over the period of lease (i.e. 95 years) or useful life whichever is lower.
- Intangible assets are amortized over their estimated useful lives on straight-line method.

## 33<sup>rd</sup> ANNUAL REPORT 2016

Intangible asset	Estimated useful life
(a) Epicor ERP software	10 years
(b) Other software's	3 years

### 1.7.2. In case of subsidiaries incorporated outside India

Depreciation on fixed assets (other than freehold land and capital work in progress) acquired / capitalized is provided using straight line method based on management estimate of useful life of 7 years for all the assets.

### 1.8. Impairment of assets

The carrying amounts of assets are reviewed at each balance sheet date for any indication of impairment based on internal / external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

Based on the assessment done at each balance sheet date, recognized impairment loss is further provided or reversed depending on changes in circumstances. After recognition of impairment loss or reversal of impairment loss as applicable, the depreciation charge for the fixed asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life. If the conditions leading to recognition of impairment losses no longer exist or have decreased, impairment losses recognized are reversed to the extent it does not exceed the carrying amount that would have been determined after considering depreciation / amortization had no impairment loss been recognized in earlier years.

### 1.9. Inventories

- Raw materials and components, packing materials, consumables, stores and spares are valued at lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

The Cost comprises of costs of purchase, duties and taxes (other than those subsequently recoverable) and other costs incurred in bringing them to their present location and condition. Cost for raw material is determined on specific identification basis and other materials & consumables on weighted average method.

- Work-in-progress & finished goods is valued at lower of cost and net realizable value. Cost includes direct materials valued on weighted average basis and costs of conversion which include costs directly related to the units of production and systematic allocation of fixed and variable production overheads. Net realizable value is the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs necessary to make the sale. The cost of finished goods also includes excise duty wherever applicable.
- Dies are valued at cost or net realisable value whichever is less. Cost includes material cost & labour cost. Costs are determined on specific identification basis.
- Scrap is valued at net realisable value.

### 1.10. Investments

Investments are classified into current and long-term investments.

Investments that are readily realizable and intended to be held for not more than a year from the date on which such investments are made are classified as current investments. All other investments are classified as long-term investments.

Current investments are carried at lower of cost and fair value / net asset value determined on category wise for related investments. Long term investments are carried at cost. Provision for diminution in value of long term investments is made to recognize a decline, other than temporary, on an individual investment basis.

The cost of investments comprises of purchase price and directly attributable acquisition charges

such as brokerage, fees and duties.

Investment transactions are accounted for on a trade date basis. In determining the holding cost of investments and the gain or loss on sale of investments, the 'weighted average cost' method is followed.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the Statement of Profit and Loss.

#### **1.11. Revenue recognition**

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

- Domestic sales of goods are recognized when significant risks and rewards of ownership of the goods have been passed to the buyer which generally coincides with dispatch of goods and are recorded inclusive of excise duty and net of sales tax, rebates and trade discounts and sales returns.
- Exports sales of goods are recognized when significant risks and rewards of ownership of the goods have been passed to the buyer, usually on the basis of dates of shipping bill / bill of lading.
- Revenue from tooling charges (die design and preparation charges) are recognised as per the terms of the contract as and when services are rendered.
- Revenue from sales of electricity is recognised when significant risks and rewards of ownership of the goods have been passed to the buyer, usually on transmission of electricity based on the data provided by the electricity department.
- Interest income is recognized on time proportion basis taking into account the amount outstanding and rate applicable.
- Dividend income on investment is accounted for in the year in which the right to receive the payment is established.
- Export incentives / benefits

Export incentives / benefits are recognised as income in Statement of Profit and Loss on export of goods based on fulfilling specified criteria's and also reasonable certainty of utilizing the benefit by import of goods/sale of license in open market.

#### **1.12. Investments**

Investments are classified into current and long-term investments.

Investments that are readily realisable and intended to be held for not more than a year from the date on which such investments are made are classified as current investments. All other investments are classified as long-term investments.

Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long term investments are carried at cost. However, provision for diminution in value of long term investments is made to recognise a decline, other than temporary, on an individual investment basis.

The cost of investments comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Investment transactions are accounted for on a trade date basis. In determining the holding cost of investments and the gain or loss on sale of investments, the 'weighted average cost' method is followed.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the Statement of Profit and Loss.

#### **1.13. Foreign currency transactions**

##### **1.13.1. Accounting for transaction**

Transactions denominated in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction.

As at balance sheet date, foreign currency monetary items are translated at closing exchange rate.

---

## 33<sup>rd</sup> ANNUAL REPORT 2016

---

Foreign currency non-monetary items are carried at historical cost using exchange rate on the date of transaction.

Exchange difference arising on settlement or translation of foreign currency monetary items are recognized as income or expense in the year in which they arise except to the extent exchange differences are regarded as an adjustment to interest cost and treated in accordance with Accounting Standard 16- Borrowing Cost.

### 1.13.2. Translation of foreign operations

Financial statements of overseas non-integral operations are translated as under:

- a) Assets and Liabilities at the rate prevailing at the end of the year. Depreciation is accounted at the same rate at which assets are converted.
- b) Revenue and expenses at average rates prevailing during the year. Off Balance Sheet items are translated into Indian Rupees at year-end rates.
- c) Exchange differences arising on translation are accumulated in the Foreign Currency Translation Reserve until the disposal of such operations.

### 1.14. Borrowing costs

Borrowing costs [including borrowing cost incurred by subsidiaries] that are directly attributable to the acquisition, construction or development of a qualifying asset are capitalised as part of the cost of the respective asset till such time the asset is ready for its intended use or sale. A qualifying asset is an asset which necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest, exchange difference arising from foreign currency borrowings to the extent they are treated as an adjustment to the borrowing cost and other costs that an entity incurs in connection with the borrowing of funds.

### 1.15. Employee benefits

#### 1.15.1. Short term employee benefits

All employee benefits falling due wholly within twelve months of rendering the service are classified as short term employee benefits and they are recognized as an expense at undiscounted amount in the Statement of Profit and Loss in the period in which the employee renders the related service.

#### 1.15.2. Post-employment benefits

- Defined Contribution Plan  
The Holding Company has defined contribution plan comprising of Provident Fund, Employee State Insurance Scheme and Employee Pension Scheme. Subsidiary company has Social security, Health insurance fund etc. The defined contribution plan is post-employment benefit plan under which the Group contributes fixed contribution amount to a Government administered fund or other fund and will have no obligation to pay further contribution. The fixed contribution under the schemes is recognised in Statement of Profit and Loss during the period in the period in which employee renders the related service.
- Defined Benefit Plan and other long-term benefits
  - o The Holding Company has defined benefit plans comprising of gratuity and other long term benefits include leave benefits. For gratuity, the Company has a Group Gratuity-cum-Life Insurance Scheme with Life Insurance Corporation of India (LIC), for future payment of gratuity to employees at retirement, death while in employment or on termination. Leave benefits are non-funded. The present value of the defined benefit obligations and other long term benefits is determined based on actuarial valuation using the projected unit credit method. The rate used to discount defined benefit obligation is determined by reference to market yields at the Balance Sheet date on Indian Government Bonds for the estimated term of obligations. The expected return on plan assets is the Company's expectation of average long term rate of return on the investment of the fund over the entire life of the related obligation. The rate used to discount defined benefit obligation is determined by reference to market yields at the Balance Sheet date on Indian Government Bonds for the estimated

term of obligations.

- o Actuarial gains or losses arising on account of experience adjustment and the effect of changes in actuarial assumptions are recognized immediately in the Statement of Profit and Loss as income or expense.
- o Subsidiary company has short term employee benefits in the form vacation allowance. Liability for vacation allowance benefits is short term in nature and is unfunded. It is determined on arithmetical basis for expected outflow in next financial year.

#### **1.16. Operating lease**

Lease arrangements where risks and rewards incidental to ownership of an asset substantially vest with the lessor are classified as operating lease.

Rental expenses on assets obtained under operating lease arrangements are recognised on straight-line basis as an expense in the Statement of Profit and Loss over the lease term of respective lease arrangement.

#### **1.17. Taxes on income**

In respect of Holding Company, Tax expenses for the year comprises of current tax, minimum alternate tax (MAT), deferred tax charge or credit and adjustments of taxes for earlier years.

Current income tax is calculated on the income of individual companies in accordance with local tax regulations.

Deferred tax charge or credit reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years and are measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date.

Deferred tax assets are recognised only to the extent there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Group has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits. Deferred tax assets are reviewed for the appropriateness of their respective carrying amounts at each Balance Sheet date.

In respect of Holding Company, Minimum Alternative Tax (MAT) credit, which is equal to the excess of MAT [calculated in accordance with provisions of section 115JB of the Income tax Act, 1961 (the Act)] over normal income-tax is recognized as an asset by crediting the Statement of Profit and Loss only when and to the extent there is convincing evidence that the Company will be able to avail the said credit against normal tax payable during the period specified under the Act for utilisation. The Holding Company reviews the MAT credit entitlement asset at each reporting date for reversal, if any

#### **1.18. Cash and cash equivalents**

Cash and cash equivalents include cash in hand, bank balances, deposits with bank (other than on lien) and all short term and highly liquid investments that are readily convertible into known amounts of cash and are subject to an insignificant risk of change in value.

#### **1.19. Cash flow statement**

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of non-cash nature, any deferrals of accruals of past or future operating cash receipts or payments and item of income or expense associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

#### **1.20. Provisions, contingent liabilities and contingent assets**

A provision is recognised when the Group has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

---

## 33<sup>rd</sup> ANNUAL REPORT 2016

---

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources. When there is a possible obligation or a present obligation in respect of which likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are neither disclosed nor recognised.

### **1.21. Earnings per share**

Basic earnings per share is calculated by dividing the net profit or loss (after tax) for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the period is adjusted for events of bonus issue and share split.

Diluted earnings per share is calculated by dividing the net profit or loss (after tax) for the year attributable to equity shareholders and the weighted average number of equity shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

### **1.22. Prior period items**

Prior period items are disclosed separately in the Financial Statement.



**Notes on consolidated financial statements for the year ended 31<sup>st</sup> March, 2016**
**2 Share capital**

	(Rs. in lakhs)	
	As at	As at
	31st March, 2016	31st March, 2015
<b>2.1 Authorised capital</b>		
<b>Equity share capital</b>		
18,500,000 (Previous year : 18,500,000) Equity Shares of Rs.10 each	1,850.00	1,850.00
550,000 (Previous year : 550,000) Preference Shares of Rs.100 each	550.00	550.00
<b>Total</b>	<b><u>2,400.00</u></b>	<b><u>2,400.00</u></b>
<b>2.2 Issued, subscribed and paid up</b>		
17,270,000 (Previous year :17,270,000) Equity Shares of Rs.10 each	1,727.00	1,727.00
<b>Subscribed and paid up</b>		
17,270,000 (Previous year :17,270,000) Equity Shares of Rs.10 each	1,727.00	1,727.00
Less:Call in arrears	(0.74)	(0.74)
<b>Total</b>	<b><u>1,726.26</u></b>	<b><u>1,726.26</u></b>
<b>2.3 Reconciliation of number of shares outstanding</b>		
Shares outstanding at beginning of the year	17,270,000	17,270,000
Shares issued during the year	-	-
Shares bought back during the year	-	-
Shares outstanding at the end of the year	<b><u>17,270,000</u></b>	<b><u>17,270,000</u></b>
<b>2.4 Shares held by each shareholder holding more than 5% shares</b>		

Name of shareholder	As at 31st March, 2016		As at 31st March, 2015	
	Number of Shares	% of holding	Number of Shares	% of holding
S. V. Shah Construction Services Private Limited	3,805,061	22.03	3,805,061	22.03
Pradeep Goyal	1,576,400	9.13	1,576,400	9.13
Rabale Engineering ( I ) Private Limited	6,167,481	35.71	6,167,481	35.71

**2.5 Rights, preferences and restrictions of equity shares**

The Company has only one class of shares referred to as equity shares having a par value of Rs. 10 each. Each holder of equity share is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the company, after distribution of all preferential amounts (after due adjustments in case shares are not fully paid up). However, no such preferential amounts exist currently.

## 33<sup>rd</sup> ANNUAL REPORT 2016

		(Rs. in lakhs)	
		As at 31st March, 2016	As at 31st March, 2015
<b>3</b>	<b>Reserve and surplus</b>		
	<b>Security premium account</b>		
	As per last balance sheet	515.98	515.98
	Add: Transferred from statement of profit and loss	-	-
		<b>515.98</b>	<b>515.98</b>
	<b>General Reserves</b>		
	As per last balance sheet	211.60	211.60
	Add: Transferred from statement of profit and loss	-	-
		<b>211.60</b>	<b>211.60</b>
	<b>Capital Reserve on Consolidation</b>		
	As per last balance sheet	-	-
	Add: Capital reserve arising on consolidation (Pertaining to earlier year)	13.94	-
		<b>13.94</b>	-
	<b>Surplus balance in Statement of Profit and Loss</b>		
	As per last balance sheet	1,257.95	901.76
	Add:		
	Net profit/(loss) transferred from Statement of Profit and Loss	74.94	828.26
	Deferred tax liability written back (Refer note 12.3)	-	106.94
	Less:		
	Proposed dividend (including Dividend Distribution Tax - Nil (Previous year: Rs. 42.19 lakhs))	-	249.43
	Interim dividend (including Dividend Distribution Tax of Rs. 21.10 lakhs (Previous year: Nil))	124.71	-
	Depreciation adjustment on fixed assets (Refer note 12.3)	-	329.59
	Prior period adjustment of step down subsidiary (Refer note 44)	24.82	-
	Capital reserve arising on consolidation (Pertaining to period prior to FY 2015-16)	13.94	-
		<b>1,169.41</b>	<b>1,257.95</b>
	<b>Foreign currency translation reserve</b>		
	As per last balance sheet	71.61	-
	Add: Addition during the year	(15.53)	71.61
		<b>56.08</b>	<b>71.61</b>
	<b>Total</b>	<b>1,967.01</b>	<b>2,057.13</b>
<b>4</b>	<b>Long term borrowings</b>		
	<b>Secured</b>		
	<b>Term loans</b>		
	<b>From banks</b>		
	- Term loan [Refer note 4.1(i) and 4.2]	2,314.66	1,031.49
	- Vehicle loan [Refer note 4.1(iii)]	58.39	-
	<b>From others</b>		
	- Vehicle loan [Refer note 4.1(iii)]	20.34	-
	<b>Total</b>	<b>2,393.39</b>	<b>1,031.49</b>

**4.1 Details of security provided**

- (i) In Parent Company, term loans from banks, all interest thereon, costs, charges, expense and all other monies are secured by extension of charge on pari passu basis on fixed assets of the Company (present and future) and second charge on current assets. The loans are further secured by personal guarantee of Chairman and Managing Director of the Company.
- (ii) In case of subsidiary, term loan is secured by corporate guarantee issued by the holding company, i.e. Pradeep Metals Limited, India.
- (iii) Vehicle loans from bank and others are secured against hypothecation of the vehicle against which the loan has been taken.

**4.2 Terms of repayment and maturity profile of the term loan is as set out below:**

(Rs. in lakhs)

Particulars	Amount*	Terms of repayment
Term loan VI	- (35.52)	Repayable in quarterly 15 installments of Rs. 15.00 lakhs each starting from July 2012 and last installment of Rs. 5.57 lakhs payable in October 2015.
Term loan VII	206.90 (285.32)	Repayable in 15 quarterly installments of Rs. 27.35 lakhs each starting from January 2014 and last installment payable of Rs. 15.45.
Term loan VIII	357.57 (-)	Repayable in 16 quarterly installments of Rs. 30.00 lakhs each starting from June 2016.
Term Loan IX	835.61 (855.58)	Repayable in 21 quarterly installments of Rs. 50.00 lakhs each starting from January 2017. This loan is converted into foreign currency loan with tenure of 6 months and eligible for rollover at the end tenure of loan. However, overall loan arrangement is as per original terms of sanction and hence same is grouped as long term loan.
Term loan	(1,326.66) (-)	Repayable in 20 equal quarterly installments starting from October 2016
Vehicle loan	99.64 (-)	(i) In case of parent, repayable in 60 equated monthly installment of Rs. 1.56 lakhs (including interest) each starting from January 2016.(ii) In case of vehicle taken in subsidiary, repayable in 48 instalments w.e.f. July 2015

\* Figures in bracket pertain to previous year.

Note : Above figures are including current maturity

	(Rs. in lakhs)	
	As at 31st March, 2016	As at 31st March, 2015
<b>5 Deferred tax liabilities (net)</b>		
<b>A - Deferred tax liabilities</b>		
Differences in depreciation and amortization for accounting and income tax purposes	542.13	395.41
<b>Total (A)</b>	<b>542.13</b>	<b>395.41</b>
<b>B - Deferred tax assets</b>		
Provision for doubtful debts/ advances	10.06	-
Provision for employee benefits	73.80	-
Disallowance under section 43B of Income Tax Act, 1961	45.31	58.41
<b>Total (B)</b>	<b>129.18</b>	<b>58.41</b>
<b>Net deferred tax liabilities (A-B)</b>	<b>412.95</b>	<b>337.00</b>

## 33<sup>rd</sup> ANNUAL REPORT 2016

		(Rs. in lakhs)	
		As at	As at
		31st March, 2016	31st March, 2015
<b>6</b>	<b>Long term provisions</b>		
	Provision for employee benefits		
	- Leave benefits (Refer note 37.5)	101.76	69.76
	- Gratuity (Refer note 37.4)	74.66	-
	<b>Total</b>	<b><u>176.42</u></b>	<b><u>69.76</u></b>
<b>7</b>	<b>Other long term liabilities</b>		
	Deferred penalty payable	2.66	-
	<b>Total</b>	<b><u>2.66</u></b>	<b><u>-</u></b>
<b>8</b>	<b>Short term borrowings</b>		
	<b>Secured</b>		
	<b>From bank</b>		
	Working capital loans		
	- Cash credit (Repayable on demand) [Refer note 8.1]	1,951.33	2,080.37
	- Packing credit	2,531.09	2,329.11
	- Bills discounted	1,271.44	1,624.73
	<b>From others</b>		
	- Machinery loan (Repayable on demand) [Refer note 8.2]	102.22	-
	<b>Total</b>	<b><u>5,856.08</u></b>	<b><u>6,034.21</u></b>
<b>8.1</b>	<b>Details of security provided on working capital loans</b>		
	Working capital loans are secured by extension of charge on pari passu basis on entire current assets of the Company including bills discounted/ purchased and second charge on the fixed assets. The Loan is further secured by personal guarantee of Managing Director of the Company.		
<b>8.2</b>	Machinery loan is secured by hypothecation of machine and is guaranteed by security given by partners in step down subsidiary i.e. Pradeep Metals Limited Inc., USA and other partner.		
<b>9</b>	<b>Trade payable</b>		
	- Amounts due to micro and small enterprises [Refer note 9.1]	-	-
	- Due other than to micro and small enterprises	1,195.70	2,648.85
	<b>Total</b>	<b><u>1,195.70</u></b>	<b><u>2,648.85</u></b>
<b>9.1</b>	Under the Micro, Small and Medium Enterprises Development Act, 2006 [MSMED Act], certain disclosures are required to be made relating to Micro and Small Enterprises in India. The Holding Company has not received any information from its suppliers about their coverage under the MSMED Act and as such no further disclosures are required to be made. Auditor's have relied on the same.		

	(Rs. in lakhs)	
	As at	As at
	31st March, 2016	31st March, 2015
<b>10 Other current liabilities</b>		
Current maturity of long term borrowing		
- Term loans	412.08	144.93
- Vehicle loan	20.90	-
Interest accrued but not due	46.89	-
Unpaid dividend	35.49	22.43
Advances from customers	6.07	4.59
Statutory Liabilities	18.19	17.62
Accrued expenses	212.45	182.46
Salary and wages payable	75.54	67.19
Trade payable for capital goods		
- Amounts due to micro and small enterprises [Refer note 9.1]	-	-
- Due other than to micro and small enterprises	190.87	151.08
Others liabilities [Employee related liabilities etc.]	330.36	631.66
<b>Total</b>	<b><u>1,348.85</u></b>	<b><u>1,221.96</u></b>
<b>11 Short term provisions</b>		
Provision for employee benefits		
- Gratuity (Refer note 37.4)	32.98	-
- Leave benefits (Refer note 37.5)	21.79	-
Proposed dividend	-	207.24
Tax on dividend	-	42.19
Provision for income tax [Net of advance tax & tax deducted at source]	-	25.27
Provision for contingency (Refer note 11.1)	42.14	26.25
<b>Total</b>	<b><u>96.90</u></b>	<b><u>300.95</u></b>

**11.1 Movement of provision for contingencies as per Accounting Standard - 29 'Provisions, Contingent Liability and Contingent Asset'** (Rs. in lakhs)

Particulars*	Margin on sales Return(a)	Provision for bonus(b)	NMMC(c)	Total(a+b+c)
Opening balance	-	26.25	-	26.25
	(-)	(26.25)	(-)	(26.25)
Add: Provision made	0.89	-	15.00	15.89
	(-)	(-)	(-)	(-)
Less: Utilised/ paid		-		-
	(-)	(-)	(-)	(-)
Add: Write back		-		-
	(-)	(-)	(-)	(-)
Closing balance	0.89	26.25	15.00	42.14
	(-)	(26.25)	(-)	(26.25)

\*Figures in bracket pertain to previous year

**Note :**

Provision for contingency represents (a) provision for expected margin on sales return; (b) provision for bonus payable for earlier years; and (c) provision for disputed Navi Mumbai Municipal Cess ('NMMC') liability. In respect of (a) the outflow is expected to be within a period of one year and in respect of (b) and (c) the timing for outflow coincides with outcome of the suit/ dispute.

## 12 Fixed assets

### 12.1 Fixed assets as at 31st March, 2016

(Rs. in lakhs)

Particulars	Gross block						Depreciation/ amortization					Net block
	At 1st April, 2015	Adjustment to opening balance (Refer note 12.8)	Additions	Deductions	Exchange adjustment	At 31st March, 2016	At 1st April, 2015	For the year (Refer note 12.4)	Deletions / adjustments	Exchange adjustment	At 31st March, 2016	At 31st March, 2016
<b>Tangible assets</b>												
Leasehold land (Refer note 12.4)	55.81	-	-	-	-	55.81	-	13.71	-	-	13.71	42.10
Freehold land	56.70	-	-	-	-	56.70	-	-	-	-	-	56.70
Factory buildings	355.34	-	580.11	-	-	935.45	191.19	20.79	-	-	211.98	723.47
Plant and machinery	3,435.43	13.70	735.25	38.66	18.48	4,164.20	1,933.34	311.12	15.30	1.21	2,230.37	1,933.84
Wind mill	1,279.51	-	-	-	-	1,279.51	0.15	55.25	-	-	55.40	1,224.11
Electrical installation	162.36	-	35.29	-	-	197.65	131.98	14.07	-	-	146.05	51.60
Office equipment	18.34	-	1.52	-	-	19.86	13.06	4.92	-	-	17.98	1.88
Computers	33.37	-	7.29	-	-	40.65	26.38	8.41	-	-	34.79	5.86
Furniture and fixtures	17.35	0.84	18.39	-	0.10	35.00	4.91	2.67	-	0.00	7.59	27.42
Vehicles	76.87	-	123.20	4.64	-	195.44	45.99	19.52	4.40	0.08	61.19	134.25
<b>Sub-total (A)</b>	<b>5,491.08</b>	<b>14.54</b>	<b>1,501.05</b>	<b>43.30</b>	<b>18.58</b>	<b>6,980.27</b>	<b>2,347.00</b>	<b>450.47</b>	<b>19.71</b>	<b>1.30</b>	<b>2,779.06</b>	<b>4,201.23</b>
<b>Intangible assets</b> (Other than internally generated)												
Software	36.87	-	67.54	-	-	104.41	19.07	17.05	-	-	36.12	68.30
Goodwill arising on consolidation	1,568.22	-	-	41.82	102.47	1,628.87	-	-	-	-	-	1,628.87
<b>Sub-total (B)</b>	<b>1,605.09</b>	<b>-</b>	<b>67.54</b>	<b>41.82</b>	<b>102.47</b>	<b>1,733.28</b>	<b>19.07</b>	<b>17.05</b>	<b>-</b>	<b>-</b>	<b>36.12</b>	<b>1,697.17</b>
<b>Total [(A) + (B)]</b>	<b>7,096.17</b>	<b>14.54</b>	<b>1,568.59</b>	<b>85.12</b>	<b>121.05</b>	<b>8,713.56</b>	<b>2,366.07</b>	<b>467.52</b>	<b>19.71</b>	<b>1.30</b>	<b>2,815.18</b>	<b>5,898.39</b>

## 12.2 Fixed assets as at 31st March, 2015

(Rs. in lakhs)

Particulars	Gross block					Depreciation/ amortization				Net block	
	At 1st April, 2014	Additions	Deductions	At 31st March, 2015	At 1st April, 2014	For the year	Adjustment on change in method (Refer note 12.3)	Deletions / adjustments	Exchange adjustment	At 31st March, 2015	At 31st March, 2015
Leasehold land	55.81	56.70	-	112.51	-	-	-	-	-	-	112.51
Freehold land	355.34	-	-	355.34	180.56	10.63	-	-	-	191.19	164.15
Plant and machinery	3,395.77	385.28	345.62	3,435.43	1,740.12	210.73	315.21	319.11	0.29	1,947.23	1,488.20
Wind mill	-	1,279.51	-	1,279.51	-	0.15	-	-	-	0.15	1,279.36
Electrical installation	170.45	2.79	10.88	162.36	121.63	14.36	1.71	5.72	-	131.98	30.38
Office equipment	38.35	-	20.01	18.34	18.84	4.80	7.96	18.54	-	13.06	5.28
Computers	102.03	3.25	71.91	33.37	90.24	6.39	1.59	71.84	-	26.38	6.99
Furniture and fixtures	34.78	3.82	21.25	17.35	20.92	2.26	0.32	18.50	0.00	5.00	12.35
Vehicles	68.58	12.61	4.32	76.87	37.35	9.97	2.79	4.12	-	45.99	30.88
<b>Sub-total (A)</b>	<b>4,221.11</b>	<b>1,743.96</b>	<b>473.99</b>	<b>5,491.08</b>	<b>2,209.66</b>	<b>259.29</b>	<b>329.58</b>	<b>437.83</b>	<b>0.29</b>	<b>2,360.99</b>	<b>3,130.09</b>
<b>Intangible assets</b>											
(Other than internally generated)											
Software	33.43	3.44	-	36.87	6.35	12.72	-	-	-	19.07	17.80
Goodwill arising on consolidation	-	1,568.22	-	1,568.22	-	-	-	-	-	-	1,568.22
<b>Sub-total (B)</b>	<b>33.43</b>	<b>1,571.66</b>	<b>-</b>	<b>1,605.09</b>	<b>6.35</b>	<b>12.72</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>19.07</b>	<b>1,586.02</b>
<b>Total [(A) + (B)]</b>	<b>4,254.54</b>	<b>3,315.62</b>	<b>473.99</b>	<b>7,096.17</b>	<b>2,216.01</b>	<b>272.01</b>	<b>329.58</b>	<b>437.83</b>	<b>0.29</b>	<b>2,380.06</b>	<b>4,716.11</b>

## 33<sup>rd</sup> ANNUAL REPORT 2016

**12.3** In the previous year, the Holding Company had reviewed the useful lives of its fixed assets in accordance with Schedule II of the Companies Act 2013. Accordingly, the depreciation of Rs. 329.58 lakhs and corresponding deferred tax effect aggregating to Rs. 106.94 lakhs was adjusted in opening surplus of Statement of Profit and Loss.

**12.4** Depreciation and amortization for the year includes amortization for earlier years aggregating to Rs. 13.12 lakhs (Previous year: Nil).

### 12.5 Movement of capital work in progress

	(Rs. in lakhs)	
<b>Particulars</b>	<b>2015-2016</b>	<b>2014-2015</b>
Opening capital work in progress	691.90	179.20
Add: Addition during the year	543.45	1,911.78
Less: Assets capitalized/reversed during the year	982.31	1,399.08
<b>Closing capital work in progress</b>	<b>253.04</b>	<b>691.90</b>

### 12.6 Movement of intangible assets under development

	(Rs. in lakhs)	
<b>Particulars</b>	<b>2015-2016</b>	<b>2014-2015</b>
Opening intangible under development	65.65	60.30
Add: Addition during the year	1.89	5.35
Less: Intangible capitalized/reversed during the year	67.54	-
<b>Closing capital work in progress</b>	<b>-</b>	<b>65.65</b>

### 12.7 Details of remaining amortization period and carrying value of intangible assets is as given below:

Description	Carrying amount as at		Remaining useful life as at [months]	
	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
	Server license	0.43	0.53	48
Microsoft Office	3.22	4.28	11 to 24	23 to 36
Epicor software	63.10	-	112	-
Other software	1.54	12.98	-	12

**12.8** Adjustment to opening balance of fixed asset represent previous year addition to fixed asset in one of the subsidiary not considered in consolidated financial statement of previous year. Same are adjusted in current year [Also refer note 44 regarding prior period adjustment].



		(Rs. in lakhs)	
		As at	As at
		31st March, 2016	31st March, 2015
<b>13</b>	<b>Non-current investments</b> (At cost, unless otherwise specified)		
	<b>Long term investment</b>		
	<b>Unquoted investment</b>		
	<b>(a) Other investments</b>		
	TJSB Sahkari Bank Limited	0.05	-
	(100 (Previous year : Nil) shares of Rs. 50 each)		
	<b>Total</b>	<u><u>0.05</u></u>	<u><u>-</u></u>
<b>13.1</b>	<b>Other disclosures of investment</b>		
	Aggregate cost of unquoted investment	0.05	-
	Market value of unquoted investment	-	-
	Provision for diminution in value of investment	-	-
<b>14</b>	<b>Long term loans and advances</b>		
	(Unsecured, considered good unless otherwise stated)		
	Capital advances	462.63	444.14
	Security deposits	49.00	50.56
	Advance income tax [Net]	190.28	106.06
	MAT credit entitlement	68.88	6.20
	Prepaid expenses	3.92	6.41
	<b>Total</b>	<u><u>774.70</u></u>	<u><u>613.36</u></u>
<b>15</b>	<b>Other non-current assets</b>		
	(Unsecured, considered good unless otherwise stated)		
	Deposit with bank (under lien) [Refer note 15.1 below]	0.74	0.72
	<b>Total</b>	<u><u>0.74</u></u>	<u><u>0.72</u></u>
<b>15.1</b>	Bank deposits aggregating to Rs. 0.74 lakhs (Previous year : Rs. 0.72 lakhs) are under lien with banks towards guarantees issued by bank.		
<b>16</b>	<b>Inventories</b>		
	Raw material	534.17	880.49
	Work-in-progress	1,296.33	1,512.99
	Finished goods	782.94	671.81
	Stores, spares and consumables	173.25	187.48
	Dies	989.20	1,027.51
	Stock of scrap	13.50	12.81
	<b>Total</b>	<u><u>3,789.39</u></u>	<u><u>4,293.09</u></u>

## 33<sup>rd</sup> ANNUAL REPORT 2016

		(Rs. in lakhs)	
		As at	As at
		31st March, 2016	31st March, 2015
<b>17</b>	<b>Trade receivables</b>		
	(Unsecured, considered good unless otherwise stated)		
	(from the date they are due for payment)		
	Debt outstanding for a period exceeding six months		
	Considered good	63.67	36.39
	Considered doubtful	22.54	46.62
	Others debts	3,241.14	4,337.66
	Less: Provision for doubtful debts	22.54	46.62
	<b>Total</b>	<b><u>3,304.81</u></b>	<b><u>4,374.05</u></b>
<b>17.1</b>	The borrowings for Working Capital and Sundry Debtors includes export bills aggregating to Rs. 1,271.44 lakhs (Previous year: Rs. 1,624.76 lakhs) purchased / discounted by the Bank but pending realisation as on the date of the Balance Sheet.		
<b>18</b>	<b>Cash and bank balances</b>		
	<b>Cash and cash equivalent</b>		
	Cash in hand	2.28	0.95
	Balance with bank		
	- In current accounts	<u>341.10</u>	<u>203.18</u>
		<b><u>343.39</u></b>	<b><u>204.13</u></b>
	<b>Other bank balances</b>		
	Balance with bank		
	- Bank deposits [Refer note 18.1]		
	(More than 3 months and less than 12 months)	7.61	7.61
	- Unpaid dividend account	<u>35.49</u>	<u>22.43</u>
		<b><u>43.10</u></b>	<b><u>30.04</u></b>
	<b>Total</b>	<b><u>386.49</u></b>	<b><u>234.17</u></b>
<b>18.1</b>	Bank deposits aggregating to Rs. 7.61 lakhs (Previous year: Rs. 7.61 lakhs) are under lien with banks towards guarantees issued by bank.		
<b>19</b>	<b>Short-term loans and advances</b>		
	(Unsecured, considered good unless otherwise stated)		
	Advances recoverable in cash or in kind or for value to be received	16.72	32.23
	Other loans and advances		
	- Advance to suppliers	2.20	4.43
	- Prepaid expenses	92.22	66.07
	- Balance with tax authorities	<u>107.91</u>	<u>154.05</u>
	<b>Total</b>	<b><u>219.05</u></b>	<b><u>256.80</u></b>



## PRADEEP METALS LIMITED

	(Rs. in lakhs)	
	As at	As at
	31st March, 2016	31st March, 2015
<b>20 Other current assets</b>		
(Unsecured, considered good unless otherwise stated)		
Export incentive receivable		
- Considered good	248.33	189.26
- Considered doubtful	3.07	-
	<u>251.40</u>	<u>189.26</u>
Less: Provision for doubtful other current asset	3.07	-
	<u>248.33</u>	<u>189.26</u>
Sales tax refund receivable	502.97	458.98
Other receivables		
- On sale of electricity - windmill	216.00	-
<b>Total</b>	<u><u>967.30</u></u>	<u><u>648.24</u></u>

## 33<sup>rd</sup> ANNUAL REPORT 2016

### Notes on consolidated financial statements for the year ended 31<sup>st</sup> March, 2016

		(Rs. in lakhs)	
		2015-2016	2014-2015
<b>21</b>	<b>Revenue from operations</b>		
	Sale of Products		
	- Domestic	5,981.92	4,597.85
	- Export	7,212.45	8,564.43
	Job work and tooling charges		
	- Domestic	40.65	25.81
	- Export	141.01	-
	<b>Other operating income</b>		
	- Export incentives (Refer note 40)	210.14	114.51
	- Sale of electricity - windmill (Refer note 41)	216.00	-
	- Scrap sales	840.86	1,182.40
	- Miscellaneous receipts	5.32	6.05
		<b>14,648.35</b>	<b>14,491.05</b>
	Less: Excise duty	(396.60)	(384.09)
	<b>Total</b>	<b>14,251.75</b>	<b>14,106.97</b>
<b>22</b>	<b>Other income</b>		
	Interest income		
	- On fixed deposit	0.71	2.05
	- Others	1.44	13.71
	Profit on sale of fixed assets (Net)	5.58	144.46
	Dividend income (from long term investment)	0.00	0.08
	Miscellaneous receipts	56.04	20.18
	Foreign exchange fluctuation - gain (Net)	130.81	21.97
	<b>Total</b>	<b>194.59</b>	<b>202.44</b>
<b>23</b>	<b>Cost of material consumed</b>		
	Opening stock	880.49	681.59
	Add : Purchases and incidental expenses	5,856.45	7,246.39
		<b>6,736.94</b>	<b>7,927.97</b>
	Less : Closing Stock	534.17	880.49
	<b>Total</b>	<b>6,202.77</b>	<b>7,047.49</b>
<b>24</b>	<b>Changes in inventories of finished goods, work-in-progress and scrap</b>		
	<b>Opening stock</b>		
	Finished goods	661.17	324.40
	Work - in - progress	1,512.99	1,252.34
	Scrap	12.81	19.96
		<b>(A) 2,186.98</b>	<b>1,596.69</b>
	<b>Less : Closing stock</b>		
	Finished goods	782.94	661.17
	Work - in - progress	1,296.33	1,512.99
	Scrap	13.50	12.81
		<b>(B) 2,092.77</b>	<b>2,186.98</b>
	<b>(Increase)/ decrease in inventories of finished goods, work-in-progress and scrap</b>	<b>(A-B) 94.21</b>	<b>(590.28)</b>

		(Rs. in lakhs)	
		<b>2015-2016</b>	<b>2014-2015</b>
<b>25</b>	<b>Manufacturing expenses</b>		
	Die expenses	348.11	338.92
	Consumable stores and spares	496.12	531.86
	Freight inward, octroi and other expenses	61.72	56.84
	Insurance expenses	65.37	38.80
	Power and fuel	625.80	666.78
	Repairs and maintenance		
	- Plant and machinery	183.09	212.86
	- Building	18.51	39.42
	Contract labour expense	171.10	143.94
	Job work expenses	764.82	601.68
	Rent (Refer note 32 )	430.50	213.44
	<b>Total</b>	<b><u>3,165.14</u></b>	<b><u>2,844.54</u></b>
<b>26</b>	<b>Employee benefit expense</b>		
	Salaries, wages and bonus	2,239.77	1,682.62
	Contribution to provident and other funds	271.90	86.73
	Gratuity expenses (Refer note 37.4)	142.24	27.75
	Leave benefits (Refer note 37.5)	57.35	29.05
	Workmen and staff welfare expenses	50.97	70.04
	<b>Total</b>	<b><u>2,762.23</u></b>	<b><u>1,896.20</u></b>
<b>27</b>	<b>Finance cost</b>		
	Interest on loans	493.86	235.40
	Other interest costs	63.59	3.51
	Bank charges	56.51	77.78
	Foreign exchange loss (attributable to finance cost) [Refer note 27.1 below]	156.42	105.99
	<b>Total</b>	<b><u>770.38</u></b>	<b><u>422.68</u></b>

**27.1** The foreign exchange loss relates to foreign currency term loan and working capital loans to the extent considered as an adjustment to the interest cost as per para 4(e) of Accounting Standard 16-Borrowing Costs.

## 33<sup>rd</sup> ANNUAL REPORT 2016

		(Rs. in lakhs)	
28	<b>Administrative, selling and distribution expense</b>	<b>2015-2016</b>	<b>2014-2015</b>
	Freight outward	424.63	494.28
	Professional fees	160.54	153.95
	Office expenses	45.04	61.46
	Travelling and conveyance expenses	42.70	72.45
	Rates and taxes	48.23	99.12
	Motor car expense	39.03	28.26
	Security expense	22.30	21.08
	Printing and stationery	20.94	19.92
	Repairs and maintenance		
	- Others	18.44	34.50
	Payment to auditor (Refer note 28.1)	15.75	6.96
	Communication expenses	20.84	21.61
	Selling and other expenses	11.71	33.00
	Directors sitting fees	5.60	3.38
	Provision for doubtful receivable/ other current asset	18.93	-
	Bad debts written off	7.06	3.60
	Corporate Social Responsibility (Refer note 38)	10.36	7.83
	Donation	2.41	3.83
	Miscellaneous expenses	6.54	6.43
	<b>Total</b>	<b><u>921.01</u></b>	<b><u>1,071.65</u></b>
<b>28.1</b>	<b>Payment to auditor*</b>		
	Statutory audit fee	8.00	4.21
	Other matters	7.75	2.26
	Out of pocket expense	-	0.49
	<b>Total</b>	<b><u>15.75</u></b>	<b><u>6.96</u></b>
*Excluding service tax of Rs. 1.52 lakhs (Previous year: Rs. 0.86 lakhs)			
<b>29</b>	<b>Prior period items</b>		
	<b>Prior period expenses</b>		
	<b>Income</b>		
	Excise duty on fixed asset	14.19	-
		<u>14.19</u>	<u>-</u>
	<b>Expenses</b>		
	Gratuity expenses	34.06	-
	Rates and taxes	4.43	-
		<u>38.49</u>	<u>-</u>
	<b>Net prior period (income)/expense</b>	<b><u>24.30</u></b>	<b><u>-</u></b>

Note : Excluding depreciation and amortization for the earlier years aggregating to Rs. 13.12 lakhs (Previous year: Nil) disclosed with depreciation for the current year.

**30 Contingent liabilities**

Contingent liabilities are determined on the basis of available information and are disclosed in the notes to financial statements. Details of contingent liabilities not provided for are given below:

Particulars	(Rs. in lakhs)	
	As at 31st March, 2016	As at 31st March, 2015
(a) Letters of guarantee issued by bank	8.35	8.33
(b) Claim for Navi Mumbai Municipal Cess payable (net)	45.29	-
(c) Claim against the Company not acknowledged as debts (net)	5.16	5.16
(d) Corporate guarantee given	1,325.10	-

Note: In respect of (a) and (d) above, the Company does not expect any cash outflow. In respect of (b) and (c) above, future cash outflows are determinable on receipt of decisions/ judgments pending with forums/authorities.

Note: The Holding Company had received demand notice for assessment year 2013-2014 from income tax department for Rs. 19.91 lakhs (Previous year :Nil). The Company has filed rectification application for not giving credit of taxes paid and after rectification, no demand will be payable. In view of the above, this demand is not disclosed under contingent liabilities.

**31 Capital and other commitments**

- a) Capital Commitment (net of advance paid) - Rs. 669.66 lakhs (Previous Year: Rs. 580.40 lakhs). There are no other commitments.
- b) In one of the subsidiary, in respect of lease arrangement, it has commitment to take over the machine at nominal value. Amount will be quantified at the end of lease period in the year 2019.

**32 Disclosure of lease - Operating lease**

The Company has taken factory premises and machinery under operating lease for a period from 3 years to 10 years. Agreement for factory premises is non-cancellable and in respect of machinery same are cancellable as well as non-cancellable. Expenses incurred with respect to cancellable operating lease is Rs. 97.66 lakhs (Previous year: Rs. 119.38 lakhs). With respect to non-cancellable operating lease arrangement, expenses for the year and the future minimum lease payments is as under:

Particulars	(Rs. in lakhs)	
	2015-2016	2014-2015
Lease rent expenses debited to statement of profit and loss [Refer note 28]	332.84	94.06
<b>Future lease rent payable</b>		
- Not later than one year	221.61	301.61
- Later than one year and not later than five years	782.41	972.42
- Later than five years	298.50	378.10
- Contingent rent payable	-	-

**33 Calculation of basic / diluted earning per share**

Particulars	2015-2016	2014-2015
Profit/ (loss) after tax (Rs. in lakhs)	74.94	828.26
Weighted average number of equity shares outstanding	17,270,000	17,270,000
Face value	10.00	10.00
Earnings / (loss) per share - basic and dilutive	0.43	4.80

## 33<sup>rd</sup> ANNUAL REPORT 2016

### 34 Related party disclosure

#### 34.1 Names of related parties

Description of relationship	Name of the Related Party
Director/Key management personnel (KMP)	Pradeep Goyal
Relatives of key management personnel [only where there are transaction]	Neeru Goyal (Wife of KMP, also director in the Company) Abhinav Goyal (Son of KMP)
Enterprises/ firm where Key Management Personnel/ Director have significant influence [only where there are transaction]	Dhanlabh Engineering Works Private Limited Economic Forge Private Limited
Enterprise having significant influence over the Company	S.V. Shah Constructions Services Private Limited Rabale Engineering (I) Private Limited

Note: Designated Key Managerial Personnel as required by Section 203 of the Companies Act, 2013 are not considered to be Key Management Personnel [Related party] as per Accounting Standard-18 'Related Party Disclosures'.

#### 34.2 Transactions with related parties during the year

(Rs. in lakhs)

Name of the party	Nature of the transaction	2015-2016	2014-2015
Dhanlabh Engineering Works Private Limited	Labour charges paid	41.07	47.95
	Sales	2.58	1.81
	Rent expenses	28.43	27.87
	Electricity charges (Reimbursement)	11.26	11.59
Economic Forge Private Limited	Labour charges paid	6.66	16.76
	Purchases	0.48	0.65
Abhinav Goyal	Salary paid	67.91	29.40
Neeru Goyal	Sitting fees paid	0.75	0.40
	Dividend paid	3.24	6.54
Pradeep Goyal	Managerial remuneration	84.40	84.40
	Dividend paid	9.46	18.92
S.V.Shah Construction Services Private Limited	Dividend paid	22.83	45.67
Rabale Engineering (I) Private Limited	Dividend paid	37.00	74.01

#### 34.3 Closing balances

(Rs. in lakhs)

Name of the party	Nature of the transaction	As at 31st March, 2016	As at 31st March, 2015
Dhanlabh Engineering Works Private Limited	Trade payable	8.41	9.92
Abhinav Goyal	Salary payable	-	2.38
Pradeep Goyal	Managerial remuneration payable	6.90	4.84

Note: In addition to above transactions, Chairman and Managing Director of the Holding Company has given personnel guarantee for loan facilities taken by the Company [Refer note 4.1 and 8.1 ]



**35 Segmental disclosure**

a) Primary Segment: The Group is primarily engaged in a manufacturing of steel products. During the year, the Holding Company has also started generating power from Wind Turbine Generator which is sold to Maharashtra State Electricity Distribution Company Limited (MSEDCL). However, pending execution of power purchase agreement with MSEDCL, wind mill operation is disclosed under other reconciling item in current year.

(Rs. in lakhs)

Particulars	Closed die forging and processing	Others	Elimination	Total
External revenue	14,035.75	216.00	-	14,251.75
Previous year	14,106.97	-	-	14,106.97
Inter segment revenue	-	-	-	-
Previous year	-	-	-	-
<b>Total revenue</b>	<b>14,035.75</b>	<b>216.00</b>	<b>-</b>	<b>14,251.75</b>
Previous year	14,106.97	-	-	14,106.97
Segment results	1,343.03	159.56	-	1,502.59
Previous year	2,740.93	(0.15)	-	2,740.78
Unallocated corporate expenses				693.42
Previous year				973.26
Less: Finance costs (net)				770.38
Previous year				422.68
<b>Profit before tax</b>				<b>38.78</b>
Previous year				1,344.84
<b>Income taxes</b>				<b>108.45</b>
Previous year				452.32
<b>Net profit</b>				<b>(69.67)</b>
Previous year				892.52
<b>Other information</b>				
Segment assets	13,705.43	1,496.81		15,202.24
Previous year	14,211.71	1,335.90		15,547.62
Unallocated corporate assets				391.73
Previous year				280.82
Segment liabilities	2,122.10	127.62		2,249.72
Previous year	3,762.05	128.89		3,890.94
Unallocated corporate liabilities				9,233.23
Previous year				7,753.28
Depreciation/ amortization	412.27	55.25		467.52
Previous year	272.14	0.15		272.29
Capital expenditure	(1,245.31)	-		(1,245.31)
Previous year	(2,156.06)	1,207.17		(948.89)

## 33<sup>rd</sup> ANNUAL REPORT 2016

b) Secondary Segment: By Geographical Segment

**Sales, service income and other operating revenue by geographical market:**

(Rs. in lakhs)

<b>Locations*</b>	<b>2015-2016</b>	<b>2014-2015</b>
Domestic	6,898.29	5,542.54
Export	7,353.46	8,564.43
<b>Total</b>	<b><u>14,251.75</u></b>	<b><u>14,106.97</u></b>

\*Net of excise duty

Note : Domestic revenue includes sales to customers located within the country of incorporation and export sales includes sales to customers located outside the country of incorporation.

**Trade receivable at year end**

Domestic	841.86	1,983.91
Export	2,462.95	2,390.14
<b>Total</b>	<b><u>3,304.81</u></b>	<b><u>4,374.05</u></b>

Note: Above figures are net of provision Rs 12.36 lakhs (Previous year : Nil).

In view of the interwoven / intermix nature of business and manufacturing facility, other segmental information in respect of secondary segment is not ascertainable.

### 36 Unhedged foreign currency exposure

Derivative instruments outstanding as at year end Rs. Nil (Previous year: Rs. Nil). Particulars of unhedged foreign currency exposure as at the Balance Sheet date are as follows:

Particulars	2015 - 2016		2014 - 2015	
	Amount in Foreign Currency (in lakhs)	Rs. in lakhs	Amount in Foreign Currency (in lakhs)	Rs. in lakhs
<b>Borrowings</b> [Term loan & packing credit]				
USD	50.81	3,366.61	37.47	2,329.11
<b>Trade and other receivable</b>				
USD	11.78	773.86	11.36	849.23
EURO	8.27	372.17	0.85	56.53
GBP	0.48	45.37	0.02	1.60
<b>Capital advances given</b>				
USD	1.39	92.24	-	-

Note: Open purchase orders have not been considered for foreign currency exposure.

**Notes on consolidated financial statements for the year ended 31<sup>st</sup> March, 2016**
**37 Disclosures as required under Accounting Standard 15 (AS 15) – Employee benefits (Revised):**
**37.1 Charge to Statement of Profit and Loss based on contributions in respect of Defined Contribution Plan :** (Rs. in lakhs)

<b>Particulars</b>	<b>2015-2016</b>	<b>2014-2015</b>
Provident and other funds	271.59	86.47
Social security, health and insurance fund etc.	186.57	38.04
Labour welfare fund	0.31	0.27
<b>Total</b>	<b>458.47</b>	<b>124.77</b>

**37.2 Defined benefits :**

The Holding Company has long term employee benefits schemes in the form gratuity and leave benefits. Gratuity liability is funded with LIC of India.

**37.3 The principal assumptions considered for valuating the actuarial liability of gratuity and leave entitlements / benefits are as tabulated below:**

<b>Particulars</b>	<b>2015-2016</b>
Discount rate	7.46%
Expected rate of return of plan assets	8.50%
Future salary growth #	8.00%

# The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotions and other relevant factors such as supply and demand factors in the employment market.

**37.4 Gratuity - Funded**

The following table set out the status of the gratuity plan as required under Accounting Standard 15 - Employee Benefits:

**Reconciliation of opening and closing balance of obligations**

<b>Particulars</b>	<b>2015-2016</b>
Liability at the beginning of the year	225.05
Interest cost	24.03
Current service cost	32.98
Past service cost	-
Benefit paid	(14.72)
Actuarial (gain)/ loss on obligations	100.43
<b>Liability at the end of the year</b>	<b>367.77</b>

**Reconciliation of opening and closing balance of plan assets**

Opening fair value of plan assets	190.99
Expected return on the plan assets	18.23
Contributions	68.30
Actuarial gain/(loss)	(2.67)
Benefits paid	(14.72)
<b>Closing fair value of plan assets</b>	<b>260.13</b>

**Reconciliation of fair value of assets and obligations**

Present value of the obligation at the year end	367.77
Fair value of the plan assets at the year end	260.13
<b>(Asset)/ liability recognised in the Balance Sheet</b>	<b>107.64</b>

## 33<sup>rd</sup> ANNUAL REPORT 2016

### Expenses recognised in the Statement of Profit and Loss:

Particulars	(Rs. in lakhs)
	<b>2015-2016</b>
Current service cost	32.98
Interest cost	24.03
Actuarial (gain)/loss on obligations	103.10
Expected return on plan assets	(18.23)
Other gratuity expenses	0.36
<b>Total expense/ (credit) recognised in the Statement of Profit and Loss</b>	<b>142.24</b>
<b>Table of recognition of actuarial gain/loss :</b>	
Actuarial (gain)/loss on obligation for the year	100.43
Actuarial (gain)/loss on asset for the year	(2.67)
Actuarial (gain)/loss recognised in income statement	97.76
<b>Details of present value of obligation, plan assets and experience adjustments :</b>	
Present value of obligation	367.77
Fair value of plan assets	260.13
(Surplus)/ Deficit	107.64
Experience Adjustments:	
On plan liability - (gain)/loss	100.43
On plan asset (loss)/gain	(2.67)
Gain/ (loss) adjustments on account of change in actuarial assumptions	103.10
<b>Investment Details:</b>	
	<b>2015-2016</b>
Investment with insurer [LIC of India]	100%
Expected employer's contribution for the next year	32.98

Note: Gratuity liability is funded through policy with LIC of India and contribution paid were based on demand from LIC of India and hence no independent actuary valuation was carried out in the previous year. In current year, Company has additionally obtained independent actuary valuation report.

### 37.5 Leave and other benefits

- a) In case of Holding Company, liability for leave benefits in nature of compensated absences, sick leave and casual leave is unfunded and is actuarially determined considering the leave policy/ rules of the Company. The liability for leave benefits as at year end is Rs. 115.58 lakhs (Previous year: Rs. 69.76 lakhs).
- b) In respect of one of the subsidiary, Company is liable for vacation allowance benefit which is short term in nature and is unfunded. Liability for same is determined on arithmetical basis for expected outflow in next financial year. The liability for vacation allowance as at year end is Rs. 7.96 lakhs (Previous year : Nil). As per para 132 of Accounting Standard 15 - Employee Benefits, no other disclosure is required.

**38** As per Section 135 of the Companies Act, 2013 a Corporate Social Responsibility (CSR) committee has been formed by the Holding Company. The area for CSR activities are Education and Empowerment, Employability and Entrepreneurship, Health and Sanitation and others.

- (a) Gross amount required to be spent by the Holding Company during the current year was Rs.18.97 lakhs (Previous year : Rs. 16.12 lakhs).
- (b) Details of amount spent during the year are as under:

(Rs. in lakhs)

Particulars	Year	In cash	Yet to be paid in cash	Total
Construction/Acquisition of assets Other purposes	2015-2016	- 10.36	- -	- 10.36
Construction/Acquisition of assets Other purposes	2014-2015	- 7.83	- -	- 7.83

**39 Cash flow statement related :**

**39.1** Aggregate outflow on account of direct taxes paid is Rs. 204.67 lakhs (Previous year : Rs. 321.55 lakhs).

**39.2** Conversion of Rupee term loan in foreign currency loan (USD) aggregating to Rs. 855.58 lakhs (Previous year : Nil) is not considered as cash transaction.

**40** During the year, Holding Company has recognized export incentive under Merchandise Exports from India Scheme (MEIS) aggregating to Rs. 130.01 lakhs (Previous year : Nil) considering certainty over utilization of these duty scrips.

**41** Holding Company's 2.1 MW Wind Mill was originally set up as a captive unit. In view of the changed Government's policy, it is economical to supply the power to Maharashtra State Electricity Distribution Co. Ltd. (MSEDCL). The necessary steps are being taken to sign and execute Power Purchase Agreement (PPA) with MSEDCL. Pending execution of PPA, revenue of Rs. 216.00 lakhs (Previous year: Nil) has been recognised from the power generated and fed into the Grid based on the provisional rate as prescribed in the Order of Maharashtra State Regulatory Commission ("MERC") and is grouped under other operating revenue.

**42** The Holding Company has terminated existing Chief Financial Officer in February 2016 and Company is in the process of appointing new Chief Financial Officer in accordance with section 203 of the Companies Act, 2013.

**43 Additional information pursuant to Schedule III of Companies Act, 2013  
As at 31st March, 2016**

(Rs. in lakhs)

Name of the entity	Net Assets i.e. Total Assets minus total liabilities		Share in profit or loss	
	As % of consolidated net assets	Amount (Rs. in lakhs)	As % of consolidated profit or loss	Amount (Rs. in lakhs)
<b>Parent</b> Pradeep Metals Limited	107%	3,938.18	501%	375.55
<b>Subsidiaries</b> <b>Foreign</b> Pradeep Metals Limited Inc, USA	11%	422.02	-220%	(164.70)
Dimension Metal Works LLC*	23%	833.32	-361%	(270.63)
Minority interest in all subsidiaries	-11%	(417.75)	193%	144.61
Consolidation adjustments	-29%	(1,082.50)	-13%	(9.89)
<b>Total</b>	<b>100%</b>	<b>3,693.27</b>	<b>100%</b>	<b>74.94</b>

\*Indirect subsidiary of the Company.

## 33<sup>rd</sup> ANNUAL REPORT 2016

As at 31st March, 2015

(Rs. in lakhs)

Name of the entity	Net Assets i.e. Total Assets minus total liabilities		Share in profit or loss	
	As % of consolidated net assets	Amount (Rs. in lakhs)	As % of consolidated profit or loss	Amount (Rs. in lakhs)
Pradeep Metals Limited	97%	3,687.36	94%	782.57
<b>Subsidiaries</b>				
Pradeep Metals Limited Inc, USA	8%	309.81	4%	30.48
Dimension Metal Works LLC*	22%	818.00	13%	111.08
Minority interest in all subsidiaries	11%	400.82	8%	64.26
Adjustment arising out of consolidation	-38%	(1,432.60)	-19%	(158.60)
<b>Total</b>	<b>100%</b>	<b>3,783.39</b>	<b>100%</b>	<b>829.78</b>

\*Indirect subsidiary of the Company.

- 44** Prior period adjustment of subsidiary represents difference between unaudited financial statement of step down subsidiary considered in previous year Consolidated Financial Statement and subsequent audited financial statement of that step down subsidiary which are considered as prior period adjustment and adjusted against opening available balance of statement of profit and loss.
- 45** As clarified by the Ministry of Corporate Affairs vide its General Circular No. 39/2014 No. 4/2/2014-CL-I Dated 14th October, 2014, certain information provided in standalone accounts of individual companies under the Group have not been consolidated and disclosed as part of Consolidated Financial Statements (CFS) keeping in mind the fact that these are repetitive in nature or not relevant to CFS. However, all such information are available as part of standalone accounts of the respective companies under the Group.
- 46** Additional Information as required by para 5 of General Instructions for preparation of Statement of Profit and Loss (other than already disclosed above) are either Nil or Not Applicable.
- 47 Previous years comparatives**  
Previous year's figures have been re-grouped / reclassified wherever necessary to conform to the current year's classification.

**For N. A. Shah Associates**  
Chartered Accountants

**For and on behalf of the Board of Directors of  
Pradeep Metals Limited**

Firm Registration No.116560W

**Milan Mody**  
Partner  
Membership No. 103286

**Pradeep Goyal**  
Chairman and Managing Director  
DIN: 00008370

**Neeru Goyal**  
Director  
DIN: 05017190

**Abhinay Kapoor**  
Company Secretary

**Dilip Dalvi**  
Dy. Chief Financial Officer

Place: Mumbai  
Date: 27<sup>th</sup> May, 2016

Place : Navi Mumbai  
Date: 27<sup>th</sup> May, 2016


**PRADEEP METALS LIMITED**
**Consolidated Cash Flow Statement for the year ended 31st March, 2016**

(Rs. in lakhs)

Particulars	Note	2015 - 2016	2014 - 2015
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Net profit/(loss) before taxation and prior period item</b>		63.08	1,344.84
Adjustments for:			
Depreciation	467.52		272.29
Dividend received	(0.00)		(0.08)
Provision for doubtful debts/ Other current assets	18.93		4.48
Provision for contingency	15.89		-
Unrealised foreign exchange (gain)/loss	159.90		153.94
(Profit)/loss on sale of fixed asset (net)	(5.58)		(144.46)
Interest expenses	770.38		422.68
Interest income	(2.16)		(15.76)
		1,424.88	693.10
<b>Operating profit before changes in assets and liabilities</b>		<b>1,487.96</b>	<b>2,037.94</b>
Movements in working capital : [Current and Non-current]			
(Increase) / decrease in loans & advances and other current assets	(280.35)		(734.95)
(Increase) / decrease in inventories	503.70		(840.92)
(Increase) / decrease in trade receivable	1,114.35		(880.74)
Increase / (decrease) in trade payable, other current liabilities and provisions	(1,549.97)	(212.27)	699.71 (1,756.90)
Less: Prior period items (also refer note 44)		49.12	-
		<b>1,275.69</b>	<b>281.05</b>
		<b>1,226.57</b>	<b>281.05</b>
Adjustment for:			
Direct taxes paid [including tax deducted at source]		204.60	321.55
Impact of foreign exchange translation (net)		15.53	(71.61)
<b>Net cash generated/ (used in) from operating activities...(A)</b>		<b>1,006.45</b>	<b>31.11</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of fixed assets	(1,245.31)		(2,156.06)
Sale of fixed asset	29.17		180.62
(Increase)/decrease in other bank balances and non-current assets [Other than cash and cash equivalent]	(13.08)		(1.44)
Dividends received from investments	0.00		0.08
Investments made	(0.05)		(1.00)
Interest received	2.16		15.76
		<b>(1,227.11)</b>	<b>(1,962.04)</b>
Adjustment for:			
Direct taxes paid [including tax deducted at source]		0.07	-
<b>Net cash generated / (used in) from investing activities...(B)</b>		<b>(1,227.18)</b>	<b>(1,962.04)</b>

## 33<sup>rd</sup> ANNUAL REPORT 2016

Particulars	Note	(Rs. in lakhs)	
		2015 - 2016	2014 - 2015
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceeds from long term borrowing	1,824.44	1,053.21	
Repayment of long term borrowing	(174.18)	(259.37)	
Increase/(decrease) in working capital loan (Net)	(469.45)	1,656.68	
Proceeds from short term borrowing	102.22	-	
Dividend paid (Including dividend distribution tax)	(361.08)	(236.64)	
Minority contribution	161.54	336.56	
Interest paid on loans	(723.49)	(422.68)	
<b>Net cash generated / (used) from financing activities...(C)</b>		<b>360.00</b>	<b>2,127.76</b>
<b>Net increase in cash and cash equivalents...(A + B + C)</b>		<b>139.26</b>	<b>196.83</b>
<b>Cash and cash equivalents at the beginning of the year<sup>18 &amp; 39</sup></b>		204.13	7.30
<b>Cash and cash equivalents at the end of the year</b>		<b>343.39</b>	<b>204.13</b>
		<b>139.26</b>	<b>196.83</b>
<b>Significant accounting policies</b>	1		
<b>Other notes</b>	2 to 47		

Notes referred to herein above form an integral part of financial statements.  
As per our report of even date

**For N. A. Shah Associates**  
Chartered Accountants  
Firm Registration No.116560W

**Milan Mody**  
Partner  
Membership No. 103286

Place: Mumbai  
Date: 27<sup>th</sup> May 2016

**For and on behalf of the Board of Directors of  
Pradeep Metals Limited**

**Pradeep Goyal**  
Chairman and Managing Director  
DIN: 00008370

**Abhinay Kapoor**  
Company Secretary

Place : Navi Mumbai  
Date: 27<sup>th</sup> May 2016

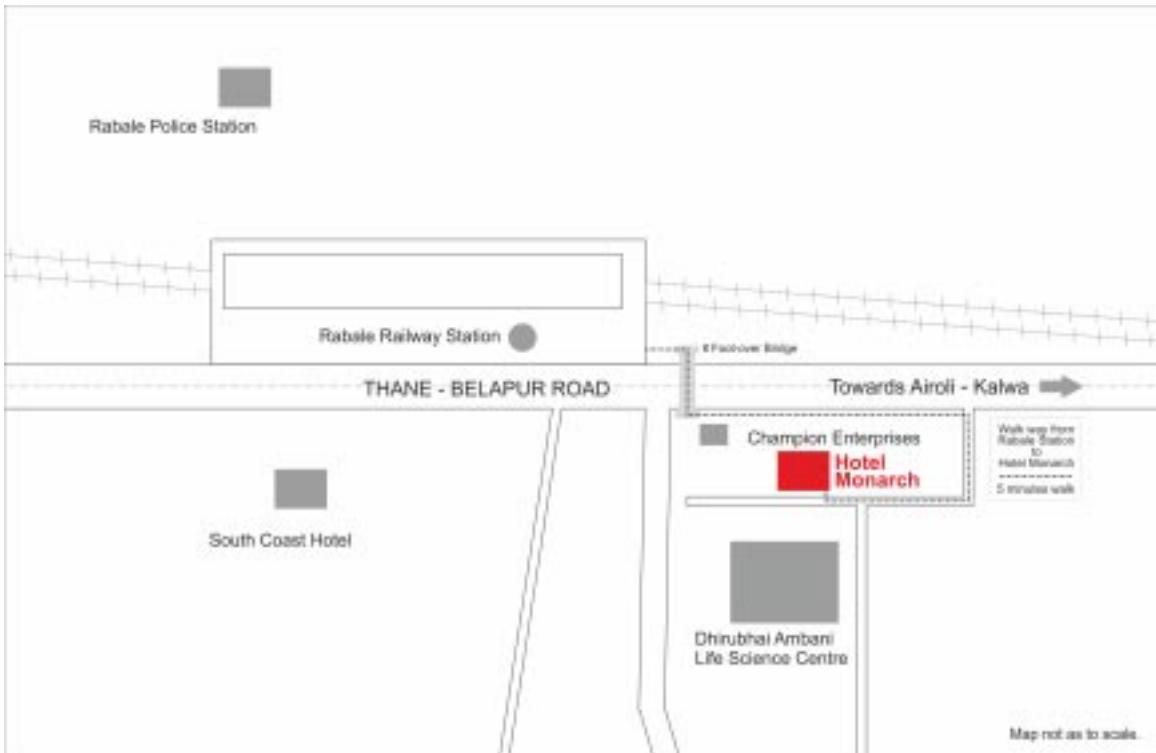
**Neeru Goyal**

Director  
DIN: 05017190

**Dilip Dalvi**  
Dy. Chief Financial Officer



## ROUTE MAP



BOOK-POST

*If undelivered, please return to :*

**PRADEEP METALS LIMITED**

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

CIN: L99999MH1982PLC026191

**SIDDHIVINAYAK PRINTERS**  
☐ 2163 56 23



# PRADEEP METALS LIMITED

Regd. Office: R-205, MIDC, Rabale, Navi Mumbai 400701(Maharashtra)

Tel: +91 22 2769 1026 Fax: 22-27691123

Email: [investors@pradeepmetals.com](mailto:investors@pradeepmetals.com) website: [www.pradeepmetals.com](http://www.pradeepmetals.com) CIN:L99999MH1982PLC026191

## 33<sup>rd</sup> ANNUAL GENERAL MEETING

### ATTENDANCE SLIP

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

<b>DP ID*</b> :	<b>Folio No.</b> :
<b>Client ID*</b> :	<b>No. of Shares held :</b>
*Applicable for Investors holding Shares in electronic form.	

<b>NAME AND ADDRESS OF THE MEMBER / PROXYHOLDER :</b>	<b>Sr. No.</b>

I certify that I am a registered Member/proxyholder\* for the registered member of the Company.

I hereby record my presence at the 33<sup>rd</sup> ANNUAL GENERAL MEETING of the Company at Monarch Banquets, Plot No 110/111, MIDC, Thane Belapur Road, Near Rabale Railway Station, Rabale, Navi Mumbai, 400 701 on Thursday, the 29<sup>th</sup> day of September, 2016 at 3.00 p.m.

\_\_\_\_\_  
Name of attending Member / Proxy\*\*

\_\_\_\_\_  
Member's / Proxy's\*\* Signature

\*\* Strike out whichever is not applicable

To be signed at the time of handling over this Slip

### ELECTRONIC VOTING PARTICULARS

<b>EVeN</b> <b>Electronic Voting Event Number</b>	<b>USER ID</b>	<b>PASSWORD</b>

**PRADEEP METALS LIMITED**

Regd. Office: R-205, TTC Industrial Area, MIDC, Rabale, Navi Mumbai 400701  
Website: [www.pradeepmetals.com](http://www.pradeepmetals.com) Telephone: +91 22 2769 1026 Fax: +91 22 27691123  
Email: [investors@pradeepmetals.com](mailto:investors@pradeepmetals.com) CIN: L99999MH1982PLC026191

**Proxy Form- MGT-11**

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the member (s)	
Registered address	
E-mail Id	
Folio No/ Client Id	
DP ID	

I/ We, being the member (s) holding .....shares of the above named company, hereby appoint

1. Name	
E-mail Id	
Address	
Signature	

Or failing her/him

2. Name	
E-mail Id	
Address	
Signature	

Or failing her/him

3. Name	
E-mail Id	
Address	
Signature	

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 33<sup>rd</sup> Annual General meeting of the Company, to be held on Thursday, the 29<sup>th</sup> day of September, 2016 at 3.00 PM at Monarch Banquets, Plot No 110/111, MIDC, Thane Belapur Road, Near Rabale Railway Station, Rabale, Navi Mumbai, 400 701 and at any adjournment thereof in respect of such resolutions as are indicated below:

Sr. No.	Resolutions	Vote (Optional- Refer Note 2) (Please mention no. of Shares)		
		For	Against	Abstain
1	Adoption of financial statements (including the consolidated financial statements) for Financial year ended 31 <sup>st</sup> March, 2016.			
2	To confirm the payment of Interim Dividend on Equity Shares for the FY 2015-16.			
3	Re-appointment of Mrs. Neeru Goyal, who retires by rotation, as a Director of the Company.			
4	Ratification of appointment of N.A. Shah Associates LLP, Chartered Accountants as Statutory Auditors of the Company and fixing their remuneration.			
5	Approval of Remuneration to M/s. J.J. Paleja & Co. Cost Auditors			

Signed this..... day of..... 2016

Folio No. / DP ID and Client ID : \_\_\_\_\_

Signature of shareholder / Signature of Proxy holder(s) : \_\_\_\_\_

Affix Revenue Stamp
---------------------------

**Note:**

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. It is optional to indicate your preference. If you leave the 'for', 'against' or 'abstain' column blank against any or all of the resolutions, your proxy will be entitled to vote in the manner as he/she may deem appropriate.