



Pradeep Metals Limited

Manufacturers of Precision Closed Die Forgings

PML/SE/2016-17/32

24th January, 2017

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

Dear Sir,

Sub: Outcome of Meeting of Board of Directors.
Scrip Code: 513532

This is in continuation to our letter bearing ref. no. PML/SE/2016-17/31 dated 16th January, 2017 and pursuant to Regulation 33 and other applicable regulations, if any, of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations).

We wish to state that the Board of Directors of the Company in its meeting held today, has considered and approved the Unaudited Standalone Financial Results for the quarter / nine months ended 31st December, 2016 along with the Limited Review Report thereon (copy attached).

Please take the above information on record.

Thanking you,

Yours Truly,

For Pradeep Metals Limited

Suchita Singh
Company Secretary
A43837



(Rs. in lakhs)

Sr. No.	Particulars	Standalone					
		Quarter ended		Year To date		Year Ended	
		31-Dec-2016	30-Sep-2016	31-Dec-2015	31-Dec-2016	31-Dec-2015	31-Mar-2016
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	Income from Operations						
(a)	Net sales/income from operations (Net of excise duty)	2,779	2,766	2,520	7,804	7,711	10,637
	Domestic	809	827	863	2,418	2,555	3,284
	Exports	1,970	1,939	1,657	5,386	5,156	7,353
(b)	Other operating income	331	341	262	959	908	1,272
	Total Income from Operations (net)	3,110	3,107	2,782	8,763	8,619	11,909
2	Expenses						
(a)	Cost of materials consumed	1,460	1,474	1,188	4,018	4,074	5,407
(b)	Purchases of stock-in-trade	-	-	-	-	-	-
(c)	Changes in inventories of finished goods, work-in-progress and stock-in-trade	(106)	(50)	212	(159)	(108)	216
(d)	Employee benefits expense	422	425	343	1,252	1,154	1,584
(e)	Depreciation and amortisation expense (Refer note 8)	111	137	84	293	240	370
(f)	Manufacturing expenses	683	568	602	1,829	1,830	2,496
(g)	Other expenses (Refer note 8)	225	212	162	630	564	822
	Total Expenses	2,795	2,766	2,591	7,863	7,754	10,895
3	Profit / (Loss) from operations before other income, finance costs and exceptional items (1-2)	315	341	191	900	865	1,014
4	Other income	22	55	37	113	102	175
5	Profit/(Loss) from ordinary activities before finance costs, exceptional items and taxes (3+4)	337	396	228	1,013	967	1,189
6	Finance costs	160	171	178	509	535	676
7	Profit / (Loss) from ordinary activities after finance cost but before exceptional items and taxes (5-6)	177	225	50	504	432	513
8	Exceptional items	-	-	-	-	-	-
9	Profit/(Loss) from ordinary activities before tax (7-8)	177	225	50	504	432	513
10	Tax Expense	32	76	14	144	127	138
11	Net Profit/(Loss) from ordinary activities after tax (9-10)	145	149	36	360	305	375
12	Extraordinary items (net of tax expenses)	-	-	-	-	-	-
13	Net profit (11-12)	145	149	36	360	305	375
14	Paid-up equity share Capital (Face Value of Rs. 10/- per Share)	1,726	1,726	1,726	1,726	1,726	1,726
15	Reserve excluding Revaluation Reserves						2,212
16	Earnings per share of Rs. 10/- (before and after extraordinary items)						
	(Not annualised):						
	(a) Basic	0.84	0.86	0.21	2.08	1.77	2.17
	(b) Diluted	0.84	0.86	0.21	2.08	1.77	2.17

SIGNED AND IDENTIFICATION BY

N. A. SHAH ASSOCIATES LLP
MUMBAI



Statement of unaudited standalone financial results for the Quarter and Nine year ended 31st December 2016 (Continued)

Notes to Unaudited Standalone Financial Results:

- The above results have been reviewed by the Audit Committee and approved by the Board at its meeting held on 24th January 2017. The statutory auditors have carried out limited review of above results.
- Other operating income (Sr.no. 1(b)) includes revenue of Rs. Nil for the current quarter (Refer note 12 for previous period's amount) from supply of power generated from windmill to Maharashtra State Electricity Distribution Company Limited ('MSEDCL').
During the current quarter, no power has been generated due to technical issues. The entity responsible for operating and maintaining the windmill is in process of resolving the matter and the Company's Management has been assured that it will take appropriate action to ensure that the power generation resumes at the earliest. Further, the Company is also pursuing for the execution of the Power Purchase Agreement ('PPA') with the MSEDCL. Pending execution of PPA, revenue has been recognised based on the provisional rate as prescribed in the Order of Maharashtra Electricity Regulatory Commission ('MERC') for power generated and sold in the previous periods/year. In view of the Management, no uncertainty exist for the amount recorded as receivable from sale of power of Rs. 343.29 lakhs for the period upto 31st August 2016 and both the above issues would be resolved in due course. Further, no adjustment to the book value of windmill is considered necessary at this stage.
The statutory auditor has drawn reference of these matters in their limited review report on the unaudited standalone financial results for the current quarter. In quarter and half year ended 30th September 2016, quarter ended 30th June 2016 and previous financial year, reference was drawn in respect of matter of pending execution of PPA.
- During the current quarter, investment of Rs. NIL is made in wholly owned subsidiary i.e. Pradeep Metals Limited Inc., USA ('WOS') (for the quarter ended 30th September 2016 Rs.335.45 lakhs, for the quarter ended 31st December 2015 Rs. 101.56 lakhs, for the nine months ended 31st December 2016 Rs. 335.45 lakhs, for the nine month ended 31st December 2015 Rs. 275.75 lakhs and for year ended 31st March 2016 Rs. 275.75 lakhs).
- A dispute had arisen between WOS and the partner holding 49% share in step down subsidiary (51% share is held by Company's WOS). The matter is now sub-judice and suitable representations are being made in the court. In view of the Management, presently no accounting effect needs to be given in this regard. The statutory auditor has also drawn reference of this matter in their limited review report on the unaudited standalone financial results for the quarter ended 30th June 2016, quarter and half year ended 30th September 2016 and quarter ended 31st December 2016.
- During the current quarter, the Company has received a government grant of Rs.214 lakhs from Steel Development Fund (SDF) of Ministry of Steel as first instalment towards the contribution for the specified project which will help decreasing greenhouse gases emission. The total estimated cost of the project is Rs.560 lakhs out of which Contribution from SDF is Rs.275 lakhs and balance Rs.285 lakhs shall be contributed by the Company. As the project is ongoing, all direct cost and allocable costs (including depreciation) has been considered as intangible assets under development in compliance with Accounting Standard - 26 - Intangible assets and equipments which are used for the project have been capitalised as tangible fixed assets.

6. Export sales in standalone results includes sales made to wholly owned subsidiary of the Company in USA as given below :

Particulars	Quarter ended		Year To date		(Rs. in lakhs)
	31-Dec-2016	30-Sep-2016	31-Dec-2015	31-Dec-2016	
Pradeep Metals Limited Inc., USA	184	265	143	605	706



Pradeep Metals Limited

CIN: L99999MH1982PLC026191

Registered Office : R-205, T.T.C. Ind. Area, MIDC, Rabale, Navi Mumbai 400701

Email id : investors@pradeepmetals.com, Website : www.pradeepmetals.com, Contact no : +91-022-2769 1026, Fax :+91-022-2769-1123

Statement of unaudited standalone financial results for the Quarter and Nine Months ended 31st December 2016 (Continued)

7. Prior period items:

Particulars	Quarter ended			Year To date		(Rs. in lakhs)
	31-Dec-2016	30-Sep-2016	31-Dec-2015	31-Dec-2016	31-Dec-2015	
Depreciation charged / (reversal)	-	-	-	(39)	-	-
Other expenses (net)	-	4	-	13	(6)	20

8. Company has recognized export incentive under Merchandise Exports from India Scheme (MEIS) for quarter ended 31st December 2016 of Rs.34.30 lakhs considering certainty over utilization of the licenses (for quarter ended 30th September 2016 Rs. 33.42 lakhs, for the quarter ended 31st December 2015 Rs. Nil, for the nine month ended 31st December 2016 Rs. 96.28 lakhs, for the nine months ended 31st December 2015 Rs. Nil, for the year ended 31st March 2016 Rs. 130 lakhs).

9. During the previous quarter, the Company had reclassified dies from inventories to fixed assets in accordance with revised Accounting Standard 10(AS 10) - "Property, Plant and Equipment" which is applicable from financial year 2016-17. Accordingly, opening inventory had been transferred to fixed assets in previous quarter & expenditure incurred during the half year ended 30th September 2016 and current quarter, which hitherto was being charged to Statement of Profit & Loss has been capitalised as it has future benefit.

10. Segment disclosure:

The Company is primarily engaged in manufacturing of closed die steel forgings & processing. During the previous year, the Company had started generating & supplied power generated from wind turbine generator to Maharashtra State Electricity Distribution Company Limited (MSEDCL). However, pending execution of power purchase agreement with MSEDCL, wind mill operation is disclosed as other reconciling item. (Also refer note 2 above)



Statement of unaudited standalone financial results for the Quarter and Nine Months ended 31st December 2016 (Continued)

(Rs. in lakhs)

Particulars	Standalone				
	Quarter ended		Year To date		Year ended
	31-Dec-2016 Unaudited	30-Sep-2016 Unaudited	31-Dec-2015 Unaudited	31-Dec-2016	31-Mar-2016 Audited
Segment revenue					
(a) Closed die steel forging and processing	3,110	3,054	2,742	8,636	11,693
(b) Others	-	53	40	127	216
Total	3,110	3,107	2,782	8,763	11,909
Less: Intersegment revenue	-	-	-	-	-
Net sales / income from operations	3,110	3,107	2,782	8,763	11,909
Segment result					
Profit / (loss) before tax, finance cost and other unallocable expenses / (income)					
(a) Closed die steel forging and processing	388	326	206	940	1,147
(b) Others	(14)	39	26	85	160
Total	374	365	232	1,025	1,307
Less:					
(i) Finance cost	160	171	178	509	676
(ii) Other un-allocable expenditure / (income)(net)	37	(31)	4	12	118
Profit before tax	177	225	50	504	513
Capital employed					
Segment assets					
(a) Closed die steel forging and processing	11,500	11,196	10,597	11,500	10,495
(b) Others	1,583	1,596	1,430	1,583	1,497
(c) Unallocated	1,601	1,282	1,019	1,601	960
Total (A)	14,684	14,074	13,045	14,684	12,952
Segment liabilities					
(a) Closed die steel forging and processing	4,262	3,303	3,254	4,262	3,313
(b) Others	128	128	128	128	128
(c) Unallocated	5,783	6,491	5,671	5,783	5,572
Total (B)	10,173	9,922	9,053	10,173	9,013
Capital Employed (Segment Assets- Segment Liabilities) (A-B)					
(a) Closed die steel forging and processing	7,238	7,893	7,342	7,238	7,182
(b) Others	1,455	1,468	1,302	1,455	1,369
(c) Unallocated	(4,182)	(5,209)	(4,652)	(4,182)	(4,612)
Total	4,511	4,152	3,992	4,511	3,939



A. V. Reddy
N. A. SHAH ASSOCIATES LLP
MUMBAI

Pradeep Metals Limited

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Statement of unaudited standalone financial results for the Quarter and Nine Months ended 31st December 2016 (Continued)

11. Tax expenses for quarter and nine months ended 31st December 2016 is net of tax adjustments arising upon finalisation of income tax return of F.Y. 2015-16 in current quarter, which includes (a) recognition of additional MAT credit entitlement and (b) reversal/ recognition of deferred tax assets pertaining F.Y. 2015-16.
12. In the quarter ended 31st March 2016, the Company had declared and paid interim dividend of Rs. 0.60 per share aggregating to Rs. 125 lakhs (including dividend distribution tax).
13. The figures of the previous periods / year have been regrouped or rearranged wherever considered necessary.

SIGNED *A. V. Noddy*
N.A. SHAH ASSOCIATES LLP
MUMBAI



For Pradeep Metals Limited

Pradeep Goyal

Pradeep Goyal
Chairman and Managing Director

DIN: 00008370

Mumbai

24th January, 2017

Independent Auditor's Report

To
The Board of Directors of
Pradeep Metals Limited

Report on unaudited standalone financial results for the quarter and nine months ended 31st December 2016 pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

We have reviewed the accompanying statement of unaudited standalone financial results of **Pradeep Metals Limited ('the Company')** for the quarter and nine months ended 31st December, 2016 ('the 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 as amended.

Management's Responsibility for the Statement

This Statement is the responsibility of the Company's Management and has been approved by the Board of Directors.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial results based on our review of such interim standalone financial statements, which have been prepared in accordance with the recognition and measurement principles laid down in Accounting Standard 25 - "Interim Financial Reporting" (AS - 25), in accordance with the Accounting Standard notified under the Companies Act 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and other accounting principles generally accepted in India.

We conducted our review in accordance with Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of Company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

Opinion

Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited standalone financial results prepared in accordance with recognition and measurement principle laid down in AS-25 and other recognized accounting practices and policies, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended, including the manner in which it is to be disclosed, or that it contains any material misstatement.

Emphasis of Matter

1. Reference is invited to note 2 of the notes to the statement of unaudited financial results in respect of recognition of revenue of Rs. Nil in current quarter [for the period upto 30th September 2016 Rs. 343.29 lakhs, (including previous quarter and previous year)] from sale of power generated from windmill to Maharashtra State Electricity Distribution Company Limited ('MSEDCL') pending execution of power purchase agreement ('PPA'). Further, due to technical issues, no power has been generated during the current quarter. In view of the management, no uncertainty exist for the amount recorded as receivable from sale of power and management is taking appropriate action to ensure that power



Independent Auditor's Report (continued)

generation resumes at the earliest. Accordingly, in view of the management, no adjustment to the book value of windmill is considered necessary at this stage.

2. Reference is invited to note 4 of the notes to the statement of unaudited standalone financial results in respect of dispute between wholly owned subsidiary (WOS) of the Company and the partner in step down subsidiary in USA. In the opinion of the management, considering the steps taken by WOS, no accounting effect needs to be given in this regard in unaudited standalone financial results for the current quarter.

In respect of matter covered in para 1 above for pending execution of PPA, attention was also drawn in our limited review report for quarter ended 30th September 2016, quarter ended 30th June 2016, quarter ended 31st March 2016 and it was reported under Emphasis of Matter paragraph in independent auditors report issued by us under the Companies Act, 2013 for the year ended 31st March 2016.

In respect of matter covered in para 2 above, attention was also drawn in our limited review report for the quarter ended 30th June 2016 and 30th September 2016.

Our opinion is not modified in respect of above matters.

For N. A. Shah Associates LLP

Chartered Accountants

Firm's registration number: 116560W / W100149

M. V. Mody



Milan Mody

Partner

Membership number: 103286

Place: Mumbai

Date: 24 JAN 2017