



Pradeep Metals Limited
Manufacturers of Precision Closed Die Forgings

10th November, 2020

The Secretary

BSE Limited

P J Towers, Dalal Street,
Mumbai 400 001.

Dear Sir,

Sub: Outcome of Board Meeting dated 10th November, 2020

Scrip Code: 513532

This is in continuation to our letter dated 3rd November, 2020 and pursuant to Regulation 33, 30 and other applicable regulations, if any, of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations).

We wish to state that the Board of Directors of the Company in its meeting held today has interalia:

- Approved the Un-Audited Financial Results of the Company on Standalone and Consolidated basis along with Limited Review Report from Statutory Auditors for the quarter and half year ended 30th September, 2020 and Cash Flow Statement for half year ended 30th September, 2020.

The meeting of the Audit Committee/Board of Directors of the Company commenced at 5.00 p.m. and concluded at 8.00 p.m.

Please take the above information on record.

Thanking you,

For **Pradeep Metals Limited**

Nivedita Nayak
Company Secretary & Compliance
Officer
FCS: 8479



Place: Navi Mumbai

Encl: as above

Statement of Standalone and Consolidated Unaudited Financial Results for the quarter and half year ended 30th September 2020

Sr.	Particulars	Standalone				Consolidated				(Rs. in lakhs)	
		Quarter ended		Half year ended		Quarter ended		Half year ended		Year ended 31-Mar-2020 Audited	Year ended 31-Mar-2019 Audited
		30-Sep-2020 Unaudited	31-Jun-2020 Unaudited	30-Sep-2019 Unaudited	30-Sep-2020 Unaudited	30-Sep-2020 Unaudited	30-Jun-2020 Unaudited	30-Sep-2019 Unaudited	30-Sep-2019 Unaudited		
1	Income from operations	4,259	2,199	5,181	6,458	17,595	2,738	5,609	7,160	9,969	19,523
2	Other income	30	32	64	62	233	28	34	51	94	209
3	(A) Total income (B-2)	4,289	2,231	5,222	6,520	17,828	2,736	5,643	7,211	10,063	19,732
4	Expenses										
(a)	Cost of materials consumed	1,423	1,008	2,241	2,431	7,974	1,134	2,391	3,727	4,783	8,527
(b)	Changes in inventories of work-in-progress, finished goods and scrap	504	(226)	208	278	(173)	463	132	293	(303)	(57)
(c)	Manufacturing expenses	907	452	984	1,359	3,645	980	1,070	1,483	2,060	4,026
(d)	Employee benefits expense	529	435	554	964	2,122	631	748	1,141	1,457	2,889
(e)	Finance costs	84	83	173	167	615	107	201	218	381	764
(f)	Depreciation and amortisation expense	130	123	128	253	493	111	191	379	377	755
(g)	Other expenses	240	187	315	427	1,102	216	355	495	706	1,305
5	(B) Total Expenses	3,817	2,062	4,603	5,879	15,782	2,545	5,088	6,737	9,461	18,209
6	Profit before exceptional items and tax (A-B)	472	169	619	641	2,047	191	554	474	601	1,524
7	Less: Exceptional items- expenses/(income) [Refer note 12]	85	96	-	181	343	85	-	181	-	348
8	Profit / (Loss) before tax (A-5)	387	73	619	460	1,699	95	554	293	601	1,176
9	Tax Expenses	(135)	(21)	(148)	(156)	(484)	(21)	(148)	(156)	(216)	(484)
10	3. Income tax and deferred tax of earlier years (net)	0	1	61	62	45	11	61	12	62	45
11	Profit / (Loss) for the year from continuing operations (6-7)	251	(1)	-	(1)	23	-	-	181	21	28
12	Profit / (Loss) from discontinuing operations	-	53	532	304	1,283	72	467	148	468	766
13	Tax expenses of discontinuing operations	-	-	-	-	-	-	-	-	-	-
14	Profit / (Loss) from discontinuing operations (after tax) (8-10)	-	-	-	-	-	-	-	-	-	-
15	Profit / (Loss) for the period before non-controlling interest: (8+11)	251	53	532	304	1,283	72	467	148	468	766
16	Profit / (Loss) for the period (8+11)	251	53	532	304	1,283	72	467	148	468	766
17	Other Comprehensive Income (OCI)										
(a)	Items that will not be reclassified to profit or loss	(7)	(8)	(11)	(15)	95	(7)	(11)	(15)	(21)	95
(b)	Income tax relating to items that will not be reclassified to profit or loss	2	2	3	4	(24)	2	3	4	6	(24)
(c)	Exchange differences on translation of foreign operations	-	-	-	-	-	33	33	39	64	(83)
(d)	Income tax relating to items that will be reclassified to profit or loss	-	-	-	-	-	-	-	-	-	-
(e)	Total of Other Comprehensive Income #	246	47	524	293	1,359	100	492	176	517	754
18	Total Comprehensive Income for the period (12+13) (Comprising Profit/(Loss) and Other Comprehensive Income for the period) attributable to:										
(a)	To Owners of parent	-	-	-	-	-	100	492	176	517	754
(b)	To Non-controlling interest	-	-	-	-	-	-	-	-	-	-
(c)	Total Comprehensive Income above, Profit for this period	-	-	-	-	-	-	-	-	-	-
(d)	To Owners of parent	-	-	-	-	-	72	467	148	468	766
(e)	To Non-controlling interest	-	-	-	-	-	-	-	-	-	-
(f)	Total Comprehensive Income above, Other comprehensive income attributable to:										
(a)	To Owners of parent #	-	-	-	-	-	28	25	28	48	(12)
(b)	To Non-controlling interest	-	-	-	-	-	-	-	-	-	-
(c)	Paid-up equity share capital (Face value of Rs. 10/- per share)	1,727	1,727	1,727	1,727	1,727	1,727	1,727	1,727	1,727	1,727
(d)	Reserves excluding revaluation reserve	-	-	-	-	5,613	-	-	-	-	-
(e)	Earnings per equity share of Rs. 10/- each (Not annualised)	1.45	0.31	3.08	1.76	7.46	0.42	2.70	0.86	2.71	4.44
(f)	Basic (in Rs.)	1.45	0.31	3.08	1.76	7.46	0.42	2.70	0.86	2.71	4.44
(g)	Diluted (in Rs.)	-	-	-	-	-	-	-	-	-	-

For the quarter ended 30th June 2020, amount of other comprehensive income in consolidated financial results is Rs. 0.32 lakhs.

SIGNED FOR IDENTIFICATION BY

A. D. Shah

N. A. SHAH ASSOCIATES LLP
MUMBAI

Statement of Standalone and Consolidated Unaudited Financial Results for the quarter and half year ended 30th September 2020 (Continued)

Notes to financial results:

1 Standalone/ Consolidated Statement of Assets and Liabilities

Particulars	Standalone		Consolidated	
	As at 30th Sep 2020 (Unaudited)	As at 31st March 2020 (Audited)	As at 30th Sep 2020 (Unaudited)	As at 31st March 2020 (Audited)
ASSETS				
Non-current assets				
Property plant and equipment	4,963	5,139	5,505	5,768
Right of use assets	118	133	192	250
Capital work-in-progress	181	195	181	195
Goodwill	-	-	164	321
Other Intangible assets	325	351	325	352
Goodwill on consolidation	-	-	148	148
Investment in subsidiary	768	609	-	-
Financial assets:				
(i) Investments - Others*	0	0	0	0
(ii) Loans	184	189	-	-
(iii) Other non-current financial assets	48	51	53	68
Income tax assets (net)	49	87	49	87
Other non-current assets	341	351	459	469
Current assets	6,977	7,105	7,076	7,658
Inventories:	2,821	2,952	3,825	4,015
Financial assets:				
(i) Trade receivable	5,147	5,379	3,430	4,112
(ii) Cash and cash equivalent	1	3	190	190
(iii) Bank balances other than cash and cash equivalent	34	33	34	33
(iv) Loans	7	7	7	7
(v) Other current financial assets	258	297	253	304
Other current assets	360	141	375	156
	8,628	8,812	8,114	8,817
TOTAL ASSETS	15,605	15,917	15,190	16,475
EQUITY AND LIABILITIES				
Equity				
Equity share capital	1,727	1,727	1,727	1,727
Other equity	5,905	5,613	3,355	3,182
TOTAL EQUITY	7,632	7,340	5,082	4,909
LIABILITIES				
Non-current liabilities				
Financial liabilities:				
(i) Borrowings	936	1,037	1,485	2,032
(ii) Lease liabilities	52	70	52	107
Provisions	28	27	28	27
Deferred tax liabilities (Net)	441	446	430	446
	1,457	1,580	1,995	2,612
Current liabilities				
Financial liabilities:				
(i) Borrowings	3,053	4,267	3,479	4,952
(ii) Trade payable	24	24	24	24
- Due to related and small enterprises	1,215	992	1,268	1,176
- Due other than to related and small enterprises	32	27	110	112
(iii) Lease liabilities	1,955	1,454	2,913	2,360
(iv) Other current financial liabilities	30	67	112	164
Other current liabilities	184	163	184	163
Provisions	23	3	23	3
Current tax liabilities (net)	6,516	6,997	8,113	8,954
TOTAL LIABILITIES	7,973	8,577	10,108	11,566
TOTAL EQUITY & LIABILITIES	15,605	15,917	15,190	16,475

*represents 1% shares of T.J.E Sahkari Bank Ltd of Rs. 0.05 lakh

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A. D. Mohd
N. A. SHARMA ASSOCIATES LLP
MUMBAI

Statement of Standalone and Consolidated Unaudited Financial Results for the quarter and half year ended 30th September 2020 (Continued)
Notes to financial results continue:

2 Standalone and Consolidated Unaudited Cash Flow Statement for the half year ended 30th September 2020

Particulars	(Rs. in lakhs)			
	Half year ended 30th September 2020 (Unaudited)	Half year ended 30th September 2019 (Unaudited)	Half year ended 30th September 2020 (Unaudited)	Half year ended 30th September 2019 (Unaudited)
A. CASH FLOW FROM OPERATIVE ACTIVITIES				
Net profit/(loss) before taxation	459	845	291	601
Adjustments for:				
Depreciation and amortization (net)	260	251	383	357
Allowance for doubtful debt/ other current assets written off (net)	2	0	2	0
Unrealised foreign exchange gain/(loss) (net)	(12)	1	15	(14)
(Profit)/loss on sale of fixed asset (net)	21	23	21	23
Impairment of investment/goodwill (net of intangible items)	142	-	142	-
Interest expenses	167	321	213	361
Interest income	(6)	(28)	(1)	(25)
Operating profit before changes in assets and liabilities	574	569	783	863
Movements in working capital: (Current and Non-current)	1,033	1,414	1,074	1,464
(Increase) / decrease in other assets and other financial assets	(177)	34	(189)	(8)
(Increase) / decrease in inventories	131	(32)	215	(8)
(Increase) / decrease in trade receivables	182	(369)	632	(5)
(Increase) / decrease in trade payables, other liabilities, provisions and other financial liabilities	296	532	103	(5)
Adjustment for:				
Direct taxes paid [including tax deducted at source] (net of refund), period expense	1,465	1,578	1,838	1,562
Net cash generated/ (used in) from operating activities, (A)	(100)	(132)	(100)	(132)
	1,365	1,446	1,738	1,430
B. CASH FLOW FROM INVESTMENT ACTIVITIES				
Purchase of fixed assets (tangible, intangible) (including capital advances and work in progress)	(42)	(469)	-	(5-5)
Sale of fixed asset**	-	0	(91)	-
(Increase)/decrease in other bank deposits and non-current assets [Other than cash and cash equivalent]	(1)	1	(0)	-
Investments made in wholly owned subsidiary	(301)	-	(1)	-
Interest received	6	28	1	-
Adjustment for:	(339)	(439)	(91)	(5-5)
Less: Direct taxes paid [including tax deducted at source]	(1)	-	(0)	-
Net cash generated / (used in) from Investing activities, B	(339)	(439)	(91)	(522)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from long term borrowing	694	159	732	35
Repayment of long term borrowing	(362)	(415)	(669)	(5-5)
Repayment towards finance lease obligations	(13)	(12)	(5-)	(5-)
Repayment of lease liabilities	-	-	-	(5-)
(Increase)/decrease in working capital (Net)	(1,176)	(235)	(1,435)	(5-5)
Dividend/ interim dividend paid (including dividend distribution tax)	-	(208)	-	(5-5)
Interest paid	(171)	(325)	(229)	(5-5)
Net cash generated / (used in) from financing activities, (C)	(1,028)	(1,035)	(746)	(1,232)
Net increase / (decrease) in cash and cash equivalents, (A + B + C)	(2)	(28)	1	(323)
Cash and cash equivalents at the beginning of the period	3	44	19C	336
Cash and cash equivalents at the end of the period	1	15	19C	35
Net increase / (decrease) in cash and cash equivalents	(2)	(28)	1	(323)

**Represents Rs.0.48 lakh for half year ended 30th September 2019.

** represents Rs. 0.18 lakhs for the year ended 30th September 2019.

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N. A. SHAH ASSOCIATES LLP
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H. V. Kulkarni

Statement of Standalone and Consolidated Unaudited Financial Results for the quarter and half year ended 30th September 2020 (Continued)

- Notes to financial results (continued):
- The above results have been reviewed by the Audit Committee and approved by the Board of Directors of the Company at its meeting held on 10th November 2020, the statutory auditors of the Company have carried out limited review of the unaudited standalone & consolidated financial results for the quarter ended 30th September 2020.
- The above unaudited results have been prepared in accordance with the guidelines issued by the Securities and Exchange Board of India (SEBI) and the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Companies Act, 2013.
- In view of continuing losses in the wholly owned subsidiary (WOS) and the impact of COVID-19 and provision for impairment of goodwill by SDS, the Company carried out impairment assessment in respect of its investment in WOS and loans granted to WOS. Based on such assessment, the Company has made further provision for impairment of goodwill of Rs. 86 lakhs in the quarter ended 30th September 2020 and Rs. 142 lakhs for the half year ended 30th September 2020 (quarter ended 30th June 2020 Rs. 57 lakhs, year ended 31st March 2020 Rs. 270 lakhs and quarter ended 30th September 2019 Rs. Nil). This provision is disclosed in the standalone financial results. In the view of management, considering the long term and strategic nature of investment, the balance carrying value of investment would yield the required benefits and the loan given to the WOS is considered as fully recoverable. Statutory auditors have drawn reference of the above matter in their report on the unaudited standalone financial results for the quarter and half year ended 30th September 2020 and audited results for the year ended 31st March 2020.
- In the year ended 31st March 2020, the Company had decided to exercise its option permitted under section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Company has recognized provision for income tax and deferred tax liabilities (net) on the basis of the rate prescribed in the said section. The net impact of this change amounting to Rs. 27.80 lakhs (reversal of current tax & deferred tax liabilities) was recognized in the quarter ended 30th September 2019 and is also included in the tax expense for the year ended 31st March 2020.
- During quarter ended 30th September 2020, the Company has made additional investment in equity of wholly owned subsidiary i.e. Pradeep Metals Limited Inc., USA amounting to Rs. 224.82 lakhs (USD 300,300) (quarter ended 30th June 2020 Rs. 76.11 lakhs, year ended 31st March 2020 Rs. Nil and quarter ended 30th September 2019 Rs. Nil). Subsequent to the quarter ended 30th September 2020, the Company has granted loan of Rs. 255.73 lakhs (USD 350,000) and made additional investment of Rs. 162.49 lakhs (USD 220,000) in the WOS.
- Export sales in standalone results include sales made to WOS and SDS of India as given below:

Particulars	(Rs. in lakhs)			
	Quarter ended 31-Mar-2020	Half year ended 30-Sep-2019	30-Sep-2020	Year ended 31-Mar-2020
Pradeep Metals Limited Inc., USA (WOS)	422	770	743	1,463
Dimensional Machine Works, LLC (SDS)	38	55	20	122

Foreign exchange (loss) / gain included in other income, other expenses and finance cost is given below:

Particulars	(Rs. in lakhs)			
	Quarter ended 31-Mar-2020	Half year ended 30-Sep-2019	30-Sep-2020	Year ended 31-Mar-2020
Other Income	16	38	64	161
Finance cost - Foreign exchange loss (attributable to finance cost)	-	-	(24)	(52)

10. (a) Unaudited consolidated financial statements / results are prepared in accordance with IND AS 111 "Consolidated financial statements" and includes unaudited financial results in respect of:

(i) Pradeep Metals Limited, Inc. (WOS)

(ii) Dimensional Machine Works LLC (SDS), wholly owned subsidiary of WOS

The above unaudited financial results of WOS and SDS are prepared by the management in compliance with the requirement of Ind AS. Statutory auditors have carried out limited review of the unaudited standalone financial results of WOS and SDS for the quarter ended 30th September 2020.

(f) In respect of Step Down Subsidiary (SDS),

(i) The management has carried out impairment assessment in respect of goodwill and tangible assets considering the continuing losses and assessment of financial impact on account of COVID-19 on future cash flows. Based on such assessment, the excess of carrying value of goodwill (net of impairment) over the recoverable amount has been accounted as an impairment provision of Rs. 86 lakhs during the quarter ended 30th September 2020 and Rs. 142 lakhs for the half year ended 30th September 2020 (quarter ended 30th June 2020 Rs. 57 lakhs, year ended 31st March 2020 Rs. 270 lakhs and quarter ended 30th September 2019 Rs. Nil). This provision is disclosed as exceptional item in consolidated financial results. Management is of the view that expected growth in the demand of the SDS's products and other steps taken by the management, will generate sufficient cash flows to cover balance carrying value of goodwill and the carrying value of the tangible assets as at 30th September 2020.

(ii) Ageing of slow/non-moving items of inventories is not available from the system. Management is of the view that there is demand for the SDS's products and these inventories have realizable value greater than cost. Based on the management estimate provision is made wherever considered necessary. (b) Further, the improvement in the systems and processes of maintaining the inventory records is in progress.

(iii) During the quarter ended 30th June 2020, SDS has received financial support of Rs. 45 lakhs under scheme framed by the US government to assist certain class of companies in USA during the period of COVID-19. Out of the total aid received, amount of Rs. 107 lakhs has been spent as per the government guidelines and balance unspent amount of Rs. 38 lakhs is considered as loan under US government scheme. Further, income and relevant expenses of Rs. 107 lakhs as mentioned above are considered as exceptional items.

Statutory auditors have drawn reference of the matters covered in para (i) & (ii) above in their report on the consolidated financial results for the quarter ended 30th September 2020, quarter ended 30th June 2020 and year ended 31st March 2020.

11. (a) The COVID-19 pandemic has adversely impacted the global economic conditions and its impact still remains uncertain. Considering the demand for Group's products from certain sectors to be sluggish on account of COVID-19, the management is evaluating various alternative sectors to which it can cater to recoup the reduction in sales. The management will continue to closely monitor and refer changes to future economic conditions.

(b) Due to nationwide lockdown declared in India, the Company's plant was shut from 22nd March 2020 to 5th April 2020. During this period, there was no production and the Company continued to incur production related expenses. Such expenses due to Government enforced mandatory lockdown has been classified as exceptional items. Consequently, expenses amounting to Rs. 78 lakhs for the quarter ended 30th June 2020 and expenses amounting to Rs. 107 lakhs for the year ended 31st March 2020 are disclosed as exceptional items.

12. Exceptional items - expenses/(income):

Particulars	(Rs. in lakhs)			
	Quarter ended 31-Mar-2020	Half year ended 30-Sep-2019	30-Sep-2020	Year ended 31-Mar-2020
Provision for impairment of investment in WOS (Refer para 5)	85	142	270	-
Provision for impairment of goodwill in SDS (Refer para 10(b)(i))	-	-	-	-
Expenses incurred during the period of lockdown due to COVID-19	39	39	78	270
Refer para 11(b)	-	-	-	78
Financial support received in SDS (Refer para 10(b)(iii))	-	-	107	-
Expenses incurred against financial support received in SDS (Refer para 10(b)(iii))	85	181	96	348
Total	-	-	-	-

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N.A. SHAH ASSOCIATES LLP
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Notes to financial results (continued):

1. Segment disclosure:

This Group is primarily engaged in manufacturing of closed die forgings & processing anc generating power from wind turbine generator.

Particulars	Standalone				Consolidated				(Rs. in lakhs)			
	Quarter ended		Half year ended		Quarter ended		Half year ended		Quarter ended		Half year ended	
	30-Sep-2020 Unaudited	30-Jun-2020 Unaudited	30-Sep-2019 Unaudited	30-Sep-2020 Unaudited	30-Jun-2020 Unaudited	30-Sep-2019 Unaudited	30-Sep-2020 Unaudited	30-Sep-2019 Unaudited	30-Sep-2020 Unaudited	30-Sep-2019 Unaudited	30-Sep-2020 Unaudited	30-Sep-2019 Unaudited
Segment revenue												
(a) Closed die steel forging and processing	4,11C	2,142	5,077	6,332	9,023	17,362	4,383	5,651	7,034	9,801	19,289	19,289
(b) Power generation	4,12E	2,199	5,181	6,458	9,191	17,596	4,452	5,606	7,130	9,969	19,523	19,523
Less: Intersegment revenue												
Net sales / income from operations	4,12E	2,199	5,181	6,458	9,191	17,596	4,452	5,606	7,130	9,969	19,523	19,523
Segment result												
unallocable expenses / (income) and after exceptional item as per para 17(b) and 10(b)(iii)												
(a) Closed die steel forging and processing	5,11B	182	715	703	1,014	2,397	348	272	638	844	2,042	2,042
(b) Power generation	5,12E	36	84	90	128	152	54	36	88	128	152	152
Total	5,12E	218	799	793	1,142	2,549	402	310	726	971	2,194	2,194
Less:												
(i) Finance cost	5,13E	83	173	167	321	615	107	111	201	361	764	764
(ii) Other unallocable expenditure / (income) (net) [net of exceptional item- para 5 and 10(b)(i)]	5,14E	63	7	167	(24)	235	98	102	232	(11)	254	254
Profit before tax	5,15E	73	619	460	845	1,699	197	95	233	601	1,176	1,176
Capital employed:												
Segment assets												
(a) Closed die steel forging and processing	13,51E	12,630	15,790	13,535	15,790	14,065	13,763	13,547	17,066	17,066	15,053	15,053
(b) Power generation	1,12E	1,156	1,288	1,211	1,288	1,113	1,211	1,156	1,288	1,288	1,113	1,113
(c) Unallocated	15,51E	14,550	18,174	15,604	18,174	15,914	15,190	14,896	18,522	18,522	16,475	16,475
Total (A)	15,51E	14,550	18,174	15,604	18,174	15,914	15,190	14,896	18,522	18,522	16,475	16,475
Segment liabilities												
(a) Closed die steel forging and processing	2,11E	1,886	3,062	2,186	3,062	1,879	3,316	2,620	3,516	5,562	4,472	4,472
(b) Power generation	5,12E	5,276	8,228	5,766	8,228	6,694	6,791	7,318	8,025	8,025	7,094	7,094
(c) Unallocated	7,12E	7,163	11,289	7,972	11,289	8,573	10,107	9,959	10,107	13,557	11,556	11,556
Total (B)	7,12E	7,163	11,289	7,972	11,289	8,573	10,107	9,959	10,107	13,557	11,556	11,556
Capital Employed (Segment Assets- Segment Liabilities) (A-B)												
(a) Closed die steel forging and processing	11,31E	10,743	12,728	11,349	12,728	12,186	10,447	10,927	13,550	11,504	10,581	10,581
(b) Power generation	1,12E	1,156	1,288	1,211	1,288	1,113	1,211	1,156	1,288	1,288	1,113	1,113
(c) Unallocated	15,51E	14,550	18,174	15,604	18,174	15,914	15,190	14,896	18,522	18,522	16,475	16,475
Total	15,51E	14,550	18,174	15,604	18,174	15,914	15,190	14,896	18,522	18,522	16,475	16,475

B. Business segment:
Based on the 'management approach' as defined in IND AS 108 - Operating Segments, the Company has evaluated the performance and allocates resources based on an analysis of various performance indicators by business segments. Accordingly, information has been presented along these business segments. The accounting principles used in the preparation of the financial statements are consistently applied to record revenue and expenditure in individual segments.

For Pradeep Metals Limited

Pradeep G. G.
Pradeep G. G.
Chairman and Managing Director
DIN: 00008470
Mumbai
Date: 10th November 2020

SIGNED FOR IDENTIFICATION BY
N. A. Shah
N. A. SHAH ASSOCIATES LLP
MUMBAI

Limited review report on quarterly and half yearly unaudited standalone financial results of Pradeep Metals Limited pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)

To
The Board of Directors of
Pradeep Metals Limited

1. We have reviewed the accompanying statement of unaudited standalone financial results ("the Statement") of Pradeep Metals Limited ("the Company") for the quarter and half year ended 30th September, 2020, 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 ("Listing Regulations").

Management responsibility for the Statement

2. This Statement which is the responsibility of the Company's Management and approved by the Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed 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

3. Our responsibility is to issue report on this Statement based on our review.

We conducted our review in accordance with the 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 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 provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

Conclusion

4. 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 principles laid down in Ind AS 34, prescribed under Section 133 of the Companies Act, 2013, read with relevant rules issued thereunder and other recognized accounting practices and policies, has not disclosed the information required to be disclosed in terms of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.

Emphasis of matter

5. Reference is invited to note 5 of the notes to unaudited standalone financial results. In view of continuing losses in the wholly owned subsidiary (WOS) and step down subsidiary (SDS), expected business impact of COVID-19 and provision for impairment of goodwill by SDS, the Company carried out impairment assessment in respect of its investment in WOS and loans granted to WOS. Based on such assessment, the Company has made further provision for impairment of Rs. 85 lakhs in the value of its investment in WOS during the quarter ended 30th September 2020 and Rs. 142 lakhs for the half year ended 30th September 2020 (quarter ended 30th June 2020 Rs. 57 lakhs, year ended 31st March 2020 Rs. 270 lakhs and quarter ended 30th September 2019 Rs. Nil). In the view of management, considering the long term and strategic nature of investment, the balance carrying value of investment would yield the required benefits and the loan given to the WOS is considered as fully recoverable.



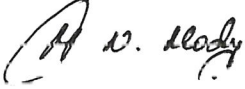
N. A. SHAH ASSOCIATES LLP
Chartered Accountants

Our opinion is not modified in respect of above matter. Above matter was reported in our report for the quarter ended 30th June 2020 and year ended 31st March 2020 and our opinion was not modified.

For N. A. Shah Associates LLP

Chartered Accountants

Firm's Registration No. 116560W/W100149



Milan Mody

Partner

Membership number: 103286

UDIN: 20103286AAAAIM8276



Place: Mumbai

Date: 10th November 2020

Limited Review Report on quarterly and half yearly unaudited consolidated financial results of Pradeep Metals Limited pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)

To
The Board of Directors of
Pradeep Metals Limited

1. We have reviewed the accompanying statement of unaudited consolidated financial results of Pradeep Metals Limited ('the Holding Company') and its Wholly Owned Subsidiary (WOS) and Step Down Subsidiary (SDS) (collectively referred to as 'the Group'), for the quarter and half year ended 30th September 2020, ('the Statement'), being submitted by the Holding Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations").

Management's responsibility for the Statement

2. This Statement, which is the responsibility of the Holding Company's Management and approved by the Holding Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India.

Auditor's responsibility

3. Our responsibility is to issue report on the Statement based on our review.

We conducted our review in accordance with the 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. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33 (8) of the Listing Regulations, to the extent applicable.

4. The Statement includes the unaudited results of the following entities:

Name of the Entity	Relationship
Pradeep Metals Limited Inc., USA	Wholly Owned Subsidiary (WOS)
Dimensional Machine Works LLC, USA	Step Down Subsidiary (SDS)

5. Conclusion

Based on our review conducted and procedures performed as stated in paragraph 3 above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of the Listing Regulations (as amended), including the manner in which it is to be disclosed, or that it contains any material misstatement.



N. A. SHAH ASSOCIATES LLP

Chartered Accountants

6. Emphasis of Matters

Reference is invited to note 10(b)(i) & (ii) of the Statement. In respect of SDS;

- a) The management has carried out impairment assessment in respect of goodwill and tangible assets considering the continuing losses and assessment of financial impact on account of COVID-19 on future cash flows. Based on such assessment, the excess of carrying value of goodwill (net of impairment) over the recoverable amount has been accounted as an impairment provision of Rs. 85 lakhs during the quarter ended 30th September 2020 and Rs. 142 lakhs for the half year ended 30th September 2020 (upto year ended 31st March 2020 Rs. 270 lakhs). Management is of the view that expected growth in the demand of the SDS's products and other steps taken by the management, will generate sufficient cash flows to cover balance carrying value of goodwill and the carrying value of the tangible assets as at 30th September 2020.
- b) (i) Ageing of slow/non-moving items of inventories is not available from the system. Management is of the view that there is demand for the SDS's products and these inventories have realizable value greater than cost. Based on the management estimate, provision is made wherever considered necessary. We have relied on the management for the demand estimate and expected price realization. (ii) Further, the improvement in the systems and processes of maintaining the inventory records is in process.

Our conclusion is not modified in respect of above matters. The matter in paragraph 6(a) and 6(b) above, were reported in our report for the quarter ended 30th June 2020 and year ended 31st March 2020 and our opinion was not modified.

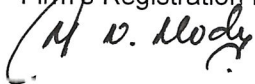
7. Other Matters

The statement for the quarter and half year ended 30th September 2020 includes disclosure of consolidated audited figures for the year ended 31st March 2020. We had carried out limited review of the unaudited standalone financial statements of WOS and SDS for the year ended 31st March 2020 which were certified by the Holding Company's management and had been prepared by the Holding Company in accordance with Ind AS. Our opinion on the consolidated financial statements of the Group for the year ended 31st March 2020 to the extent they relate to the statement as stated in this paragraph, was based solely on such management certified unaudited financial statements. Our opinion on the audited consolidated financial results was not modified in respect of the above matter as per our independent auditor's report dated 29th June 2020.

For N. A. Shah Associates LLP

Chartered Accountants

Firm's Registration No. 116560W/W100149



Milan Mody

Partner

Membership number: 103286

UDIN: 20103286AAAAIN6073



Place: Mumbai

Date: 10th November 2020