



Pradeep Metals Limited
Manufacturers of Precision Closed Die Forgings

13th August, 2021

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

Dear Sir,

Sub: Outcome of Board Meeting dated 13th August, 2021:

Scrip Code: 513532

This is in continuation to our letter dated 2nd August, 2021 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:

Has considered and approved the Un-Audited Financial Results of the Company on Standalone and Consolidated basis for the quarter ended 30th June, 2021 along with Limited Review Reports thereon.

A copy of the said results, notes thereto and Auditors Limited Review Report thereon is enclosed for your records.

The meeting of the Audit Committee/Board of Directors of the Company commenced at 4.30 p.m. and concluded at 8.55 p.m.

Please take the above information on record.

For **Pradeep Metals Limited**

Nivedita Nayak
Company Secretary & Compliance Officer
FCS: 8479

Statement of standalone and consolidated financial results for the quarter ended 30th June 2021

Sr.	Particulars	Standalone				Consolidated			
		Quarter ended		Year ended		Quarter ended		Year ended	
		30/Jun/2021	31/Mar/2021	30/Jun/2020	31/Mar/2021	30/Jun/2021	31/Mar/2021	30/Jun/2020	31/Mar/2021
		Unaudited	Unaudited (Refer note 10)	Unaudited	Audited	Unaudited	Unaudited (Refer note 10)	Unaudited	Audited
1	Revenue from operations	4,242	4,213	2,194	14,146	4,586	4,529	2,703	15,600
2	Other income	148	80	32	218	121	72	28	210
	(A) Total Income (1+2)	4,390	4,293	2,226	14,364	4,708	4,601	2,731	15,810
3	Expenses								
(a)	Cost of materials consumed	2,307	1,853	1,009	5,608	2,517	2,049	1,194	6,281
(b)	Changes in inventories of work-in-progress, finished goods and scrap	(543)	13	(226)	389	(629)	(195)	(170)	203
(c)	Manufacturing expenses	957	886	453	3,062	989	904	504	3,199
(d)	Employee benefits expense	581	570	431	2,088	632	596	506	2,380
(e)	Finance costs	96	118	83	382	107	123	111	455
(f)	Depreciation and amortisation expense	139	155	123	540	177	194	181	774
(g)	Other expenses	310	408	187	1,028	243	350	216	1,086
	(B) Total Expenses	3,846	4,003	2,058	13,098	4,037	4,022	2,542	14,378
4	Profit before exceptional items and tax (A-B)	544	290	168	1,266	671	580	189	1,432
5	Less: Exceptional items- expenses/(income) [Refer note 12]	27	16	95	308	27	16	95	308
6	Profit / (Loss) before tax (4-5)	517	274	72	958	644	564	94	1,124
7	Tax Expense								
1.	Current tax	(146)	(107)	(23)	(356)	(146)	(107)	(23)	(356)
2.	Deferred tax	2	16	3	26	5	22	3	49
3.	Income tax of earlier years (net) #	-	(4)	-	(9)	-	(4)	-	(9)
8	Profit (Loss) for the period from continuing operations (6-7)	372	179	53	619	503	474	74	808
9	Profit (Loss) from discontinuing operations	-	-	-	-	-	-	-	-
10	Tax expense of discontinuing operations	-	-	-	-	-	-	-	-
11	Profit (Loss) from discontinuing operations (after tax) (9-10)	-	-	-	-	-	-	-	-
12	Profit (Loss) for the period before non-controlling interest (8+11)	372	179	53	619	503	474	74	808
13	(Less) / Add: allocation to non-controlling interest	-	-	-	-	-	-	-	-
14	Profit (Loss) for the period (12-13)	372	179	53	619	503	474	74	808
15	Other Comprehensive Income (OCI)								
A (i)	Items that will not be reclassified to profit or loss								
	Remeasurement gain/(loss) of net defined benefit liability	(8)	55	(8)	37	(8)	55	(8)	37
(ii)	Income tax relating to items that will not be reclassified to profit or loss	2	(14)	2	(9)	2	(14)	2	(9)
B (i)	Items that will be reclassified to profit or loss								
	Exchange differences on translation of foreign operations	-	-	-	-	(30)	13	6	29
(ii)	Income tax relating to items that will be reclassified to profit or loss	-	-	-	-	-	-	-	-
	Total of Other Comprehensive Income	(6)	41	(6)	28	(37)	54	(0)	57
16	Total Comprehensive Income for the period (14+15) [Comprising Profit (Loss) and Other Comprehensive Income for the period] attributable to:	366	220	48	647	467	528	74	865
(a)	To Owners of parent	-	-	-	-	467	528	74	865
(b)	To Non controlling interest	-	-	-	-	-	-	-	-
17	Of the Total Comprehensive Income above, Profit for the period attributable to:								
(a)	To Owners of parent	-	-	-	-	503	474	74	808
(b)	To Non controlling interest	-	-	-	-	-	-	-	-
18	Of the Total Comprehensive Income above, Other comprehensive income attributable to:								
(a)	To Owners of parent	-	-	-	-	(37)	54	(0)	57
(b)	To Non controlling interest	-	-	-	-	-	-	-	-
19	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
20	Reserves excluding revaluation reserve				6,259				4,047
21	Earnings per equity share of Rs. 10/- each (Not annualised)								
(a)	Basic (in Rs.)	2.16	1.04	0.31	3.58	2.91	2.75	0.43	4.68
(b)	Diluted (in Rs.)	2.16	1.04	0.31	3.58	2.91	2.75	0.43	4.68

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N. A. SHAH ASSOCIATES LLP
MUMBAI



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 : pradeepmetals.com, Contact no : +91-022-2769 1026, Fax :+91-022-2769-1123

Statement of standalone & consolidated financial results for the quarter ended 30th June 2021 (Continued)

Notes to financial results (continued):

- 1 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 13th August 2021, the statutory auditors of the Company have carried out limited review of the standalone & consolidated financial results for the quarter ended 30th June 2021.
- 2 The above audited 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.
- 3 In view of accumulated losses incurred by the wholly owned subsidiary (WOS) and step down subsidiary (SDS), 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 a provision for impairment of Rs. 27 lakhs in the value of its investment in WOS during the quarter ended 30th June 2021, Rs.16 lakhs for the quarter ended 31st March 2021, Rs.57 lakhs for the quarter ended 30th June, 2020 and Rs.270 lakhs for the year ended 31st March 2021. Aggregate impairment provision made upto 30th June,2021 amounts to Rs.567 lakhs. 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 audited / unaudited standalone financial results of the previous years and earlier quarters.
- 4 During quarter ended 30th June 2021, the Company has made additional investment in equity of the wholly owned subsidiary i.e. Pradeep Metals Limited Inc., USA amounting to Rs. Nil [quarter ended 31st March 2021 Rs. Nil, year ended 31st March 2021 Rs. 463.32 lakhs (USD 620,000) and quarter ended 30th June 2020 Rs.76.11 lakhs (USD 100,000)] and granted loan of Rs. Nil for quarter ended 30th June 2021, Rs. 655.99 lakhs (USD 900,000) for the quarter ended 31st March 2021 [year ended 31st March 2021 Rs.1,646.21 lakhs (USD 2,250,000) and quarter ended 30th June 2020 Rs. Nil]. During the quarter ended 30 June 2021, corporate guarantee given by the Company for the loan taken by WOS was reduced by USD 480,000 (year ended 31st March 2021 USD 1,280,000).

- 5 Export sales in standalone results include sales made to the WOS and the SDS of the Company in USA as given below :

Particulars	Quarter ended			Year ended
	30/Jun/2021	31/Mar/2021	30/Jun/2020	31/Mar/2021
Pradeep Metals Limited Inc., USA (WOS)	426	467	348	1,452
Dimensional Machine Works, LLC (SDS)	50	18	17	98

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

Particulars	Standalone				Consolidated			
	Quarter ended			Year ended	Quarter ended			Year ended
	30/Jun/2021	31/Mar/2021	30/Jun/2020	31/Mar/2021	30/Jun/2021	31/Mar/2021	30/Jun/2020	31/Mar/2021
Other Income	115	27	22	126	115	27	22	126
Finance cost - Foreign exchange loss (attributable to finance cost)	(16)	(7)	-	(7)	(16)	(7)	-	(7)

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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 : pradeepmetals.com, Contact no : +91-022-2769 1026, Fax :+91-022-2769-1123

- 7 The Company has not recognized export incentive income from 1st January 2021 till 30th June 2021 on account of the RoDTEP Scheme as the modalities and rates for claiming benefit under this scheme are yet to be notified by the Government.
- 8 (a) Unaudited consolidated financial statements / results are prepared in accordance with IND AS 110 '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 the WOS and the 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 the WOS and the SDS for the quarter ended 30th June 2021.
- (b) In respect of Step Down Subsidiary (SDS),
In view of accumulated losses incurred by the wholly owned subsidiary (WOS) and step down subsidiary (SDS), 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 a provision for impairment of Rs. 27 lakhs in the value of its investment in WOS during the quarter ended 30th June 2021, Rs.16 lakhs for the quarter ended 31st March 2021, Rs.57 lakhs for the quarter ended 30th June, 2020 and Rs.270 lakhs for the year ended 31st March 2021. Aggregate impairment provision made upto 30th June,2021 amounts to Rs.567 lakhs. 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 audited / unaudited standalone financial results of the previous years and earlier quarters..
- (ii) (a) 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 SDSs 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 process.
- (iii) During the previous year, the Company had received financial support of Rs.281 lakhs (USD 384,200) under Paycheck Protection Program (PPP scheme) framed by the US government to assist certain class of companies in USA during the period of COVID-19. Till 31st March 2021, proceeds received under the scheme amounting to Rs.211 lakhs (USD 288,150) had been utilised by the Company as per the government guidelines. Balance unspent of Rs.70 lakhs (USD 96,050) which was grouped under short-term borrowings as "Amount received towards Paycheck protection program" for the year ended 31st March 2021, has been fully utilised during the quarter ended 30th June 2021. Further, income and relevant expenses of Rs. 71 lakhs are considered as exceptional items for the quarter ended 30th June 2021 (for the year ended 31st March 2021 Rs. 211 lakhs (USD 288,150))
- Statutory auditors have drawn reference of the matters covered in para (i) & (ii) above in their report on the audited / unaudited consolidated financial results of the previous years and earlier quarters.
- 9 The shareholders have approved the final dividend of Re. 1 per Equity share of Rs.10/- each for the financial year ended 31st March, 2021 in the Annual General Meeting held on 13th August, 2021.
- 10 Figures for the previous quarter ended 31st March 2021 are balancing figures between audited figures in respect of the full financial year and published year to date figures upto the 3rd quarter of relevant standalone and consolidated financial results.
- 11 (a) The Company has considered the possible effects that may result from the pandemic relating to COVID-19 in the preparation of the standalone and consolidated financial statements. The holding company including its subsidiaries have also adopted measures to curb the spread of infection in order to protect the health of its employees and ensure business continuity with minimal disruption. The management has considered internal and external information while finalizing various estimates and recoverability of assets in relation to its financial statements upto the date of approval of the standalone and consolidated financial results by the Board of Directors. In the opinion of the management, due to the pandemic, the demand for Group's products from certain sectors is expected to be sluggish. The management is evaluating various alternate sectors to which it can cater to recoup the reduction in sales. The impact of COVID 19 is still in an evolving stage and hence the management will continue to closely monitor any material changes to future economic conditions and its impact on the holding company and subsidiaries.
- (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 grouped under exceptional items. Consequently, expenses amounting to Rs. 39 lakhs for the quarter ended 30th June 2020 are disclosed as exceptional items.

12 Exceptional items- expenses/(income):

Particulars	Standalone				Consolidated			
	Quarter ended		Year ended		Quarter ended		Year ended	
	30/Jun/2021	31/Mar/2021	30/Jun/2020	31/Mar/2021	30/Jun/2021	31/Mar/2021	30/Jun/2020	31/Mar/2021
Provision for impairment of investment in the WOS [Refer para 3]	27	16	57	270	-	-	-	-
Provision for impairment of Goodwill in the SDS [Refer para 8(b)(i)]	-	-	-	-	27	16	57	270
Expenses incurred during the period of lockdown due to COVID-19 [Refer para 11(b)]	-	-	39	38	-	-	39	38
Financial support received in the SDS [Refer para 8 (b)(iii)]	-	-	-	-	71	107	104	211
Expenses incurred against financial support received in the SDS [Refer para 8 (b)(iii)]	-	-	-	-	(71)	(107)	(104)	(211)
Total	27	16	96	308	27	16	96	308

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Notes to financial results (continued):
13 Segment disclosure:
The Group is primarily engaged in manufacturing of closed die forgings & steel processing and generating power from wind turbine generator.

Particulars	Standalone				Consolidated			
	Quarter ended		Year ended		Quarter ended		Year ended	
	30/Jun/2021	31/Mar/2021	30/Jun/2020	31/Mar/2021	30/Jun/2021	31/Mar/2021	30/Jun/2020	31/Mar/2021
	Unaudited	Unaudited (Refer note 10)	Unaudited	Audited	Unaudited	Unaudited (Refer note 10)	Unaudited	Audited
Segment revenue								
(a) Closed die steel forging and processing	4,182	4,186	2,137	13,961	4,527	4,502	2,646	15,415
(b) Power generation	59	27	57	185	59	27	57	185
Total	4,242	4,213	2,194	14,146	4,586	4,529	2,703	15,600
Less: Intersegment revenue	-	-	-	-	-	-	-	-
Net sales / income from operations	4,242	4,213	2,194	14,146	4,586	4,529	2,703	15,600
Segment result								
Profit / (loss) before tax, finance cost from segment and other un-allocable expenses / (income) and after exceptional item as per para 8(b)(iii) and 11 (b)								
(a) Closed die steel forging and processing	519	441	185	1,547	622	687	273	1,740
(b) Power generation	39	6	36	102	39	6	36	102
Total	558	448	221	1,649	661	693	309	1,842
Less:								
(i) Finance cost	96	118	83	382	107	123	111	455
(ii) Other un-allocable expenditure / (income) (net) [net of exceptional item- para 5 and 8(b)(i)]	(54)	55	66	308	(91)	6	104	263
Profit before tax	517	274	72	958	644	564	94	1,124
Capital employed:								
Segment assets								
(a) Closed die steel forging and processing	15,231	14,244	12,630	14,244	14,559	13,906	13,428	13,906
(b) Power generation	1,243	1,242	1,156	1,242	1,243	1,242	1,156	1,242
(c) Unallocated	865	897	765	897	366	315	311	315
Total (A)	17,339	16,383	14,550	16,383	16,168	15,463	14,895	15,463
Segment liabilities								
(a) Closed die steel forging and processing	2,753	2,546	1,886	2,546	2,942	2,796	2,216	2,796
(b) Power generation	-	5	-	5	-	5	-	5
(c) Unallocated	6,234	5,846	5,276	5,846	6,986	6,888	7,723	6,888
Total (B)	8,986	8,397	7,163	8,397	9,928	9,688	9,939	9,688
Capital Employed (Segment Assets- Segment Liabilities) (A-B)								
(a) Closed die steel forging and processing	12,479	11,698	10,743	11,698	11,617	11,110	11,212	11,110
(b) Power generation	1,243	1,237	1,156	1,237	1,243	1,237	1,156	1,237
(c) Unallocated	(5,369)	(4,949)	(4,512)	(4,949)	(6,620)	(6,573)	(7,411)	(6,573)
Total	8,353	7,986	7,388	7,986	6,241	5,774	4,957	5,774

Business segment:
Based on the" management approach" as defined in IND AS 108 - Operating Segments, the Chief Operating decision makers evaluate 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.

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N. A. SHAH ASSOCIATES LLP
MUMBAI

for Pradeep Metals Limited


Pradeep Goyal
Chairman and Managing Director
DIN: 00008370

Mumbai
Date: 13th August, 2021



Limited review report on quarterly 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 ended 30th June, 2021, 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

2. The 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.
3. This Statement includes unaudited results for the quarter ended 31st March, 2021 being the derived figures between the audited annual figures in respect of the financial year ended 31st March, 2021 and the published unaudited figures for the nine-months ended 31st December, 2020 which were subjected to a limited review.

Auditor's responsibility

4. 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

5. 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

6. Reference is invited to note 3 of the notes to financial results. In view of accumulated 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 additional provision for impairment of Rs. 27 lakhs in the value of its investment in WOS during the quarter ended 30th June 2021 (Provision for impairment made of Rs.16 lakhs for the quarter ended 31st March 2021, Rs.57 lakhs for the quarter ended 30th June, 2020 and Rs.270 lakhs for the year ended 31st March 2021 and aggregate impairment provision upto 30th June, 2021 is Rs.567 lakhs). In the view of management, considering the long term and strategic nature of investment, the balance carrying value of



N. A. SHAH ASSOCIATES LLP

Chartered Accountants

investment in WOS would yield the required benefits and the loan given to the WOS is considered as fully recoverable.

Our opinion is not modified in respect of above matter. Above matter was reported in our reports on the audited / unaudited standalone financial results of the previous years and earlier quarters 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: 21103286AAAAFN4856

Place: Mumbai

Date: 13th August, 2021

Limited Review Report on quarterly 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 ended 30th June 2021, ('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

2. The 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.
3. The Statement includes unaudited results for the quarter ended 31st March, 2021 being the derived figures between the audited annual figures in respect of the financial year ended 31st March, 2021 and the published unaudited figures for the nine months ended 31st December, 2020 which were subjected to a limited review.

Auditor's responsibility

4. 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.

5. These unaudited consolidated financial results include 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)

6. 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.

7. Emphasis of Matters

Reference is invited to note 8(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 SDS has made additional provision for impairment of Rs. 27 lakhs for goodwill during the quarter ended 30th June 2021 (Provision for impairment made of Rs.16 lakhs for the quarter ended 31st March 2021, Rs.57 lakhs for the quarter ended 30th June, 2020 and Rs.270 lakhs for the year ended 31st March 2021 and aggregate impairment provision upto 30th June 2021 is Rs.567 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 June 2021.
- 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 matters in paragraph (a) and (b) above were reported in our reports on the audited / unaudited standalone financial results of the previous years and earlier quarters 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: 21103286AAAAFO6778

Place: Mumbai

Date: 13th August, 2021