

Date: March 03, 2025

To,
The Audit Committee/Board of Directors,
Pradeep Metals Limited,
R 205 TTC Industrial Area, MIDC Rabale,
Post Ghansoli, Navi Mumbai,
Maharashtra, India, 400701

To,
The Audit Committee/Board of Directors,
Nami Capital Private Limited
Plot No. PAP-R-302,303,304,305 TTC
Industrial Area, MIDC, Rabale, Navi Mumbai,
Maharashtra, India, 400701.

Dear Sir/Ma'am,

Subject: Fairness opinion on the recommendation of fair share exchange ratio for the proposed amalgamation of Nami Capital Private Limited with Pradeep Metal Limited

We refer to our discussion undertaken with the Management of Pradeep Metal Limited ("PML" or "Transferee Company") and Nami Capital Private Limited ("NCPL" or "Transferor Company") wherein the Management of PML and NCPL has appointed Kunvarji Finstock Private Limited, a Category I Merchant Banker registered with SEBI having Registration Number – INM000012564 ("We" or "Us" or "Our") vide engagement letter dated February 12, 2025 to provide a fairness opinion on the fair share exchange ratio for the proposed amalgamation of NCPL with and into PML with effect from the Appointed Date as defined in the Scheme ("Proposed Amalgamation") as recommended by Shreyansh M. Jain, Registered Valuer – Securities or Financial Assets ("Independent Valuer") vide report dated March 03, 2025.

Hereinafter the Management including the Audit Committee/Board of Directors of PML shall be referred to as the "Management"; the Transferor Company and The Transferee Company shall collectively be referred to as "Transacting Companies".

Please find enclosed our deliverables in the form of a report (*the "Report"*). This Report sets out the transaction overview, scope of work, background of the Transacting Companies, sources of information and our opinion on the fair share exchange ratio for the aforesaid Proposed Amalgamation recommended by the Independent Valuer.

This Report is subject to the scope, assumptions, exclusions, limitations and disclaimers detailed hereinafter. As such the report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.



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Corporate Office : 1218-20, 12th Floor, Summit Business Bay, Opp. PVR Cinema,

Near Western Express Highway – Metro Station, Andheri (E), Mumbai, Maharashtra - 400093.

CIN : 11460100110040170000070



This Report has been issued only to facilitate the Proposed Amalgamation and should not be used for any other purpose.

For, Kunvarji Finstock Private Limited



Mr. Atul Chokshi
Director (DIN: 00929553)

Place: Ahmedabad

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1. BACKGROUND OF THE TRANSACTING COMPANIES

❖ Nami Capital Private Limited ("NCPL" or "Transferor Company")

Nami Capital Private Limited is a private company, limited by shares, incorporated on October 11, 1994, under the provisions of the Companies Act, 1956 bearing Corporate Identification Number ("CIN") U99999MH1994PTC081920 and having its registered office at Plot No. PAP-R-302,303,304,305 TTC Industrial Area, MIDC, Rabale, Navi Mumbai, Maharashtra, India, 400701.

NCPL is engaged in the business of (i) trading in steel metals and (ii) trading and investing in quoted and unquoted securities.

The summary of the equity shareholding pattern of NCPL as on the Report date is as under:

| Name of the Shareholder | No. of shares held (FV – INR 10 each) | Shareholding (%) |
|-------------------------|--|---------------------|
| Mrs. Neeru Goyal | 1,27,722 | 78.03% |
| Mr. Pradeep Goyal | 35,962 | 21.97% |
| Total | 1,63,684 | 100.0% |

The summary of the non-convertible redeemable preference (RPS) shareholding pattern of NCPL as on the Report date is as under:

| Name of the Shareholder | No. of shares held (FV – INR 100 each)* | Shareholding (%) |
|-------------------------|---|---------------------|
| Mrs. Neeru Goyal | 5,00,000 | 100.00% |
| Total | 5,00,000 | 100.00% |

*All the preference shares are paid up to the extent of INR 16/- each.

(Source: Management)

❖ Pradeep Metal Limited ("PML" or "Transferee Company")

Pradeep Metal Limited is a public company, limited by shares, incorporated on January 22, 1982, under the provisions of the Companies Act, 1956 bearing CIN L99999MH1982PLC026191 and having its registered office No. R 205 TTC Industrial Area, MIDC Rabale, Post Ghansoli, Navi Mumbai, Maharashtra, India, 400701. The equity shares of the Transferee Company are listed and traded on BSE Limited.

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PML is engaged mainly in the business of (i) manufacture and sale of metal forgings and castings, automotive and machinery parts, tools, pipe fittings; and (ii) business of design, development, manufacture, supply, dealing, operating, trading, overhaul, repair, maintenance and service of all kinds of defense and non-defense systems.

The summary of the equity shareholding pattern of PML as on the date is as under:

| Category of the Shareholder | No. of shares held (FV – INR 10 each) | Shareholding (%) |
|--|--|---------------------|
| Promoter & Promoter Group [#] | 1,26,90,783 | 73.48% |
| Public | 45,79,217 | 26.52% |
| Total | 1,72,70,000 | 100.00% |

[#]includes 1,01,94,456 equity shares held by NCPL. We understand that upon the Scheme being effective, the equity shares of PML held by NCPL shall stand automatically cancelled.

(Source: Management)

2. TRANSACTION OVERVIEW, RATIONALE OF THE SCHEME & SCOPE OF SERVICES

❖ Transaction Overview

We understand that the Management of the Transacting Companies are contemplating a scheme of amalgamation, wherein they intend to amalgamate NCPL with and into PML in accordance with the provisions of Sections 230 to 232 read with Section 66 and other relevant provisions of the Companies Act, 2013 with effect from the Appointed Date and in a manner provided in the draft scheme of amalgamation (*the "Scheme"*).

We understand that as consideration for the Proposed Amalgamation of NCPL with and into PML, equity and preference shareholders of NCPL would be issued equity shares of PML. Further, we have been informed by the Management that pursuant to the Scheme, equity shares held by NCPL in PML shall stand cancelled and extinguished and PML shall issue equity shares to the equity and preference shareholders of NCPL to the extent of the number of equity shares held by NCPL in PML. The equity shares of PML to be issued for the aforesaid Proposed Amalgamation will be based on the fair share exchange ratio as determined by the Board of Directors based on the fair share exchange ratio report prepared by the Independent Valuer appointed by them.

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❖ Rationale of the Scheme

The Amalgamation of the Transferor Company with the Transferee Company is sought to be undertaken to achieve the following benefits.

- *Simplification of the group structure and consolidation of legal entities;*
- *Reducing the number of legal entities, resulting into lesser administrative and regulatory compliances;*
- *Simplification of the shareholding structure and reduction of shareholding tiers thereby providing greater transparency in relation to the Promoters' direct engagement with the Transferee Company;*
- *Improved allocation of capital and optimization of cash flows contributing to the overall growth prospectus of the combined entity;*
- *Creation of a larger asset base by consolidation of the assets and facilitation of access to better financial resources which may result in creation of enhanced value for shareholders and enable a focused strategy in the operations;*
- *Enable greater / enhanced focus of the management on the business; and*
- *Creating enhanced value for Transferee Company's shareholders and allow a focused strategy in operations, which would be in the best interest of all its shareholders, creditors and all other stakeholders.*

(Source: Draft Scheme of Amalgamation)

❖ Scope of Services

Pursuant to the requirements of SEBI Master Circular No. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023, as amended from time to time, we have been requested by the Management to issue a fairness opinion in relation to the fair share exchange ratio for the Proposed Amalgamation.

In this regard, the Management has appointed Kunvarji Finstock Private Limited, a Category I Merchant Banker registered with SEBI having Registration Number – INM000012564 to provide a fairness opinion on the share exchange ratio for the Proposed Amalgamation recommended by the Independent Valuer vide report dated March 03, 2025.

Our scope of work only includes forming an opinion on the fairness of the recommendation of the Independent Valuer on the fair share exchange ratio arrived at for the Scheme and does not involve evaluating or opining on the fairness or economic rationale of the Scheme per se. This report is subject to the scope, assumptions, exclusions, limitations and

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disclaimers detailed hereinafter. As such, the Report is to be read in totality and not in parts, in conjunction with the relevant documents referred to herein.

3. SOURCES OF INFORMATION

We have relied on the following information made available to us by the Management/obtained from the public domain for this report:

- Discussion (including verbal) with the draft and final valuation report and workings of the Independent Valuer;
- Draft Scheme (as duly certified by the Management);
- Audited financial statements of PML and NCPL for the financial year 2023-24;
- Limited reviewed financials of PML for nine months period from April 01, 2024 to December 31, 2024;
- Audited financial statements of NCPL for ten months period from April 01, 2024 to January 31, 2025;
- Financial projections of PML for three months period from January 01, 2025 to March 31, 2025 and for the period April 01, 2025 to March 31, 2030;
- Shareholding pattern of PML and NCPL as at the Report Date;
- Market Price of PML as published by BSE limited;
- Relevant data and information provided by management either in written or oral form or in the form of soft copy; and discussions with representatives of the Company.

The Management has been provided with the opportunity to review the draft fairness opinion report (excluding our opinion on the share exchange ratio) as part of our standard practice to make sure that factual inaccuracy/omissions are avoided.

4. PROCEDURES ADOPTED

In connection with this exercise, we have adopted the following procedures to carry out the opinion:

- Discussion with the Management to understand the business and the fundamental factors that affect its earning generating capability of Transacting Companies including strength, weakness, opportunity and threat analysis and historical financial performance;
- Analysis of information shared by Management;
- Undertook Industry Analysis: Research publicly available market data including economic factors and industry trends that may impact the opinion;
- Requested and received financial and qualitative information and obtained data available in the public domain;

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- Reviewed the draft Scheme pursuant to which the Proposed Amalgamation is to be undertaken;
- Reviewed the signed fair share exchange ratio report issued and prepared by Shreyansh M. Jain, Registered Valuer – Securities or Financial Assets vide report dated March 03, 2025;
- Discussion with an Independent Valuer on such matters which we believed were necessary or appropriate for issuing this opinion.

5. LIMITATIONS, ASSUMPTIONS, QUALIFICATIONS, EXCLUSIONS AND DISCLAIMERS

- The fairness opinion contained herein is not intended to represent a fairness opinion at any time other than the Report date.
- We have no obligation to update this report. This Report, its contents and the results herein are specific to (i) the purpose of fairness opinion agreed upon as per the terms of our engagement; (ii) the draft scheme of amalgamation and (iii) other data detailed in the Section 3 of this report "*Sources of Information*".
- A fairness opinion of this nature is necessarily based on the prevailing stock market, financial, economic and other conditions in general and industry trends in particular as in effect on and the information made available to us as of, the date hereof. Events occurring after the date hereof may affect this report and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this report.
- The fairness opinion rendered in this Report only represents our opinion based upon information furnished by the Transacting Companies and gathered from the public domain (and analysis thereon) and the said opinion shall be considered to be in the nature of non-binding advice. Our fairness opinion should not be used for advising anybody to make a buy or sell decision for which a specific opinion needs to be taken from expert advisors.
- We have not independently audited or otherwise verified the financial information provided to us. Accordingly, we do not express an opinion or offer any form of assurance regarding the truth and fairness of the financial position as indicated in the financial statements. Also, with respect to explanations and information sought from the Management, we have been given to understand by the Management that they have not omitted any relevant and material factors about the Transacting Companies and that they have checked the relevance or materiality of any specific information to the present exercise with us in case of any doubt. Our conclusion is based on the information given by/on behalf of the Transacting Companies. The Management has indicated to us that they have understood that any omissions, inaccuracies or misstatements may materially affect our fairness opinion.
- It is understood that this opinion is solely for the benefit of confidential use by the Audit Committee/Board of Directors of the Transacting Companies to facilitate Transacting Companies to comply with SEBI Master Circular No. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023 as amended from time; disclosures to be made to relevant regulatory

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authorities including stock exchanges, SEBI, National Company Law Tribunal or as required under applicable law and it shall not be valid for any other purpose. This opinion is only intended for the aforementioned specific purpose and if it is used for any other purpose; we will not be liable for any consequences thereof.

- The Report assumes that the Transacting Companies comply fully with relevant laws and regulations applicable in all its areas of operations and that the Transacting Companies will be managed competently and responsibly. Further, this Report has not considered matters of a legal nature, including issues of legal title and compliance with local laws, litigation and other contingent liabilities that are not represented to us by the Management. Our fairness opinion assumes that the assets and liabilities of the Transacting Companies, reflected in their respective balance sheet remain intact as of the Report date.
- The Report does not address the relative merits of the Proposed Amalgamation as compared with any other alternative business transaction, or other alternatives, or whether or not such alternatives could be achieved or are available.
- This fairness opinion is issued on the understanding that each of the Transacting Companies has drawn our attention to all the matters which may have an impact on our opinion including any significant changes that have taken place or are likely to take place in the financial position or businesses up to the date of approval of the Scheme by the Audit Committee/Board of Directors. We have no responsibility to update this fairness opinion for events and circumstances occurring after this date.
- Certain terms of the Proposed Amalgamation are stated in our fairness opinion, however the detailed terms of the Proposed Amalgamation shall be more fully described and explained in the Scheme document to be submitted to relevant authorities in relation to the Proposed Amalgamation. Accordingly, the description of the terms and certain other information contained herein is qualified in its entirety by reference to the Scheme document.
- The fee for the engagement is not contingent upon the results reported.
- We will not be liable for any losses, claims, damages or liabilities arising out of the actions taken, omissions of or advice given by any other to the Transacting Companies. In no event shall we be liable for any loss, damages, cost or expenses arising in any way from fraudulent acts, misrepresentations or willful default on the part of the Transacting Companies, their directors, employees or agents.
- This report is not a substitute for the third party's due diligence/appraisal/inquiries/independent advice that the third party should undertake for his purpose.
- This Report is subject to the laws of India.
- Neither the Report nor its contents may be referred to or quoted in any registration statement, prospectus, offering memorandum, annual report, loan agreement or other agreement or document given to third parties, other than in connection with the proposed

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scheme of amalgamation and filing it with relevant authorities, without our prior written consent.

- In addition, this report does not in any manner address the prices at which equity shares of PML will trade following the announcement of the Proposed Amalgamation and we express no opinion or recommendation as to how the shareholders of Transacting Companies should vote at any shareholder's meeting(s) to be held in connection with the Proposed Amalgamation. Our opinion contained herein is not to be construed as advice relating to investing in, purchasing, selling or otherwise dealing in securities.
- We are also engaged in providing services as a Stock Broker, Depository Participant and Portfolio Manager in its name and as an Investment Adviser in the name of its subsidiary. Apart from this, we or our directors, promoters, employees, affiliates and associates, are engaged in investing/trading in the securities market on their respective accounts. The Merchant Banking Division of Kunvarji Finstock Private Limited takes utmost care, through the effective implementation of principles of maintenance of the Chinese wall, to ensure that no information received by the Merchant Banking Division is not shared with or otherwise accessible to other departments of Kunvarji Finstock Private Limited, and/or its promoters, directors, employees (other than employees of Merchant Banking Division), affiliates and associates. The proprietary trading account of Kunvarji Finstock Private Limited and/or its promoters, directors, employees, affiliates, associates and clients of broking, PMS services and Investment Advisory services may execute transactions and/or hold open long or short positions in the ordinary course of business in the securities issued by a listed company who itself or its affiliate or associate entity proposes to engage Merchant Banking Division of Kunvarji Finstock Private Limited for providing services to itself or its associate or affiliate company.

5. OUR RECOMMENDATION

As stated in the fair share exchange ratio report dated March 03, 2025 prepared by Shreyansh M. Jain, Registered Valuer – Securities or Financial have recommended the following:

To the equity shareholders of NCPL for the Proposed Amalgamation of NCPL with and into PML:

"19,007 (Nineteen Thousand and Seven) equity share of PML having a face value of INR 10 (Ten) each fully paid-up shall be issued for every 300 (Three Hundred) equity shares held in NCPL having face value of INR 10 (Ten) each fully paid-up".



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To the preference shareholders of NCPL for the Proposed Amalgamation of NCPL with and into PML:

"1 (One) equity share of PML having a face value of INR 10 (Ten) each fully paid-up shall be issued for every 17 (Seventeen) preference shares held in NCPL having face value of INR 100 (One Hundred) each, paid-up to the extent of INR 16 (Sixteen) each".

The aforesaid Proposed Amalgamation shall be pursuant to the draft scheme of amalgamation and shall be subject to receipt of approval from the Hon'ble National Company Law Tribunal, Mumbai Bench or such other competent authority as may be applicable and other statutory approvals as may be required. The detailed terms and conditions of the Proposed Amalgamation are more fully outlined in the draft scheme of amalgamation. We have issued the fairness opinion with the understanding that the draft scheme of amalgamation shall not be materially altered and the parties hereto agree that the Fairness Opinion would not stand good in case the final scheme of amalgamation alters the Proposed Amalgamation.

Based on the information, and data made available to us, to the best of our knowledge and belief, the share exchange ratio as recommended by Shreyansh M Jain, Registered Valuer – Securities or Financial Assets in relation to the proposed draft scheme of amalgamation is **fair** to the shareholders of PML in our opinion.

For, Kunvarji Finstock Private Limited



Mr. Atul Chokshi
Director (DIN: 00929553)

Date: March 03, 2025
Place: Ahmedabad

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