



Pradeep Metals Limited

Manufacturers of Precision Closed Die Forgings

REPORT OF THE AUDIT COMMITTEE OF PRADEEP METALS LIMITED BEARING CIN: L99999MH1982PLC026191 APPROVING THE DRAFT SCHEME OF AMALGAMATION AMONGST NAMI CAPITAL PRIVATE LIMITED, TRANSFEROR COMPANY, AND PRADEEP METALS LIMITED, TRANSFEREE COMPANY, AND THEIR RESPECTIVE SHAREHOLDERS ISSUED AT THE MEETING OF THE AUDIT COMMITTEE OF THE COMPANY HELD ON MONDAY, MARCH 03, 2025

The following Members of the Audit Committee were Present:

1. Mr. Kartick Maheshwari - Chairman
2. Dr. Kewal Krishan Nohria
3. Mr. Jayavardhan Dhar Diwan
4. Ms. Nandita Nagpal Vohra
5. Mr. Advait Kurlekar

1. Background

Based on the recommendation of the Independent Directors' Committee ["Committee of Independent Directors"], the Audit Committee at its Meeting held on March 03, 2025 had considered and made recommendations to the Board of Directors for the approval of the draft Scheme of Amalgamation ("**Scheme**") of Nami Capital Private Limited ("**NCPL**" or "**Transferor Company**") with Pradeep Metals Limited ("**PML**" or "**Transferee Company**" or "**the Company**") and their respective Shareholders under the provisions of Sections 230 to 232 read with Section 66 and other relevant provisions of the Companies Act, 2013 ("**the Act**") read with relevant rules framed thereunder, as required by SEBI Circular No. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023 read with BSE Limited's Notice no. 20230929-30 dated September 29, 2023 regarding the Revised Standard Operating Procedure (SOP) on application filed under Regulation 37 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 ("**SEBI LODR**"), applicable provisions of the Act and SEBI LODR, as amended from time to time.

This Report of Audit Committee is made in order to comply with the provisions of the SEBI LODR, read with SEBI's Master Circular No. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023.

The draft Scheme was placed before the Audit Committee to consider and recommend the same to the Board of Directors of the Company after taking into account the following necessary draft documents:

- a) Draft Scheme, duly initialed by the Chairman of the Audit Committee for the purpose of identification;



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- d) Share Exchange Ratio Report dated March 03, 2025 prepared by Mr. Shreyansh M Jain (IBBI/RV/03/2019/12124), an IBBI Registered Valuer, providing the Share Exchange Ratio for the proposed Scheme;
- e) Fairness Opinion dated March 03, 2025 prepared by Kunvarji Finstock Private Limited, a SEBI Registered Category I Merchant Banker, providing the Fairness Opinion on the Share Exchange Ratio ("Fairness Opinion") as recommended by Mr. Shreyansh M Jain (IBBI/RV/03/2019/12124); and
- f) Draft Certificate dated March 03, 2025 issued by the Statutory Auditors of the Company i.e., N.A. Shah Associates LLP, Chartered Accountants, to the effect that the Scheme is in compliance with the applicable Accounting Standards as specified by the Central Government under Section 133 of the Companies Act, 2013;

2. Need, Rationale and Synergies of business of the entities involved in the Scheme

The Audit Committee notes the rationale of the draft Scheme, which is as follows:

- "The Transferee Company and the Transferor Company are desirous of amalgamating the Transferor Company as a going concern with the Transferee Company in accordance with sections 230 to 232 read with section 66, and other relevant provisions of the Companies Act, 2013.
- The Amalgamation of the Transferor Company with the Transferee Company is sought to be undertaken to achieve the following benefits:
 - i. Simplification of the group structure and consolidation of legal entities;
 - ii. Reducing the number of legal entities, resulting into lesser administrative and regulatory compliances;
 - iii. 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;
 - iv. Improved allocation of capital and optimization of cash flows contributing to the overall growth prospectus of the combined entity;
 - v. Creation of a larger asset base by consolidation of the assets and facilitation of access to better financial resources;
 - vi. Enable greater / enhanced focus of the management on the business; and
 - vii. Creating enhanced value for shareholders and allow a focused strategy in operations, which would be in the best interest of all its shareholders, creditors and all other stakeholders.



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Hence, the Scheme is therefore in the interests of the shareholders, creditors and all other stakeholders of the Transferor Company and the Transferee Company.

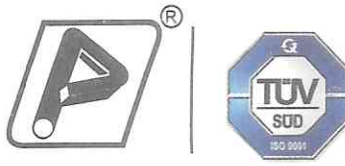
- Under the Scheme, there is no arrangement proposed to be entered into with the Creditors of the Companies (as defined hereunder), either secured and/or unsecured. No compromise is offered under this Scheme to any of the Creditors of the Companies. The liability towards the Creditors of the Transferor Company under the Scheme, is neither being reduced nor being extinguished but shall be assumed and discharged by the Transferee Company respectively in its ordinary course of business.
- By virtue of the Scheme coming into effect, there would neither be any adverse change in the financial position of the Transferee Company nor would there be any change in control over the Transferee Company, as the existing Shareholders of the Transferor Company will continue to jointly exercise control over the Transferee Company in a similar manner as they are controlling currently through Transferor Company. Further, the Shareholders of the Transferor Company shall indemnify the Transferee Company and keep the Transferee Company indemnified from and against any liability, claim or demand of the Transferor Company that may devolve on the Transferee Company on account of the Amalgamation."
- The Audit Committee is of the informed opinion that the proposed rationale of the Scheme will be beneficial for the Company and its Shareholders.

3. Impact of the Scheme on the shareholders

The proposed amalgamation will result into simplification of group structure and enable the Shareholders of NCPL to directly hold shares in PML, which will lead to reduction of shareholding tiers. The said amalgamation shall demonstrate the Promoter Group's direct commitment to and engagement with the Company.

Creation of a larger asset base by consolidation of the assets of NCPL and PML and facilitation of access to better financial resources may result in creation of enhanced value for Shareholders and enable a focused strategy in the operations.

As a part of the Scheme, for amalgamation of NCPL with PML, the issuance of Shares to the Shareholders of NCPL would be based on the Share Exchange Ratio Report issued by Mr. Shreyansh M Jain (IBBI/RV/03/2019/12124), Registered Valuer. As per the share exchange ratio report, PML would issue its Shares to the shareholders of NCPL.



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The fairness opinion provided by Kunvarji Finstock Private Limited, a SEBI Registered Category I Merchant Banker, confirms that the Share Exchange Ratio provide in the valuation report obtained from Mr. Shreyansh M Jain (IBBI/RV/03/2019/12124) is fair for the Company and its Shareholders.

Further, Pursuant to the Scheme, the share capital of PML held by NCPL shall stand cancelled without any further act or deed.

In view of the above, the Scheme will not adversely affect the rights or interests of any shareholder.

4. Cost benefit analysis of the Scheme

Implementation of the Scheme shall result in appropriate consolidation of NCPL and PML with pooling and more efficient utilization of their resources, reduction in overheads and other administrative expenses.

All costs, charges, levies and expenses in relation to or in connection with or incidental to this Scheme and its implementation, including but not limited to expenditure relating to registration and stamping of orders passed by NCLT, obtaining regulatory approvals, revocation or withdrawal of the Scheme (if undertaken by the Companies) will be discharged by the Transferee Company out of assets received from the Transferor Company. Where the actual cost exceeds the estimated amount of cost considered while arriving for the Consideration for the Scheme, such excess shall be borne directly by the Promoters.

5. Recommendation of the Audit Committee

The Audit Committee after due deliberations and due consideration of all the terms of the draft Scheme, Share Exchange Ratio Report, Fairness Opinion Report, Certificate from Statutory Auditors and the specific points mentioned above, recommends the draft Scheme for favorable consideration and approval by the Board of Directors of the Company, the BSE, the Securities and Exchange Board of India ('SEBI') and other statutory / regulatory authorities including National Company Law Tribunal, Mumbai Bench ('NCLT').

For Pradeep Metals Limited


Mr. Kartick Maheshwari

Audit Committee Chairman

DIN: 07969734

Date: Mumbai

Place: March 03, 2025

