



Pradeep Metals Limited

Manufacturers of Precision Closed Die Forgings

REPORT OF THE COMMITTEE OF INDEPENDENT DIRECTORS OF PRADEEP METALS LIMITED
RECOMMENDING DRAFT SCHEME OF AMALGAMATION AMONGST NAMI CAPITAL PRIVATE LIMITED
AND PRADEEP METALS LIMITED AND THEIR RESPECTIVE SHAREHOLDERS ISSUED AT THEIR MEETING
HELD ON MONDAY, MARCH 03, 2025

The following Independent Directors were Present:

1. Ms. Nandita Nagpal Vohra - Chairperson
2. Mr. Jayavardhan Dhar Diwan
3. Mr. Kartick Maheshwari
4. Mr. Advait Kurlekar

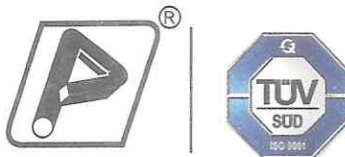
1. BACKGROUND

The Committee of Independent Directors, at its Meeting held on March 03, 2025 considered and made recommendations to the Audit Committee and/or Board of Directors for approval of the draft Scheme of Amalgamation (hereinafter referred to as "Scheme") of Nami Capital Private Limited ("NCPL" or the "Transferor Company") with Pradeep Metals Limited ("PML" or the "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") and rules made thereunder, as required by the 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") w.r.t. Scheme of Arrangement, as amended from time to time, applicable provisions of the Act and SEBI LODR, as amended from time to time.

This report of Independent Directors' 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.

PML is a listed Public Company engaged 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 draft Scheme was placed before the Committee of Independent Directors to consider and recommend the same to the Audit Committee and/or Board of Directors of the Company after taking into account that the Scheme is not detrimental to the Shareholders of the Company, along with the following documents:



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- a) Draft Scheme, duly initialed by the Chairperson of the Meeting of Committee of Independent Directors for the purpose of identification;
- b) 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;
- c) 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
- d) 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. RATIONALE

The Committee of Independent Directors 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;



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- 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.

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 Committee of the Independent Directors is of the informed opinion that the proposed rationale of the Scheme will be beneficial for the Company and its Shareholders.

3. SALIENT FEATURES OF THE SCHEME

The Committee of Independent Directors considered and observed the following salient features in relation to the draft Scheme:

- i. The Scheme shall be operative from Effective Date, or such other date as may be approved by the jurisdictional National Company Law Tribunal and/or the concerned authority ("Appointed Date").
- ii. The Scheme will come into effect subject to approval of Stock Exchange, Hon'ble National Company Law Tribunal, Mumbai Bench (NCLT), Shareholders and such other statutory authorities as may be required.



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iii. Pursuant to the proposed amalgamation, the Company shall issue shares as follows:

For amalgamation of Transferor Company with the Transferee Company –

For the Equity Shareholders:

"19,007 (Nineteen Thousand and Seven) Equity Shares of Rs.10/- (Rupees Ten only) each fully paid up of the Transferee Company, for every 300 (Three Hundred) Equity Shares of Rs.10/- (Rupees Ten only) each fully paid up held in the Transferor Company."

For the Preference Shareholders:

"1 (One) Equity Share of Rs.10/- (Rupees Ten only) each fully paid up of the Transferee Company, for every 17 (Seventeen) Preference Shares of Rs.100/- (Rupees Hundred only) partly paid up with Rs.16/- (Rupees Sixteen only) held in the Transferor Company. The exchange ratio has been computed in proportion to the paid-up value of Preference Shares in the Transferor Company."

- iv. The Company shall account for the proposed amalgamation in its books of accounts as per the Pooling of Interest Method prescribed under Appendix C of Ind AS - 103: Business Combinations notified under section 133 of the Act.
- v. 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.

4. VALUATION AND SWAP RATIO

The Committee of Independent Directors perused the following documents in relation to the Scheme:

- i. Draft Scheme;
- ii. Share Exchange Ratio Report dated March 03, 2025 issued by Mr. Shreyansh M Jain (IBBI/RV/03/2019/12124), an IBBI Registered Valuer; and
- iii. Fairness Opinion dated March 03, 2025 issued by Kunvarji Finstock Private Limited, an Independent SEBI Registered Category -1 Merchant Banker.

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The Committee of Independent Directors noted the following:

Upon this Scheme becoming effective, the Company will issue shares, in consideration of the amalgamation, as follows:

For amalgamation of the Transferor Company into the Transferee Company –

For the Equity Shareholders:

"19,007 (Nineteen Thousand and Seven) Equity Shares of Rs.10/- (Rupees Ten only) each fully paid up of the Transferee Company, for every 300 (Three Hundred) Equity Shares of Rs.10/- (Rupees Ten only) each fully paid up held in the Transferor Company."

For the Preference Shareholders:

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5. RECOMMENDATIONS FROM THE COMMITTEE OF INDEPENDENT DIRECTORS:

The Committee of Independent Directors after due deliberations and due consideration of all the terms of the draft Scheme, Share Exchange Ratio Report, Fairness Opinion Report, Certificate of Statutory Auditors and the specific points mentioned above including interest of Shareholders of the Company, recommends the draft Scheme for favourable consideration by the Board of Directors of the Company, the BSE, the Securities and Exchange Board of India and other statutory & regulatory authorities including National Company Law Tribunal, Mumbai Bench.

**By Order of the Committee of Independent Directors
For Pradeep Metals Limited**

**Ms. Nandita Nagpal Vohra
Chairperson of the Meeting
DIN: 06962408**



**Date: March 03, 2025
Place Mumbai**