PRADEEP METALS LIMITED

Registered Office: R-205, MIDC, Rabale, Navi Mumbai - 400 701; Tel. No.: 022 - 2769 1026;
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Recommendations of the Committee of Independent Directors ('IDC') on the Open Offer to the equity shareholders of Pradeep Metals Limited ('Target Company') by Rabale Engineering India Private Limited ('Acquirer') under Regulation 26(7) of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and subsequent amendments thereto ('SEBI (SAST) Regulations, 2011).

1.	Date	1st January, 2013
2.	Name of the Target Company	Pradeep Metals Limited
3.	Details of the Offer pertaining to Target Company	The Open Offer is being made by the Acquirer to the equity shareholders of the Target Company for the acquisition of 44,90,200 (Forty Four Lac Ninety Thousand Two Hundred) fully paid up equity shares of the face value of ₹ 10/- each representing 26% of the issued & subscribed capital and 26.02% of the voting capital of the Target Company ('Offer Size') at a price of ₹ 22/- (Rupees Twenty Two Only) per fully paid-up equity share ('Offer Price') payable in cash in terms of regulation 3(2) of SEBI (SAST) Regulations, 2011. Shareholders who are holding partly paid-up equity shares will be eligible to participate in the Open Offer provided they pay the allotment money of ₹ 7.50 per partly paid up equity share along with the interest @18% per annum from the date of allotment till the date of Public Announcement i.e. November 27, 2012 to the Target Company.
4.	Name(s) of the acquirer and PAC with the acquirer	Acquirer - Rabale Engineering India Private Limited There are no Person(s) Acting in Concert with the Acquirer
5.	Name of the Manager to the offer	Inga Capital Private Limited
6.	Members of the Committee of Independent Directors ('IDC')	1. Mr. Raj Kumar Mittal - Chairman 2. Mr. Suresh G. Vaidya - Member 3. Mr. Rajeev Mehrotra - Member
7.	IDC Member's relationship with the Target Company (Director, Equity shares owned, any other contract / relationship), if any	Mr. Raj Kumar Mittal, Mr. Suresh G. Vaidya and Mr. Rajeev Mehrotra are Independent Directors and do not hold any equity shares of the Target Company.
8.	Trading in the Equity shares / other securities of the Target Company by IDC Members	None of the IDC Members have done trading in the equity share / other securities of the Target Company since their appointment.
9.	IDC Member's relationship with the acquirer (Director, Equity shares owned, any other contract / relationship), if any.	None of the IDC Members is on the Board of Directors of the Acquirer or holds any equity shares of the Acquirer or has any relationship with the Acquirer.
10.	Trading in the Equity shares / other securities of the acquirer by IDC Members	Not Applicable as the IDC Members do not hold any equity shares of the Acquirer and the equity shares of the Acquirer are not listed on any Stock Exchange.
11.	Recommendation on the Open offer, as to whether the offer is fair and reasonable	IDC Members believe that the Open Offer is fair and reasonable.
12.	Summary of reasons for recommendation	IDC Members recommend acceptance of the Open Offer made by the Acquirer as the Offer Price of ₹ 22/- (Rupees Twenty Two only) per fully paid up equity share of the Target Company is fair and reasonable based on the following: (see A–D below)

A. Return on Networth / Earning Per Share:-

Financial Parameters		Year Ended March 31, 2012 (12 Months)	Half Year Ended September 30, 2012 (6 Months)
1. Return on Networth (%)		19.18	12.36
2. Book Value Per Share		16.13	18.39
3. Earnings Per Share	Basic	3.68	2.58
	Diluted	3.51	2.47

B. Price - Earnings Ratio :-
The comparative Price - Earnings Ratio of mid cap forging companies as on December 3, 2012 are as under:-

Name of the company	P / E Ratio
Ahmednagar Forging	3.9
Kalyani Forging	4.4
MM Forging	5.9
(Target Company)	5.9*

* Based on Offer Price of ₹ 22/- per share.
(Source : Capital Market Dec 10-23, 2012)

C. Liquidity of Shares of the Target Company : 4,75,180 equity shares representing 2.89% of the total number of equity shares of the Target Company were traded on BSE Limited during the twelve calendar months from November, 2011 to October, 2012, preceding the date of Public Announcement i.e. November 27, 2012. As such the equity shares of the Target Company are thinly traded on the BSE Limited.

D. Fair value of ₹ 16.50 per equity share of the Target Company is as certified by CA Mr. S.M. Patki, as mentioned in the Detailed Public Statement published on December 4, 2012.

In view of the above, the Offer Price i.e. ₹ 22/- per fully paid-up equity share is considered fair and reasonable.

13.	Details of Independent Advisors, if any.	Not Applicable
14.	Any other matter(s) to be highlighted	None

To the best of our knowledge and belief, after making proper enquiry, the information contained in or accompanying this statement is, in all material respect, true and correct and not misleading, whether by omission of any information or otherwise, and includes all the information required to be disclosed by the Target Company under the SEBI (SAST) Regulations, 2011.

For **PRADEEP METALS LIMITED**
Sd/-
RAJ KUMAR MITTAL
CHAIRMAN - COMMITTEE OF INDEPENDENT DIRECTORS

Date : 1st January, 2013
Place : Mumbai

Size: 12 (w) X 27 (h)