

**Mahindra Forgings Ltd.**

Works : Gat No. 856 to 860,
Chakan Ambethan Road, Tal.: Khed,
Dist. Pune - 410 501, INDIA.
Tel. : +91 (02135) 663300
Fax : +91 (02135) 663301
Web. : www.mahindraforgings.com

September 24, 2013

National Stock Exchange of India Limited
5th Floor, Exchange Plaza,
Plot no. C/1, G-Block,
Bandra Kurla Complex, Bandra (E),
Mumbai - 400 051

Dear Sir / Madam,

**Sub: RECOMMENDATIONS OF THE COMMITTEE OF INDEPENDENT DIRECTORS
ON THE OPEN OFFER TO THE SHAREHOLDERS OF MAHINDRA FORGINGS
LIMITED UNDER REGULATION 26(7) OF SEBI (SUBSTANTIAL ACQUISITION
OF SHARES AND TAKEOVERS) REGULATIONS, 2011**

Scrip ID: MAHINDFORG.

We are enclosing herewith the Recommendations of the Committee of Independent Directors
("IDC") with respect to the Open Offer to the shareholders of Mahindra Forgings Limited.

We request you to take the same on record.

Thanking you,

Yours faithfully,

For Mahindra Forgings Ltd.

A handwritten signature in dark ink, appearing to read 'S. Krishnan' or similar, written over the printed name 'Krishnan Shankar'.

Krishnan Shankar
Company Secretary & Head - Legal



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**RECOMMENDATIONS OF THE COMMITTEE OF INDEPENDENT DIRECTORS ("IDC") ON THE OPEN OFFER
TO THE SHAREHOLDERS OF MAHINDRA FORGINGS LIMITED UNDER REGULATION 26(7) OF SEBI
(SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS, 2011**

Date	September 24, 2013
Name of the Target Company	Mahindra Forgings Limited
Details of the Offer pertaining to the Target Company	Open Offer ("Offer") for acquisition of up to 24,502,193 Equity Shares of Mahindra Forgings Limited ("Target Company") from the Shareholders of the Target Company by Participaciones Internacionales Autometal Dos, S.L., ("Acquirer" or "PIA 2") along with Autometal S.A., ("AUTOMETAL"), and CIE Automotive S.A., ("CIE"), hereinafter together referred to as persons acting in concert with Acquirer or ("PAC"), in compliance with regulation 3(1) and 4 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and subsequent amendments thereto ("Takeover Regulations")
Name(s) of the acquirer and PAC with the acquirer	<p>Acquirer:</p> <p>Participaciones Internacionales Autometal Dos, S.L.</p> <p>Persons acting in concert with the Acquirer:</p> <ol style="list-style-type: none"> 1. Autometal S.A. ("PAC 1") 2. CIE Automotive S.A. ("PAC 2")
Name of the Manager to the Offer	<p>Kotak Mahindra Capital Company Limited Bakhtawar, 1st Floor, 229, Nariman Point, Mumbai - 400 021 Tel: +91 22 6634 1100, Fax: +91 22 2284 0492 Contact Person: Mr. Ganesh Rane Email: Project.Mfopenoffer@kotak.com</p>
Members of the Committee of Independent Directors	<ol style="list-style-type: none"> 1. Mr. Daljit Mirchandani : Chairman 2. Mr. V. K. Chanana: Member 3. Mr. Fali P. Mama : Member 4. Mr. Mohit Burman : Member 5. Mr. Nikhilesh Panchal : Member



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<p>IDC Member's relationship with the TC (Director, Equity shares owned, any other contract / relationship), if any</p>	<p>All the IDC members are independent and non-executive directors of the Target Company. They do not have any contractual relationship with the Target Company. As on the date of this report Mr. Fali P. Mama holds 2,220 equity shares. Mr. Fali P. Mama is also a Director on the Board of Amforge Industries Limited, which holds 12,40,000 equity shares and on the Board of Viniyog Investment and Trading Co. Pvt. Ltd which holds 26,03,111 equity shares of the Target Company. Mr. Mohit Burman holds 23,511 equity shares and relatives of Mr. Mohit Burman holds 7,50,250 equity shares of the Target Company. Further, the Company has allotted ESOPs to its Independent Directors. Number of ESOPs outstanding as on the date of this report are as under:</p> <ol style="list-style-type: none"> 1. Daljit Mirchandani : 25,000 2. Mr. V. K. Chanana: 35,000 3. Mr. Fali P. Mama : 35,000 4. Mr. Mohit Burman : 27,500 5. Mr. Nikhilesh Panchal : 35,000
	<p>None of the IDC members have any contract/relationship with the Target Company at present.</p>
<p>Trading in the Equity shares/other securities of the TC by IDC Members</p>	<p>None of the IDC member has traded in the securities of the Target Company:</p> <ol style="list-style-type: none"> 1. During a period of 12 months prior to the date of Public Announcement 2. From the date of Public Announcement till the date of this report
<p>IDC Member's relationship with the acquirer (Director, Equity shares owned, any other contract / relationship), if any.</p>	<p>None of the IDC members is a director of the Acquirer or the PAC 1 or PAC 2 None of the IDC members hold any equity shares of the Acquirer/ PAC 1/ PAC 2 None of the IDC members has any contract/relationship with the Acquirer/ PAC 1/ PAC 2 at present</p>
<p>Trading in the Equity shares/other securities of the acquirer by IDC Members</p>	<p>Nil</p>
<p>Recommendation on the Open offer, as to whether the offer is fair and reasonable</p>	<p>The IDC believes that the Offer Price of Rs.81/- per share is fair and reasonable</p>

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Summary of reasons for recommendation	<ol style="list-style-type: none"> 1. The Offer Price of Rs.81/- is at a 49% premium to the Volume Weighted Average Price of the Target Company for a period of 60 trading days immediately preceding the date of the Public Announcement 2. Grant Thornton India LLP acted as a professional advisor to the IDC and are of the view that the Offer Price of Rs.81/- share is reasonable. 3. Based on the above, a review of the Public Announcement, the Detailed Public Statement, and the Draft Letter of Offer, the IDC is of the opinion that the Offer Price of Rs.81/- share offered by the Acquirer is fair and reasonable
Details of Independent Advisors, if any.	Grant Thornton India LLP (Identity Number: AAA-7677) Address: 16 th Floor, Tower II, Indiabulls Finance Centre, S. B. Marg, Elphinstone W, Mumbai, 400013
Any other matter(s) to be highlighted	Nil

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 Takeover Code.

For and on behalf of the Committee of Independent Directors of Mahindra Forgings Limited

Mr. Daljit Mirchandani

[Chairman, Committee of Independent Directors]

Date: September 24, 2013

Place: Mumbai