

PRADEEP METALS LIMITED
WHISTLE BLOWER POLICY/VIGIL MECHANISM

These guidelines are linked to the following key organization-wide policies:

- a. The Code of Conduct (CoC);
- b. The Corporate Governance Process arising out of the Listing Agreement with stock Exchanges.

1. PREFACE

a) Pradeep Metals Limited believes in conducting its affairs in fair and transparent manner, by adopting high standards of professionalism, honesty, integrity and ethical behavior. The organization is committed to comply with the laws and regulations to which it is subject. For this, it has put in place systems, policies and processes to interpret and apply these laws and regulations in the organizational environment. These would help to strengthen and promote ethical practices and ethical treatment of all those who work in and with the organization.

The organization's internal controls & operating procedures are intended to detect and prevent improper activities. However, even the best of systems and controls cannot provide absolute safeguards against irregularities. Intentional and unintentional violations of the organization's policies could occur.

Towards this end, the organization has adopted the Code of Conduct (CoC), which lays down the principles and standards that should govern the actions of its employees. Any actual or potential violation of the Code, howsoever insignificant or perceived as such, would be a matter of serious concern for the Company.

Through this policy, the organization is providing a window through which such irregularities may be brought to light, by individuals who may be interacting with / observing the organization in the course of its business. The information provided would be useful in making its processes and systems more robust, and sustainable.

b) Section 177 of the Companies Act 2013 has made it mandatory for every listed Company to have a "Vigil Mechanism". Further Clause 49 of the Listing Agreement between listed companies and the Stock Exchanges, *inter alia*, provides as a non-mandatory requirement to establish a mechanism called "Whistle Blower Policy" for employees to report to the management instances of unethical behaviour, actual or suspected, fraud or violation of the Company's code of conduct.

c) Accordingly, this Vigil Mechanism/Whistle Blower Policy ("the Policy") has been formulated with a view to provide a mechanism for employees and Directors in the employment of the Company to approach the Chairman of the Audit Committee of the Company in case of an unethical behaviour, actual or suspected, fraud or violation of the Company's code of conduct. This policy would also help to create an environment where individuals feel free and secure to raise the alarm where they see a problem or a deviation. It will also ensure that whistleblowers are protected from retribution, whether within or outside the organization.

2. Definitions

The definitions of some of the key terms used in this Policy are given below.

2.1 Code:

Code of Conduct (CoC)

2.2 Whistleblower:

An individual employee, Director, channel partner, business associate or a customer of the organization, who makes a Protected Disclosure, keeping the organization's interests in mind.

2.3 Employee:

Every employee of the Company (whether working in India or abroad), including the Directors in the employment of the Company.

2.4 Protected Disclosure:

Any communication made in good faith that discloses or demonstrates an intention or evidence of an ongoing spurious / unethical activity or any condition that may contribute to occurrence of such activities .

2.5 Subject:

A person against or in relation to whom a Protected Disclosure has been made or evidence gathered during the course of an investigation.

2.6 Audit Committee:

Constituted by the Board of Directors of the company in accordance with Section 292A of the Companies Act, 1956 and which duly complies with the provisions of section 177 of the Companies Act 2013 as also Clause 49 of the Listing Agreement with the Stock Exchanges.

2.7 Investigators:

Persons authorized, consulted or approached by the Chairman of the Audit Committee and Includes the Auditors of the Company and law enforcement authorities .

3. Scope

The policy is an extension of the SCoC. The Whistleblower's Role is that of a reporting party, with reliable information. He/ she is not required or expected to act as investigators or finder of facts. He/ she cannot determine corrective actions either. Whistle blower does not have to obtain evidence in order to support his/ her information. His/ her role is simply to "Raise the Alarm".

4. Eligibility

All employees, channel partner, business associate or a customer of the organization, are eligible to make Protected Disclosures under the Policy. The Protected Disclosures may be in relation to matters concerning the Company or any other Subsidiary Company.

5. Indications to Raise an Alarm

A matter can be considered serious enough for an alarm to be raised if it satisfies any of the following conditions:

- 5.1 Serious violation of any organization-level policy, indicating that certain internal control points are weak
- 5.2 Matter is likely to receive media or public attention
- 5.3 Exposes the organization to a significant monetary or non-monetary liability or loss of Profits
- 5.4 Points towards any event which is the result of criminal action e.g. Disappearance of cash/ funds (SCoC)
- 5.5 Indicates a significant threat to the health/safety of employees/community
- 5.6 Any other violation/possible violation of the Code of Conduct .

EXCEPTIONS:

Any matter which is an individual employee grievance relating to the terms and conditions of employment or cases of sexual harassment are to be reported to the relevant HR personnel and internal complaints committee respectively.

6. Disqualification:

The following instances would be outside the purview of the Whistleblower Policy.

- 6.1 Bringing to light personal matters regarding another person, which are in no way connected to the organization .
- 6.2 Reporting information which, he/ she does not have an authorization to access.
- 6.3 While it will be ensured that genuine Whistle Blowers are accorded due protection from any kind of unfair treatment as herein set out, any abuse of this protection will warrant disciplinary action and would be taken up with utmost sternness. The violations would be investigated and dealt with by the Audit Committee.
- 6.4 Protection under this Policy would not mean protection from disciplinary action arising out of false or bogus allegations made by a Whistle Blower knowing it to be false or bogus or with a mala fide intention.
- 6.5 Whistle Blowers, who make any Protected Disclosures, which have been subsequently found to be mala fide or malicious or Whistle Blowers who make 3 or more Protected Disclosures, which have been subsequently found to be frivolous, baseless or reported otherwise than in good faith, will be disqualified from reporting further Protected Disclosures under this Policy.

6.6 Actions against such violations could range in their severity, if necessary even extending up to termination of one's employment/ contract/ association with the organization but not limited thereto. In this connection the recommendation of the Audit Committee will be binding , unless decided otherwise by the Board for just reasons.

7. Procedure

- a. All Protected Disclosures concerning financial/accounting matters should be addressed to the Chairman of the Audit Committee of the Company for investigation.
- b. If any executive of the Company other than Chairman of Audit Committee receives a Protected Disclosure, the same should be forwarded to the Chairman of the Audit Committee. Care must be taken to keep the identity of the whistle blower confidential.
- c. Protected Disclosures should preferably be reported in writing so as to ensure a clear understanding of the issues raised and should either be typed out or written in a legible handwriting in English, Hindi, regional language of the Whistle Blower's place of employment.
- d. The Protected Disclosure should be forwarded under a covering letter, which shall bear the identity of the Whistle Blower. The Chairman of the Audit Committee as the case may be shall detach the covering letter and forward only the protected Disclosure to the investigators for investigation.
- e. Protected Disclosures should be factual and not speculative or in the nature of a conclusion, and should contain as much specific information as possible to allow for proper assessment of the nature and extent of the concern.
- f. For the purpose of providing protection to the Whistle Blower, the Whistle Blower should disclose his/her identity only in the covering letter accompanying the Protected Disclosure.

8. Investigation

- a. All Protected Disclosures will be thoroughly investigated by Chairman of the Audit Committee under the authorization of the Audit Committee.
- b. Chairman of the Audit Committee may at their discretion, consider involving any Investigators for the purpose of investigation.
- c. The decision to conduct an investigation is by itself not an accusation and is to be treated as a neutral fact-finding process. The outcome of the investigation may not support the conclusion of the Whistle Blower that an improper or unethical act was committed.
- d. The identity of a Subject and the Whistle Blower will be kept confidential to the extent possible given the legitimate needs of law and the investigation.

e. Subjects will normally be informed of the allegations at the outset of a formal investigation and have opportunities for providing their inputs during the investigation.

f. Subjects shall have to co-operate with Chairman of the Audit Committee or any of the Investigators to the extent that such co-operation will not compromise self-incrimination protections available under the applicable laws.

g. Subjects have right to consult with a person or persons of their choice, other than Investigators and/or members of the Audit Committee and/or the Whistle Blower. Subjects shall be free at any time to engage counsel at their own cost to represent them in the investigation proceedings. However if the allegations against the subject are not sustainable, then the Company may see reason to reimburse such costs.

h. Subjects have a responsibility not to interfere with the investigation. Evidence shall not be withheld, destroyed or tampered with; and witness shall not be influenced, coached, threatened or intimidated by the Subjects.

i. Unless there are compelling reasons not to do so, Subjects will be given the opportunity to respond to material findings contained in an investigation report. No allegation of wrong doing against a Subject shall be considered as maintainable unless there is good evidence in support of the allegation.

j. Subjects have a right to be informed of the outcome of the investigation. If allegations are not sustained, the Subject should be consulted as to whether public disclosure of the investigation results would be in the best interest of the Subject and the Company.

k. The investigation shall be completed normally within 45 days of the receipt of the Protected Disclosure.

9. Investigators

a. Investigators are required to conduct a process towards fact-finding and analysis. Investigators shall derive their authority and access rights from The Audit Committee Chairman when acting within the course and scope of their investigation.

b. Technical and other resources may be drawn upon as necessary to augment the investigation. All Investigators shall be independent and unbiased both in fact and as perceived. Investigators have a duty of fairness, objectivity, thoroughness, ethical behaviour, and observance of legal and professional standards.

c. Investigations will be launched only after a preliminary review by the Chairman of the Audit Committee, which establishes that:

i) The alleged act constitutes an improper or unethical activity or conduct and

ii) The allegation is supported by information specific enough to be investigated or in cases where the allegation is not supported by specific information, it is felt that the concerned matter is worthy of management review. Provided that such investigation should not be undertaken as an investigation of an improper or unethical activity or conduct.

10. Processing the Information received from whistle blowers-Investigation

10.1 The Audit Committee would identify issues from among the alarm raised by whistle blowers that can be diverted to some other existing channels. E.g.anti Sexual Harassment committee, HR Policy committee etc.

10.2 If the information indicates an incident has/is taking place, The Audit Committee shall have the issue investigated, by using the channels, by seeking help from the Location Head.

10.3 If the information indicates a possible violation, or a system deficiency, then the Audit Committee shall escalate this matter to the Vice Chairman and Managing Director who in turn will discuss the same in the CEC..The CEC would deliberate on this and provide a direction and ensure that the same is implemented.

10.4 All the issues raised by Whistleblowers shall be looked into at the quarterly meetings of the Audit Committee.

10.5 The Audit Committee shall provide a feedback to the Whistle blower on what has happened on the issue raised by him/her.

10.6 The Audit Committee for the information and noting by the Board would release a quarterly report of all issues raised and dealt with. This report shall be communicated to all employees across the organization.

11. Protection for Whistleblowers

11.1 The Audit Committee is responsible to ensure that the identity of the Whistle Blower is kept strictly confidential. However, in situations where the information provided may lead to uncovering some major issues, which are legal/ criminal in nature the informer's identity may have to be produced before the Police Authorities or in a Court of Law. In such cases, the above are responsible for ensuring that the identity of the whistleblower/s are revealed only to the relevant authorities .

11.2 No unfair treatment will be meted out to a Whistle Blower by virtue of his/her having reported a Protected Disclosure under this Policy. The Company, as a policy, condemns any kind of discrimination, harassment, victimization or any other unfair employment practice being adopted against Whistle Blowers. Due protection will, therefore be given to Whistle Blowers against any unfair practices like retaliation, threat or intimidation of termination/suspension of service, disciplinary action, transfer, demotion, refusal of promotion, or the like including any direct or indirect use of authority to obstruct the Whistle Blower's right to continue to perform his duties/functions including making further Protected Disclosure. The Company will take steps to minimize difficulties, which the Whistle Blower may experience as a result of making the Protected Disclosure. Thus, if the whistle Blower is required to give evidence in criminal or disciplinary proceedings, the Company will arrange for the Whistle Blower to receive advice about the procedure, etc.

11.3 Whistleblowers are encouraged to immediately report any acts of retribution that have happened to them, due to the fact that they had made a disclosure of information.

11.4 A Whistle Blower may report any violation of the above clause to the Chairman of the Audit Committee , who shall investigate into the same and recommend suitable action to the management.

11.5 Any other employee assisting in the said investigation shall also be protected to the same extent as the Whistle Blower.

12. Decision

If an investigation leads the Chairman of the Audit Committee/ to conclude that an improper or unethical act has been committed, the Audit Committee shall recommend to the management of the Company to take such disciplinary or corrective actions as they deem fit. It is clarified that any disciplinary or corrective action initiated against the subject as a result of the findings of an investigation pursuant to this Policy shall adhere to the applicable personnel or staff conduct and disciplinary procedures.

13. Reporting

The Chairman of the Audit Committee shall on a quarterly basis/need basis report about all Protected Disclosures referred to him/her since the last report together with the results of investigations, if any.

14. Retention of Documents

All Protected Disclosures in writing or documented along with the results of investigation relating thereto shall be retained by the Company for a minimum period of eight years.

15. Communication of the Policy

The HR Department would communicate the policy across the organization and to the other stakeholder groups, using various channels and media of communication, to ensure that all concerned, understand the intent & modus operandi of this policy.

16. Amendment

16.1 On recommendation of the Audit Committee ,the Board would review the policy and update it once in two years, or as and when a new development occurs which needs a change in the policy, whichever is sooner.

16.2 Any policy update or renewal would be communicated to all the persons to whom this policy is applicable.

Address for communication:

Mr. Rajkumar Mittal
Chairman Audit Committee
Pradeep Metals Limited

C/o Mittal & Associates.
Astral Centre, 4th Floor, 417B,
N.M. Joshi Marg,
Near Chinchpokli Station,
Mumbai- 400011
E-mail: rkm@mittal-associates.com

Indicative format for reporting by Whistle Blower:

Date:
Name of the Employee/Director
E-mail id:
Communication Address
Contact No.
Subject matter which is reported
Name of the Person ;Designation and Department /incident focused at
Elaborate in detail the nature of violation
List of Documents/Copies relied upon in support of the allegation(to be attached)

Approved by: Board of Directors on 3rd July, 2014

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