

PRADEEP METALS LIMITED

RELATED PARTY TRANSACTIONS POLICY AND PROCEDURES

Policy

The Board of Directors (the "**Board**") of Pradeep Metals Limited recognizes that Related Party Transactions ("**Transactions**") present a risk of conflicts of interest (or the perception thereof). Therefore it is the Policy of the Board that all Transactions entered into or to be entered into by the Company shall be on arms length basis and in the best interests of the Company. The Company's Code of Conduct, which applies to all employees and directors, provides that all conflicts of interest should be avoided. Therefore the Board has adopted this policy pursuant to which all Transactions must be approved or ratified in accordance with the procedures set forth in this policy either by the Board and/or the shareholders in the manner laid down in the section 188 of the Companies Act, 2013 and Clause 49 VII of the Listing Agreement, with due regard to the limits of materiality set out therein .

All Transactions shall be subject to primary review and approval by the Audit Committee in accordance with the procedures set forth below. The Audit Committee ("**Committee**") of the Board shall lay down :

1. Policy guidelines which will serve as a guiding factor for all Transactions entered into or to be entered into by the Company in the ordinary course of business and complying with the definition of arms length transaction;
2. In case of potential Transactions to be entered into by the Company which are not in the ordinary course of business and does not comply with arms length transactions principles (Both conditions to be met); Transactions listed in Rule 15 of the Related Party Transaction Rules and material transactions listed under Clause 49 VII C of the Listing Agreement, recommend to the Board the appropriate course of action;
3. To confirm to the Board that Transactions have been entered by the Company in due compliance with the provisions of section 188 of the Companies Act, 2013 which are effective from 1st April 2014 and the provisions of the Clause 49 VII of the Listing Regulations which will be effective from 1st October 2014 .

Definitions

(a) "**Related Party Transactions** " shall mean those transactions listed under Section 188 of the Companies Act , 2013 and Clause 49 VII A of the Listing Agreement .

(b) "**Related party**" shall mean person/s listed under section 2 (77) of the Companies Act, 2013 and person(s); entity(ies) listed under Clause 49 VII B of the Listing Agreement .

(c) “ **Relative** ” with reference to any person, means anyone who is related to another in the manner listed under section 2 (77) of the Companies Act 2013 .

(d) “**Arms length transaction**” means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.

(e) “**Shareholders Prior Approval by Special Resolution**” shall mean transactions which are not in the ordinary course of business and not at arm’s length ; transactions listed under Rule 15 of the Related Party Transaction Rules with reference to Section 188 of the Companies Act 2013; and transactions listed under Clause 49 VII C of the Listing Agreement .

Procedures

The Committee shall review the material facts of all Transactions and may also approve or disapprove of the entering into of such transactions, subject to the exceptions described below. Where advance review by the Audit Committee of a Related Party Transaction is not feasible or has otherwise not been obtained, then the Related Party Transaction shall be reviewed subsequently by the Committee (and such transaction may be ratified subsequently by the Committee). The Committee may also disapprove of a previously entered into Transaction and may require that management of the Company take all reasonable efforts to terminate, unwind, cancel or annul the Transaction. In connection with its review of a Transaction, the Committee will take into account, among other factors it deems appropriate, whether the Transaction is on terms no less favorable than terms generally available to an unrelated party under the same or similar circumstances and the extent of the Related Party’s interest in the Transaction.

Management shall present to the Audit Committee the following information to the extent relevant, with respect to actual or potential Transactions:

1. A general description of the transaction(s), including the material terms and conditions.
2. The name of the Related Party and the basis on which such person or entity is a Related Party.
3. The Related Party’s interest in the transaction(s), including the Related Party’s position or relationship with, or ownership of, any entity that is a party to or has an interest in the transaction(s).
4. The approximate Rupee value of the transaction(s), and the approximate Rupee value of the Related Party’s interest in the transaction(s) without regard to amount of profit or loss.
5. In the case of a lease or other transaction providing for periodic payments or installments, the aggregate amount of all periodic payments or installments expected to be made.

6. Any other material information regarding the transaction(s) or the Related Party's interest in the transaction(s).

The Audit Committee shall be authorized to review in advance and provide standing pre-approval in advance for certain Transactions or categories of Transactions subject to necessary prior approvals by the Board and the Shareholders wherever applicable.

Each director who is a Related Party with respect to a particular Transaction shall disclose all material information to the Audit Committee of the Board concerning such Transaction and his or her interest in such transaction.

If a Transaction is ongoing, the Audit Committee may establish guidelines for the Company's management to follow in its ongoing dealings with the Related Party. Thereafter, the Audit Committee shall periodically review and assess ongoing relationships with the Related Party. Any material amendment, renewal or extension of a transaction, arrangement or relationship previously reviewed under this Policy shall also be subject to subsequent review under this Policy.

This Policy is intended to augment and work in conjunction with other Company policies having any conflict of interest provisions.

The Audit Committee periodically shall review this Policy and may recommend amendments to this Policy from time to time as it deems appropriate.

Standing Pre-Approval for Certain Related Party Transactions

The Audit Committee has the authority to review and recommend to the Board/ Shareholders for its prior approval the types of Transactions, the monetary limits and the terms and conditions subject to which Transactions shall be entered into from time to time.

Abstaining from discussions and Voting

Interested director(s) where Transactions are placed for consideration of the Board or interested member(s) where Transactions are placed before the Shareholders for consideration shall abstain from discussions and shall not participate in the voting process.

Disclosure

All Transactions that are required to be disclosed in the Company's Annual Report shall be disclosed as required by the Companies Act 2013, the Listing Agreement and related rules and regulations. The material features of these Policies and Procedures shall be posted on the Company's website and disclosed in the Company's Annual Report in the manner required by applicable laws, rules and regulations.

Administrative Measures

Management shall institute appropriate administrative measures to provide that all Transactions are not in violation of and are entered into in accordance with these Policies and Procedures.

Interpretation

In any circumstance where the terms of these Policies and Procedures differ from any existing or newly enacted law, rule, regulation or standard governing the Company, the law, rule, regulation or standard will take precedence over these policies and procedures until such time as these Policies and Procedures are changed to conform to the law, rule, regulation or standard.

Approved by the Board on 3rd July, 2014