

Pradeep Metals Limited
Manufacturers of Precision Closed Die Forgings

CODE FOR INDEPENDENT DIRECTORS

1. Introduction

The Code is a guide to professional conduct for Independent Directors. Adherence to these standards by Independent Directors and fulfillment of their responsibilities in a professional and faithful manner will promote confidence of the investment community, particularly minority shareholders, regulators and Companies in the institution of Independent Directors.

2. Declaration

Every Independent Director shall at the first Meeting of the Board in which he participates as a Director and thereafter at the first Meeting of the Board in every financial year or whenever there is any change in the circumstances which may affect his status as an Independent Director, give a declaration that he meets the criteria of independence.

3. Limit on number of Directorships

A person shall not serve as an Independent Director in more than seven Listed Companies.

Further, any person who is serving as a Whole Time Director in any listed Company shall serve as an Independent Director in not more than three listed Companies.

4. Guidelines of Professional Conduct

An Independent Director shall:

- a. Uphold ethical standards of integrity and probity;
- b. Act objectively and constructively while exercising his duties;
- c. Exercise his responsibilities in a bona fide manner in the interest of the Company;
- d. Devote sufficient time and attention to his professional obligations for informed and balanced decision making;
- e. Not allow any extraneous considerations that will vitiate his exercise of objective Independent judgment in the paramount interest of the Company, while concurring in or dissenting from the collective judgment of the Board in its decision making;
- f. Not abuse his position to the detriment of the Company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;
- g. Refrain from any action that would lead to loss of his independence;
- h. Where circumstances arise, which make an Independent Director lose his independence, the Independent Director must immediately inform the Board accordingly;



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- i. Assist the Company in implementing the best corporate governance practices.

5. Roles and Functions

The Independent Directors shall:

- a. Help in bringing an Independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct;
- b. Bring an objective view in the evaluation of the performance of Board and management;
- c. Scrutinize the performance of management in Meeting agreed goals and objectives and monitor the reporting of performance;
- d. Satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;
- e. Safeguard the interests of all stakeholders, particularly the minority shareholders;
- f. Balance the conflicting interest of the stakeholders;
- g. Determine appropriate levels of remuneration of executive Directors, key managerial personnel and senior management and have a prime role in appointing and where necessary recommend removal of executive Directors, key managerial personnel and senior management;
- h. Moderate and arbitrate in the interest of the Company, in situations of conflict between management and shareholder's interest.

6. Duties

The Independent Directors shall—

- a. Undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the Company;
- b. Seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice and opinion of outside experts at the expense of the Company;
- c. Strive to attend all Meetings of the Board of Directors and of the Board committees of which he is a member;
- d. Participate constructively and actively in the committees of the Board in which they are chairpersons or members;
- e. Strive to attend the General Meetings of the Company;



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- f. Where they have concerns about the running of the Company or a proposed action, ensure that these are addressed by the Board and, to the extent that they are not resolved, insist that their concerns are recorded in the minutes of the Board Meeting;
- g. Keep themselves well informed about the Company and the external environment in which it operates;
- h. Not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
- i. Pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure themselves that the same are in the interest of the Company;
- j. Ascertain and ensure that the Company has an adequate and functional vigil mechanism and to ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use;
- k. Report concerns about unethical, actual or suspected fraud or violation of the Company's code of conduct behavior or ethics. policy;
- l. Acting within his authority, assist in protecting the legitimate interests of the Company, shareholders and its employees;
- m. Not disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, unless such disclosure is expressly approved by the Board or required by law
- n. Shall act in accordance with the articles of the Company
- o. Shall act in good faith in order to promote the objects of the Company for the benefit of its members as a whole, and in the best interests of the Company, its employees, the shareholders, the community and for the protection of environment
- p. Shall exercise his duties with due and reasonable care, skill and diligence and shall exercise Independent judgment
- q. Shall not involve in a situation in which he may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the Company
- r. Shall not achieve or attempt to achieve any undue gain or advantage either to himself or to his relatives, partners, or associates and if such Director is found guilty of making any undue gain, he shall be liable to pay an amount equal to that gain to the Company
- s. Shall not assign his office and any assignment so made shall be void.



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7. Manner of Appointment

- 7.1 Appointment process of Independent Directors shall be Independent of the Company management. While selecting Independent Directors, the Board shall ensure that there is appropriate balance of skills, experience and knowledge in the Board to enable the Board to discharge its functions and duties effectively.
- 7.2 The appointment of Independent Director(s) of the Company shall be subject to the approval of shareholders at the General Meeting of shareholders of the Company.
- 7.3 An explanatory statement for such appointment, annexed to the notice for the General Meeting, shall include a statement that in the opinion of the Board, he fulfils the conditions specified in this Act for such an appointment.
- 7.4 An Independent Director shall be held liable, only in respect of such acts of omission or commission by the listed entity which had occurred with his/ her knowledge, attributable through processes of Board of Directors, and with his /her] consent or connivance or where he/ she had not acted diligently with respect to the provisions contained in these regulations.

8. Re-appointment

Subject to the provisions of section 152, an Independent Director shall hold office for a term up to five consecutive years on the Board of a Company, but shall be eligible for reappointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report. No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after the expiration of three years of ceasing to become an Independent Director, provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly. The re-appointment of Independent Director shall be on the basis of report of performance evaluation.

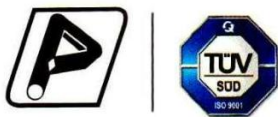
9. Remuneration

The Board of Directors shall recommend all fees or compensation, if any, paid to non-executive Directors, including Independent Directors and shall require approval of shareholders in General Meeting.

Independent Director may receive remuneration by way of fee for attending Meetings of the Board or Committee thereof shall not exceed Rs. 1 lakh per Meeting of the Board or Committee thereof.

Provided that the sitting fees payable to Independent Director shall not be less than sitting fees payable to other Directors.

Independent Director shall not be entitled to any stock option and may receive remuneration by way of fee provided under sub-section (5) of section 197, reimbursement of expenses for participation in the



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Board and other Meetings and profit related commission as may be approved by the members. The remuneration payable to Independent Director shall not exceed:

- a. 1 percent of the net profit of the Company, if there is a managing or whole-time Director or manager
- b. 3 percent of the net profit in any other case

The percentages aforesaid shall be exclusive of any fees payable to Directors under sub-section (5) of section 197 of the Companies Act, 2013.

10. Reimbursement of Expenses

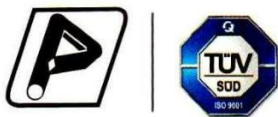
- 10.1 In addition to the fees described in the point no. 9 above, the Company will reimburse you for all reasonable and properly documented expenses you incur in performing your role. You may submit any details of expenses incurred to the Company Secretary.
- 10.2 During the appointment, circumstances may arise in the furtherance of your duties as a Director when it will be appropriate for you to seek advice from Independent advisors at the Company's expense. The Company will reimburse the full cost of expenditure incurred as deemed necessary.

11. Resignation or removal

- 11.1 The resignation or removal of an Independent Director shall be in the same manner as is provided in sections 168 and 169 of the Act.
- 11.2 An Independent Director who resigns or is removed from the Board of the Company shall be replaced by a new Independent Director within three months from the date of such resignation or removal.
- 11.3 Where the Company fulfills the requirement of Independent Directors in its Board even without filling the vacancy created by such resignation or removal, as the case may be, the requirement of replacement by a new Independent Director shall not apply.

12. Separate Meetings

- 12.1 The Independent Directors of the Company shall hold at least one Meeting in a financial year, without the attendance of non-Independent Directors and members of management;
- 12.2 All the Independent Directors of the Company shall strive to be present at such Meeting;
- 12.3 The Meeting shall:
 - Review the performance of non-Independent Directors and the Board as a whole;
 - Review the performance of the Chairperson of the Company, considering the views of executive Directors and non-executive Directors



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- Assess the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

13. Performance Evaluation of Independent Directors

- 13.1 The Nomination and Remuneration and Compensation Committee shall lay down the evaluation criteria for performance evaluation of Independent Directors.
- 13.2 The Company shall disclose the criteria for performance evaluation, as laid down by the Nomination and Remuneration and Compensation Committee, in its Annual Report.
- 13.3 The performance evaluation of Independent Directors shall be done by the entire Board of Directors which shall include -
- performance of the Directors; and
 - fulfillment of the independence criteria as specified in these regulations and their independence from the management:
- Provided that in the above evaluation, the Directors who are subject to evaluation shall not participate.
- 13.4 Based on the performance evaluation report, it shall be determined whether to extend or continue the terms of appointment of the Independent Director.

14. Other Directorships and business interests

- 14.1 The Company acknowledges that the Independent Director may have business interests other than those of the Company and that he/ she may have declared any conflicts that are apparent at present. In the event that the Independent Director becomes aware of any potential conflicts of interest, not declared so far, these may be disclosed to the Chairman and Company Secretary as soon as they become apparent.
- 14.2 During the appointment, the Independent Director may please inform the Company prior to accepting any other (or further) Directorships of publicly quoted Companies or any major external appointments, to avoid any conflict of interest with their current position in the Company.

15. Confidentiality

- 15.1 The Independent Director must apply the highest standards of confidentiality and not disclose to any person or Company (whether during the course of the appointment or at any time after its termination) any confidential information concerning the Company and any Group Companies with which the Director comes into contact by virtue of his/ her position as a Non- Executive / Independent Director of the Company.



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- 15.2 Attention is to be drawn to the requirements under both legislation and regulation as to the disclosure of price-sensitive information. Consequently, the Independent Director should avoid making any statements that might risk a breach of these requirements without prior clearance from the Chairman or Company Secretary.
- 15.3 On termination of the appointment, the Independent Director will deliver to the Company all books, document, papers and other property of or relating to the business of the Company which are in his/ her possession, custody or power by virtue of your position as a Non- Executive / Independent Director of the Company.

16. Performance Review Process

The performance of individual Directors and the whole Board and its Committees shall be evaluated by the Nomination & Remuneration Committee, If, in the interim, there are any matters arising in connection with your role as a Non-Executive Independent Director which cause you concern, you may discuss with us as soon as appropriate.

17. Insurance

The Company has Directors' and Officers' Liability Insurance, and it is intended to maintain such cover for the full term of the appointment.

18. Publication of the letter of appointment

In line with the provisions of the Act, the Company may make public a generic copy of this letter on its website at www.pradeepmetals.com and the same shall be open for inspection at the Registered Office of the Company by any member during normal business hours.

This letter is governed by, and shall be construed in accordance with, the laws of India, and the parties agree to submit to the exclusive jurisdiction of the Indian Courts. This letter constitutes neither a contract for services nor a service contract.

19. Disclosures

In case of resignation of Independent Director, the following disclosures shall be made to the Stock Exchanges:

1. The letter of resignation along with detailed reasons for the resignation as given by the said Director.
2. Names of listed entities in which the resigning Director holds Directorships, indicating the category of Directorship and membership of Board committees, if any.
3. The Independent Director shall, along with the detailed reasons, also provide a confirmation that there are no other material reasons other than those provided.

Approved by Board of Directors on 22nd May, 2025