

DIVIDEND DISTRIBUTION POLICY

[Pursuant to Regulation 43 A of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

1. PREFACE

Dividend is the payment made by a Company to its shareholders, usually in the form of distribution of its profits. The profits earned by the Company can either be retained in business or used for acquisitions, expansion or diversification, or it can be distributed to the shareholders. The Company may choose to retain a part of its profits and distribute the balance among its shareholders as dividend.

The Board of Directors of the Company understand the importance of shareholders' confidence and trust in the Company. In order to preserve the same with transparency, the Board of the Company, has adopted the Dividend Distribution Policy ("Policy") and procedures with respect to Dividends declared / recommended by the Company in accordance with the provisions of Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), as amended from time to time. Regulation 43A has mandated top thousand (1,000) listed entities based on market capitalization to frame and adopt a Dividend Distribution Policy.

This Policy will be known as "**ADOR WELDING LIMITED'S DIVIDEND DISTRIBUTION POLICY**", hereinafter referred to as 'Policy'.

This Policy is prepared in accordance with the applicable provision/s of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

This policy will come into effect from 01st June, 2021.

2. PURPOSE / OBJECTIVE

The purpose of this Policy is to facilitate the process of dividend recommendation or declaration and its pay-out by the Company. The Board endeavors to maintain fairness, consistency and sustainability, while distributing profits and to strike a balance between the quantum of dividend paid and amount of profits retained in the business.

This Policy shall have a twofold effect, firstly it shall enable the Company to maintain the consistency of Dividend payments as far as the operational profits are concerned and secondly it shall enable the Members / Investors to draw correct inferences about the profitability & growth of the Company.

ADOR WELDING LIMITED

Regd. & Corporate Office: Ador House, 6, K. Dubash Marg, Fort, Mumbai - 400 001 – 16, Maharashtra, India.

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3. DEFINITIONS

- “Act” shall mean the Companies Act, 2013 including the Rules made thereunder, as amended from time to time.
- “Applicable Laws” shall mean the Companies Act, 2013 and Rules made thereunder, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; as amended from time to time and such other acts, rules or regulations, which provide for the distribution of Dividend.
- LODR shall mean SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015
- “Company” shall mean Ador Welding Limited
- “Dividend” shall mean Dividend as defined under the provisions of the Companies Act, 2013.
- “Board” means Board of Directors of the Company.
- “Member” means, as defined under Section 2(55) of the Companies Act, 2013.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, LODR, Securities Contracts (Regulation) Act, 1956 or any other applicable law or regulation, including any amendment or modification thereof, as may be applicable.

4. TYPES OF DIVIDEND

- Interim Dividend
The interim dividend may be declared by the Board one or more times in the financial year, as it may be deemed fit.
- Final Dividend
The final dividend is paid once for the financial year after the annual accounts are prepared and adopted / approved by the Board. The Board of Directors of the Company has the power / authority to recommend the payment of final dividend to the shareholders for their approval at the Annual General Meeting of the Company. The declaration of final dividend shall be included in the ordinary business items that are required to be transacted at the Annual General Meeting.
- Special dividend
The Board may declare / recommend special dividend, as and when it deems fit.
Example: Windfall gains.

The dividend shall be declared on per share basis.

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5. DECLARATION OF DIVIDEND

Dividend shall be declared or paid only out of –

- i. Current financial year's profit:
 - a) after providing for depreciation in accordance with the prevailing law/s;
 - b) after transferring to reserves such amount, as may be prescribed or as may be otherwise considered appropriate by the Board at its discretion and as per applicable law, or
- ii. The profits for any previous financial year(s) after providing for depreciation in accordance with law and remaining undistributed, or
- iii. Both of the above
- iv. In case of inadequacy or absence of profits in any financial year, the Company may also declare/ pay Dividend out of the accumulated profits earned by it in the previous years and transferred by the Company to the reserves, provided such declaration / payment of dividend shall be made only in accordance with the provisions of the Companies Act, 2013 and rules specified therein

6. CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS MAY NOT EXPECT DIVIDEND

The Board may consider not declaring dividend or may recommend a lower payout for a given financial year, after analyzing the prospective opportunities & threats to the business. The Board may determine, after considering the circumstances, that funds of the Company need to be conserved for business needs. In such event, the Board may provide rationale in the Annual Report.

Some of the circumstances can be as follows:

- Operation of any other law in force;
- Inadequate profits or Losses incurred by the Company;
- Uncertainty of the future earnings / financial results of the Company;
- Availability of opportunities for reinvestments of surplus funds;
- Corporate action(s) resulting in cash outflow

7. PARAMETERS / FACTORS AFFECTING DIVIDEND DECLARATION

The Company stands committed to deliver sustainable value to all its stakeholders and will strive to distribute an appropriate level of the profits earned by it in its business in the form of dividend. Taking into consideration various factors, the Company will endeavor to maintain a dividend pay-out of up to 35-65 percent of profit after tax (PAT) on the standalone financials. The same is also evident from the dividend distribution made by the Company in the past few years.

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Some of the factors (both internal and external), which would be considered whilst considering the quantum of dividend are

- Current year profits and business requirements for future needs like growth, capital expenditure, working capital etc.;
- Consolidated net operating profit after tax
- Past dividend declaration pattern
- Operating cash flows and treasury needs/ requirements
- Debt obligations
- Government policies
- General economic environment
- Industry outlook;
- Contingencies which could have financial repercussions; and
- Restrictions/covenants if any, contained in any lender agreements or any other arrangement or agreement duly entered into by the Company.

8. RETAINED EARNINGS

Retained earnings would be used for Company's business priorities. If there are excess reserves beyond the medium to long term business requirements, the retained earnings would be distributed to shareholders via dividends or other means as permitted by applicable regulations.

9. PARAMETERS ADOPTED WITH REGARD TO VARIOUS CLASSES OF SHARES

Currently, the Company does not have different classes of shares and follows the 'one share, one vote' principle. If the Company has more than one class of shares in future, dividend for each class would be subject to prescribed statutory guidelines as well as terms of offer of each class to the investors of that class of shares.

The holders of the equity shares of the Company, as on the record date, are entitled to receive dividend. Since the Company has only one class shares, all the Members of the Company are entitled to receive the same amount of dividend per share.

10. REVIEW OF THIS POLICY

- i. The Board may change / revise this policy, if required by law, from time to time, supported by an appropriate resolution.
- ii. If the terms of this policy differ from any existing or newly enacted laws, rules, regulations or standards governing the Company, the relevant / applicable laws, rules, regulations or standards will take precedence over these policies and procedures until such time this policy is changed / revised to conform to the laws, rules, regulations or standards.

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11. DISSEMINATION OF POLICY

The Dividend Distribution Policy shall be disclosed in the Annual Report of the Company, as per the provisions of laws in force. The policy may also be uploaded on the website of the Company at www.adorwelding.com

12. APPROVED

This policy was approved by the Board of Directors at its meeting held on Friday, 28th May, 2021.

For **ADOR WELDING LIMITED**

NINOTCHKA MALKANI NAGPAL
EXECUTIVE CHAIRMAN

ADITYA T. MALKANI
MANAGING DIRECTOR