

ADOR WELDING LIMITED



RELATED PARTY TRANSACTIONS POLICY

[Pursuant to the provisions of Clause 49(VII)(C) of the Listing Agreement]

1. PURPOSE

The purpose of this document is to outline the policy regarding the review and approval of the Related Party Transactions in Ador Welding Ltd. adopted by the Audit Committee and Board of Directors in order to set forth the procedures under which transactions with Related Parties must be approved.

2. DEFINITIONS

For the purposes of this policy, the following definitions shall apply:

- a. **Board** means the **Board of directors of Ador Welding Ltd.**
- b. **Company** means **Ador Welding Ltd.**
- c. **Compliance Officer** means **Company Secretary**
- d. **Material Related Party Transaction** means a transaction with a related party if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, **exceeds ten percent of the annual consolidated turnover of the Company** as per the last audited financial statements of the Company.
- e. **Policy** means this "Policy on Related Party Transactions"
- f. **Related party** means the following:
An entity shall be considered as related to the Company if:
 - such entity is a related party under **Section 2(76) of the Companies Act, 2013**; or
 - such entity is a related party under **the applicable Accounting Standards.**
- g. **Relative** means
 - (A) With reference to any person, **anyone who is related to another**, if:
 - they are **members of a Hindu Undivided Family**;
 - they are **husband and wife**; or
 - (B) A person shall be deemed to be the relative of another, if he or she is related to another in the following manner, namely:-
 - Father including step-father
 - Mother including step-mother
 - Son including step-son
 - Son's wife
 - Daughter
 - Daughter's husband
 - Brother including step-brother
 - Sister including stepsister

- h. **Related Party Transaction** means a **transaction** as envisaged as a related party transaction under **the Companies Act, 2013** and / or under **the Listing Agreement** (as amended from time to time).
- i. **Arm's 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.

3. GENERAL PRINCIPLES

- a. It shall be responsibility of the Board to monitor and manage potential conflicts of interest of Management, Board members, including abuse of Related Party Transactions.
- b. The Independent Directors of the Company shall 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.
- c. The Audit Committee shall have the following powers with respect to Related Party Transactions:
- to seek information from any employee
 - to obtain outside legal and other professional advice
 - to secure attendance of outsiders with relevant expertise, if it considers necessary
 - to investigate any related party transaction

4. IDENTIFICATION OF POTENTIAL RELATED PARTY TRANSACTIONS

- a. Each Director/Key Managerial Personnel (KMP) is responsible for providing written notice to the Compliance Officer of any potential Related Party Transaction involving him or her or his or her relatives, including any additional information about the transaction that the Compliance Officer may reasonably request. The Compliance Officer in consultation with other members of Management and with the Audit Committee Members, as appropriate, will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this Policy.
- b. Every Director/ Key Managerial Personnel of the Company who is, in any way, whether directly or indirectly, concerned or interested in a contract or arrangement or proposed contract or arrangement entered into or to be entered into shall disclose the nature of his concern or interest at the meeting of the Board in which the contract or arrangement is discussed and shall not participate in or exercise influence over any such meeting.
- c. Where any Director/ Key Managerial Personnel, who is not so concerned or interested at the time of entering into such contract or arrangement, he/ she shall, if he/ she becomes concerned or interested after the contract or arrangement is entered into, disclose his/ her concern or interest forthwith when he/ she becomes concerned or interested or at the first meeting of the Board held after he/ she becomes so concerned or interested.
- d. A contract or arrangement entered into by the Company without disclosure or with participation by a Director / Key Managerial Personnel who is concerned or interested in any way, directly or indirectly, in the contract or arrangement, shall be voidable at the option of the Company.
- e. The Company strongly prefers to receive such notice of any potential Related Party Transaction well in advance so that the Compliance Officer has adequate time to obtain and review information about the proposed transaction and other matter incidental thereto and to refer it to the appropriate approval authority. Ratification of a Related Party

Transaction after its commencement or even after its completion may be appropriate in certain circumstances.

The potential related party transaction shall be any contract or arrangement entered by the Company with related party such as:

- Sale, Purchase or Supply of any goods or materials;
- Selling or otherwise disposing of, or buying property of any kind;
- Leasing of property of any kind;
- Availing or rendering of any service/s;
- Appointment of any agent for purchase or sale of goods, materials, services or property;
- Related party's appointment to any office or place of profit in the Company, its subsidiary Company or associate Company; and
- Underwriting the subscription of any securities or derivatives thereof, of the Company
- Any other transaction wherein transfer of resources, services or obligations is taking place with a related party, regardless of whether a price is charged.

5. REVIEW AND APPROVAL OF RELATED PARTY TRANSACTIONS

(I) Audit Committee

Every Related Party Transaction should be subject to the approval of the Audit Committee whether at a meeting or by resolutions by circulation. However, the Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into with the Company which are repetitive in nature and in the ordinary course of business and on arm's length basis, subject to compliance of the conditions in Clause 49 of the Listing Agreement.

Any member of the Committee who has a potential interest in any Related Party Transaction shall abstain from discussion and voting on the approval of the Related Party Transactions.

To review a Related Party Transaction, the Committee shall be provided with necessary information, to the extent relevant, with respect to actual or potential related party transaction prescribed under the Companies Act, 2013 and rules thereunder, and the Listing Agreement.

Transactions entered into between a holding and its wholly owned subsidiary whose accounts are consolidated with such holding Company and placed before the shareholders at the General Meeting for approval, shall not require prior approval of the Audit Committee.

(II) Board of Directors

If the Company determines that the related party transaction should be brought before the Board, or if the Board decides to review any such matter or it is mandatory under any law for the Board to approve the related party transaction, then the Board shall consider and approve the Related Party Transactions and the considerations set forth above shall be subject to the Board's review and approval, with such modification/s as may be necessary or appropriate under the circumstances.

(III) Shareholders

All “Material Related Party Transactions” shall require approval of the shareholders through special resolution and the related party/ies with whom the transaction is to be entered into shall abstain from voting on such resolution.

All the transactions, other than the “Material Related Party Transactions”, with the Related Parties which are not in the ordinary course of business or at arm’s length basis shall also require the approval of the shareholders through special resolution, and the Related Parties shall abstain from voting on such resolution.

6. DISCLOSURES

- a. The Company is required to disclose Related Party Transactions in the Company’s Board’s Report to shareholders of the Company at the Annual General Meeting.
- b. Details of all the “Material Related Party Transactions”, if any, shall be disclosed quarterly along with Company’s Compliance Report on Corporate Governance, in accordance with the Listing Agreement.
- c. The Company is also required to disclose this Policy on its website and also in the Annual Report of the Company.
- d. The Company shall keep one or more registers giving separately the particulars of all contracts or arrangements with all the related parties.
- e. This Policy will be communicated to all operational employees and other concerned persons of the Company.

7. AMENDMENTS

If there is any amendment to the Statute affecting this Policy, then the relevant amended provision of the Statute will prevail over this Policy. The Company reserves the right to amend or modify this Policy in whole or in part, at any point of time.

8. APPROVED AND ADOPTED

This policy was approved by the Board and the Audit Committee on Monday, 10th November 2014.