

## **ADOR WELDING LIMITED**

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### **CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY**

#### **PHILOSOPHY ON CSR:**

Ador Welding Limited (AWL) believes that a Company's performance must be quantified in a balanced economic, environmental and social imperative. As a pioneer in the welding industry, AWL has played a significant part in the country's industrialization and infrastructure development and its welders have played a huge role in this development. The Company's CSR vision is "Welding is an essential part of everyday life as right from manufacturing cars to high rise buildings, airplanes to rockets, pipelines to highways, all of it requires welding." As a responsible corporate citizen, the Company strives for community empowerment through socio-economic development of underprivileged and marginalized sections of society, thereby raising the Country's human development index.

In pursuit of our commitment towards a comprehensive growth, we venture to have in place a framework to integrate social, environmental, humanitarian concerns into our core business strategy, in the best interest of all our stakeholders. At AWL, CSR is a cornerstone of its corporate culture and the Company's endeavor ardently adds more value on the societal front and makes a significant impact on livelihood. This entails transcending business interests and grappling with the "quality of life" challenges that underserved communities face, and working towards creating a meaningful difference to them.

#### **APPLICABILITY & SCOPE:**

The scope of this policy is to strategically draw the guiding principles with respect to selection, implementation and monitoring of CSR activities as well as formulation of the annual action plan by the Board of the Company, after taking into account the recommendations of the CSR Committee.

The said policy is in accordance with the provisions of Section 135 of the Companies Act, 2013 ('the Act') and the corresponding rules made there under, as amended from time to time ('CSR Rules'), Schedule VII to the Act and the Company's value system.

#### **FOCUS AREAS OF CSR:**

Arising from this, the key focus areas that echo AWL's CSR policy, are the following and AWL's CSR programs will generally cover all or any of these focus areas:

- Eradicating hunger, poverty and malnutrition, promoting preventive healthcare & sanitation, making available safe drinking water;
- Promoting education; including special education and employment enhancing vocational skills especially among children, women, elderly and the differently abled and livelihood enhancement projects;
- Promoting gender equality, empowering women, setting up homes and hostels for women and orphans, setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
- Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro forestry, conservation of natural resources and maintaining quality of soil, air & water;
- Taking up Rural development projects / Conducting various social awareness programs;
- Contributing to development & improvement in quality of life of the workforce and their families as well as of the society at large.
- Conservation of energy, including projects related to renewable sources of energy.

#### **ORGANIZATIONAL MECHANISM FOR CSR:**

The Board of Directors shall form a Corporate Social Responsibility (CSR) Committee pursuant to the provisions of Section 135 of the Companies Act 2013, which shall be responsible for formulating & recommending to the Board the CSR Policy & CSR Annual Action Plan, list of CSR activities / manner of execution / utilization of fund and timelines / monitoring of projects and shall lay down the guidelines / key focus areas for the CSR activities every year.

#### **COMPOSITION OF THE CSR COMMITTEE:**

Three or more directors, of which at least one director shall be an Independent Director. No sitting fees will be paid to the members of CSR Committee. The Company Secretary shall act as the Secretary to the Committee.

The number of members of the CSR Committee and their powers and functions can be specified, varied, altered or modified from time to time by the Board, subject to the provisions of the applicable law.

#### **FUNCTIONS OF THE CSR COMMITTEE:**

- a) To formulate and recommend to the Board, a CSR Policy indicating the activities to be undertaken by the Company in the areas or subject as specified in Schedule VII of the Act;

- b) Recommend the amount to be spent on these activities in every financial year; and
- c) Monitor the Company's CSR activities under the policy periodically;
- d) Developing the CSR annual strategy, based on the guidelines set by the Companies Act, 2013 & Rules framed there under.
- e) Formulate and recommend to the Board the annual action plan for CSR activities, CSR project development, CSR project approval, etc. in accordance with the CSR Policy, indicating the following:
  - list of CSR projects or programmes that are to be undertaken in areas or subjects specified in Schedule VII to the Act;
  - manner of execution of such projects or programmes;
  - modalities of utilisation of funds and implementation schedules for the projects or programmes;
  - monitoring and reporting mechanism for the projects or programmes;
  - details of need and impact assessment, if any, for the projects undertaken by the Company;

**THE CSR COMMITTEE WILL ENSURE THE FOLLOWING:**

- Appropriate organizational structure to effectively identify, monitor & manage CSR activities.
- All kinds of income accrued to AWL by way of CSR activities, if any, to be credited back to CSR corpus.

**IMPLEMENTATION MECHANISM OF CSR:**

CSR activities will be implemented either directly on its own by the Company or through any other organisation, which is into CSR activities and registered with the Central Government, namely:

- a company established under section 8 of the Act, or a registered public trust or a registered society, registered under section 12A and 80G of the Income Tax Act, 1961 (43 of 1961), established by the company, either singly or along with any other company, or
- a company established under section 8 of the Act or a registered trust or a registered society, established by the Central Government or State Government; or
- any entity established under an Act of Parliament or a State legislature; or
- a company established under section 8 of the Act, or a registered public trust or a registered society, registered under section 12A and 80G of the Income Tax Act, 1961, and having an established track record of at least three years in undertaking similar activities.

AWL can conduct due diligence, prior to selection of an entity as its implementation organization / agency, to verify the credentials and ensure that the proposed implementation agency is eligible & capable to be appointed as such.

AWL can also enter into Collaborative partnerships with the Government, NGOs, independently

registered non-profit organisations, or with other like-minded organisations / stakeholders, so as to widen the Company's reach and leverage upon the collective expertise & experience, these partnerships will bring on pooling their resources for CSR activities.

In undertaking CSR Activities, the Company shall give preference to the local areas wherein the Company operates or has its offices i.e. areas in the vicinity of its factories, depots and sales offices, if any, to the extent possible.

#### **CSR EXPENDITURE:**

- **Statutory requirement**  
The Company shall spend at least 2% (two percent) of the average Net Profits made during the last 3 (three) immediately preceding financial years in accordance with the Act & the Rules and the CSR Policy.
  
- **Set off**  
Where the Company spends an amount in excess of requirement provided under Section 135(5) of the Act, such excess amount will be set-off against the requirement to spend under section 135(5) up to immediate succeeding 3 (three) financial years subject to certain conditions, given under the Act.
  
- **Ongoing project**  
“Ongoing Project” means a multi-year project undertaken by a Company in fulfilment of its CSR obligation having timelines not exceeding three years excluding the financial year in which it was commenced and shall include such project that was initially not approved as a multi-year project but whose duration has been extended beyond one year by the board, based on reasonable justification.  
  
In case of ongoing project, the Board shall monitor the implementation of the project with reference to the approved timelines & year-wise allocation and shall make modifications, if any, for smooth implementation of the project, within the overall permissible time period.
  
- **Surplus**  
Any surplus arising out of the CSR Activities will not be considered as a part of the business profit and will be re-allocated to the same CSR project or will be transferred to the Unspent CSR Account and will be spent in pursuance of this CSR policy and / or annual action plan.
  
- **Administrative Overheads**  
The Board shall ensure that the administrative overheads shall not exceed five percent of total CSR expenditure of the Company for the financial year.

“Administrative overheads”, as defined under the Act, mean the expenses incurred by the Company for ‘general management and administration’ of Corporate Social Responsibility functions in the Company but shall not include the expenses directly incurred for the designing, implementation, monitoring, and evaluation of a particular Corporate Social Responsibility project or programme.

- **Creation or Acquisition of a Capital Asset**  
The CSR amount may be spent by a Company for creation or acquisition of a capital asset in accordance with the CSR Rules.
- **Unspent Amount**  
Any unspent amount, other than unspent amount relating to an ongoing project, will be transferred to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year.

Further, unspent CSR funds of ongoing projects will be transferred within a period of 30 days from the end of the financial year to a special account, opened by the Company in any scheduled bank called the “Unspent Corporate Social Responsibility Account”. Such amount shall be spent by the Company towards CSR within a period of 3 financial years from the date of such transfer, failing which, the company shall transfer the same to a Fund specified in Schedule VII, within a period of 30 days from the date of completion of the third financial year.

The Board shall be responsible for sanctioning the CSR Expenditure and shall be responsible, along with the CSR Committee, for taking steps to ensure that the amount for the CSR Expenditure is available for the Implementation / application towards the CSR Activities.

#### **CSR ACTIVITIES TO BE TAKEN UP BY ADOR WELDING LIMITED IN FY 2021-22**

- Promoting education among children, women, elderly and differently abled, including special education & employment enhancing vocation skills, especially skill development and encouraging safety practices in welding & allied fields for economically challenged / financially weaker section of the Society.
- Empowering women towards individual and professional development opportunities.
- Promoting healthcare, sanitation, hygiene & making available safe drinking water to the non-privileged / underprivileged.
- Any other activities covered under Schedule VII to the Companies Act, 2013, as may be identified by CSR Committee from time to time.

## **MODALITIES FOR UTILIZATION OF FUNDS:**

Our CSR underpins the significance of the people behind this development and identifies areas where we can help nurture their current and future potential while supporting their families and communities through the following ways:

### **1. Up skilling India to make more Indians have meaningful jobs through Education, Training (basic education, up-skill India with welding skills):**

- Providing sponsorship training to underprivileged youth to take up courses on welding skills
- Provide welding training support in future based on various opportunities and needs

### **2. Skilled women in manufacturing:**

Providing a safe working environment for women

### **3. We want to ensure that the families of skilled workers are looked after:**

Medical welfare for families

### **4. Areas around our factories and Head Office by providing basic sanitation, drinking water, education for welder's children and community services:**

- Environmental Compliances at all plants
- CE Safety Standards
- Tree plantations at all plants
- Provide medical help as may be fit to various strata's of society

### **5. Welfare Activities**

Undertaking relief / welfare activities related to the Novel Coronavirus i.e. COVID-19 pandemic.

## **MONITORING MECHANISM:**

The CSR activities will be carried out, to the extent possible, around the factory areas of the Company and the respective Plant In-charge(s) can be authorized to monitor the implementation of the said CSR activities in the vicinity of the Plants.

Mr. Vinayak M. Bhide, the Company Secretary & Secretary of the CSR Committee will be responsible to oversee the overall functioning of the CSR activities/ projects of the Company.

The CSR expenditure can be incurred directly or through one or more recognized NGOs / organization / Charitable Trusts.