

ADOR WELDING LIMITED

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 for 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 CSR Committee.

The said policy is to be read in alignment 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 of the Act and AWL philanthropy's & CSR values.

FOCUS AREAS OF ENGAGEMENT:

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:

- i. Eradicating hunger, poverty and malnutrition, promoting preventive healthcare &

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- sanitation, making available safe drinking water;
- ii. Promoting education; including special education and employment enhancing vocational skills especially among children, women, elderly and the differently abled and livelihood enhancement projects;
 - iii. 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;
 - iv. 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;
 - v. Taking up Rural development projects / Conducting various social awareness programs;
 - vi. Contributing to development & improvement in quality of life of the workforce and their families as well as of the society at large;
 - vii. Conservation of energy, including projects related to renewable sources of energy;
 - viii. Contribution to the prime minister's national relief fund [or Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund)] or any other fund set up by the central govt. for socio economic development and relief and welfare of the schedule caste, tribes, other backward classes, minorities and women;
 - ix. Contribution to research and development projects in the field of science, technology, engineering and medicine, funded by the Central Government or State Government or Public Sector Undertaking or any agency of the Central Government or State Government;
 - x. Contributions to public funded Universities; Indian Institute of Technology (IITs); National Laboratories and autonomous bodies, established under Department of Atomic Energy (DAE); Department of Biotechnology (DBT); Department of Science and Technology (DST); Department of Pharmaceuticals; Ministry of Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homoeopathy (AYUSH); Ministry of Electronics and Information Technology and other bodies, namely Defense Research and Development Organization (DRDO); Indian Council of Agricultural Research (ICAR); Indian Council of Medical Research (ICMR) and Council of Scientific and Industrial Research (CSIR), engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs)

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 Act, 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.

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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, specified in Schedule VII;
- 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 approved to be undertaken in areas or subjects specified in Schedule VII of 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;
- f) Monitoring the execution mechanism for CSR projects; Periodic reporting and communication to the Board.

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:

Ador Foundation, the Philanthropy arm of Ador Group Companies will be the core / principal

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implementation agency for undertaking all / major CSR activities of Ador Group Companies as well as their Subsidiaries.

The CSR activities of AWL can be undertaken by the Company either directly by itself or through Ador Foundation or through any other organization / agency, 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.

All contributions to the funds referred to in the 'Focus areas of Engagement' clauses shall be made directly by the Company and shall be utilized, accounted for and monitored, strictly in accordance with the applicable provisions of law.

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 and capable to be appointed as such.

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AWL can also engage international organizations for designing, monitoring and evaluation of the CSR projects or programmes as per its CSR policy as well as for capacity building of their own personnel for CSR.

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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.

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Administrative Overheads

The Board shall ensure that the administrative overheads shall not exceed 05% (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 06 (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.

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

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 the families of underprivileged and communities through the following ways:

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

- Providing sponsorship for training to underprivileged youth, to take up courses on weldingskills

2. Women empowerment:

Providing a safe working environment for women

3. Areas around our factories and Offices by providing basic sanitation, drinking water, education for economically challenged 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

4. Welfare Activities

Undertaking relief / welfare activities, especially during pandemic.

MONITORING MECHANISM:

Certain 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 thePlants.

Mr. Vinayak M. Bhide, Company Secretary & Mr. S. K. Sethia, Chief Financial Officer will be responsible to oversee the overall functioning of the CSR activities / projects of the Company.

This policy was approved by the Board on Friday, 20th May, 2022.