

## **ADOR WELDING LIMITED**

### **RELATED PARTY TRANSACTIONS POLICY**

*[Pursuant to the provisions of Regulation 23 of the SEBI (Listing Obligations and Disclosures Requirements) ("LODR") Regulations, 2015, as amended]*

#### **1. INTRODUCTION**

The Board of Directors of Ador Welding Limited ("the Board") has adopted this policy and procedures with regard to the Materiality of the Related Party Transactions and dealing with Related Party Transactions of the Company **with effect from 01<sup>st</sup> April, 2022**.

#### **2. PURPOSE**

The purpose of this document is to outline the policy & procedure for review and approval of the Related Party Transactions in Ador Welding Ltd., adopted by the Audit Committee and Board of Directors.

#### **3. DEFINITIONS**

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

- a. **"Act"** means the Companies Act, 2013 ('Act') read with the Rules thereto including any subsequent amendments thereof.
- b. **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.
- c. **"Board"** means the **Board of directors of Ador Welding Ltd.**
- d. **"Company"** means **Ador Welding Ltd.**
- e. **"Compliance Officer"** means **the Company Secretary**
- f. **"Material modifications"** means any modifications to an existing related party transaction having variance of 20% of the existing limit, as sanctioned by the Audit Committee / Board / Shareholders, as the case may be.
- g. **"Material Related Party Transaction"** means a transaction with the Related Party to be entered into individually or taken together with previous transactions during a financial year, exceeds Rs. 1000 Crore or 10% of the annual consolidated turnover (sales / Revenue) of the Company, whichever is lower as per the last audited financial statements, as defined under Regulation 23 of the Listing Regulations and the contracts or arrangements given under Companies Act, 2013.  
Further, transaction(s) involving payment made to the related parties with respect to brand usage or royalty, in single or multiple transactions, exceeding 5% of annual consolidated turnover of the Company as per the last audited financial statement, shall also be considered as material RPT under Listing Regulations.

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- h. **Policy** means this “Policy on Related Party Transactions”
- i. **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**; or
  - any person or entity forming a part of the promoter or promoter group; or
  - any person or any entity holding equity shares of **20% cent or more** in the Company;
- j. **Relative** means
- (A) With reference to any person, **anyone who is related to another**, if:
- they are **members of a Hindu Undivided Family (HUF)**;
  - 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
- k. **“Related Party Transaction” (RPT)** means a transaction involving a transfer of resources, services or obligations between a listed entity or any of its subsidiaries on one hand and a related party of the listed entity or any of its subsidiaries on the other hand, regardless of whether a price is charged and a “transaction” with a related party shall be construed to include a single transaction or a group of transactions in a contract.

#### **4. GENERAL PRINCIPLES**

- a. It shall be the responsibility of the Audit Committee and the Board to monitor & 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 the Related Party Transactions:
- to seek information from any employee
  - to obtain outside legal and other professional advice

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- to secure attendance of outsiders with relevant expertise, if it considers necessary
- to investigate any related party transaction

**5. 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 he / she feels 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 / her 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 / in 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, 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 / Board.
- 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 matters 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 into 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

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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.

## 6. **REVIEW AND APPROVAL OF THE 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 through resolutions by circulation, irrespective of its materiality. However, the Audit Committee may grant omnibus approval for Related Party Transactions, proposed to be entered into with the Company, which are foreseeable & repetitive in nature and in the ordinary course of business and on arm'slength basis.

All the Related Party Transactions shall be approved only by the Independent Directors, who are members of the Audit Committee, in compliance with sub-regulation 2 of Regulation 23 of the SEBI LODR Regulations, 2015.

Omnibus / Prior approval of Audit Committee is required can be taken for the following Related Party Transactions:

- Where Company is a party;
- Where subsidiary of the Company is a party but the Company is not a party, if the value of such transaction, whether entered into individually or taken together with previous transactions during a financial year exceeds 10% (ten percent) of the annual consolidated turnover, as per the last audited financial statements of the Company;
- Transaction of the Company and/or its subsidiaries with unrelated parties, the purpose and effect of which is to benefit the related parties of the Company or any of its subsidiaries.

The Audit Committee shall define the 'material modification' in a Related Party Transaction and review all the RPTs previously approved by it, on a quarterly basis, w.r.t. any irregularities. The Audit Committee shall also approve any subsequent 'material modification' of RPTs.

Omnibus / Prior approval of Audit Committee is not required in case the transaction is to be executed with the Subsidiary Company and such Subsidiary Company is a listed entity & Regulation 15 to Regulation 27 are applicable to such Subsidiary Company.

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

To review a Related Party Transaction, the Audit Committee shall be provided with necessary

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information, to the extent relevant, with respect to actual or potential related party transaction, prescribed under the Companies Act, 2013 and rules made thereunder, and LODR.

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**

Prior approval of Shareholders of Listed entity is required in the following cases:

- All "Material Related Party Transactions" & subsequent "Material Modifications", as defined earlier, whether in ordinary course of business and/or arm's length basis or not.
- If the transaction, in which the unlisted subsidiary is a party but the listed entity is not a party.

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, and the Related Parties shall abstain from voting on such resolution.

## **7. DISCLOSURES**

- a. The Company is required to submit to the stock exchanges, disclosures of RPTs, in the format as specified by SEBI, from time to time, and publish the same on its website every six months within 15 (fifteen) days from the date of publication of its standalone and consolidated financial results.
- b. The Company is also required to disclose the Related Party Transactions along with the justification for entering into such transactions / contracts / arrangements / modifications with the Related Parties, as part of Board's Report to shareholders of the Company at the Annual General Meeting.
- c. 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.
- d. The Company is also required to disclose this Policy on its website and also in the Annual Report of the Company.

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- e. The Company shall keep one or more registers giving separately the particulars of all contracts or arrangements with all the related parties.
- f. This Policy will be communicated to all operational employees and other concerned persons of the Company.

#### **8. 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.

#### **9. APPROVED AND ADOPTED**

This policy was approved by the, Board and the Audit Committee on Friday, 20<sup>th</sup> May, 2022.