



ADOR WELDING LIMITED

Code of Conduct for Directors & Senior Management

*[Pursuant to SEBI (Prohibition of Insider Trading) (Amendment)
Regulations, 2018 & Schedule B]*

1. PREAMBLE

This Code of Conduct is introduced to maintain high standards of business conduct / ethics for the Company and to ensure compliance with legal requirements, under Regulation 26 read with Schedule II of SEBI (LODR) Regulations, 2015. All the Directors and the Senior Management of the Company must act within the bounds of the authority conferred upon them and with a duty to make and enact informed decisions and policies, in the best interests of the Company and all its shareholders / stakeholders.

With a view to maintain the high standards that the Company has set for itself, the following rules / Code of Conduct should be observed in all the activities by the Board of Directors / Senior Management of the Company. The Company has appointed the Company Secretary as the Compliance Officer for the purpose of the Code, who will be available to the Directors and Senior Management of the Company, to answer their queries and help them comply with the Code.

The "Senior Management" means employees at the grade of General Manager & above, the Chief Financial Officer and the Company Secretary.

2. APPLICABILITY

This Code of Conduct is applicable to the following persons:

- Board of Directors
- Senior Managerial Personnel
- All Functional Heads

The Directors, both executive and non-executive, are obliged to carry out their duties in honest, fair, diligent and ethical manner, within the scope of the authority conferred upon them and in accordance with the laws, rules, regulations, agreements, guidelines, standards and Company's internal policies & procedures.

The Board of Directors of the Company is entrusted with the fiduciary responsibility of oversight of the affairs of the Company. As Directors of the Company, they have a duty to make decisions and implement policies in the best interests of the Company and its stakeholders.

The Senior Management team comprises of the Members of Management, one level below the Directors, and includes all functional heads.

3. DUTIES OF DIRECTORS

In terms of Section 166 of the Companies Act, 2013, a director shall:

- a. act in accordance with the Articles of Association of the Company;
- b. act in good faith in order to promote the objects of the Company for the benefit of its members as a whole, and in the best interests of the Company, its employees, the shareholders, the community and for the protection of environment;
- c. exercise his duties with due & reasonable care, skill and diligence and shall exercise independent judgment;
- d. not involve in a situation in which he may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the Company;
- e. not achieve or attempt to achieve any undue gain or advantage, either to himself or to his relatives, partners, or associates and if such director is found guilty of making any undue gain, he shall be liable to pay an amount double the gain to the Company;
- f. not assign his office and in case any assignment is made, it shall be void.

Further in terms of para III (Duties) of Schedule IV to the Companies Act, 2013, the Independent Directors shall:

- a. undertake appropriate induction and regularly update & refresh their skills, knowledge & familiarity with the Company;
- b. seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice and opinion of outside experts at the expense of the Company;
- c. strive to attend all meetings of the Board of Directors and of the Board Committees, of which he is a member;
- d. participate constructively and actively in the committees of the Board, in which they are chairpersons or members;
- e. strive to attend the general meetings of the Company;
- f. where they have concerns about the running of the Company or a proposed action, ensure that these are addressed by the Board and, to the extent that they are not resolved, insist that their concerns are recorded in the minutes of the Board meeting;
- g. keep themselves well informed about the Company and the external environment, in which it operates;
- h. not unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;

- i. 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;
- j. ascertain and ensure that the Company has an adequate and functional vigil mechanism and shall also ensure that the interests of a person, who uses such mechanism are not prejudicially affected on account of such use;
- k. report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics policy;
- l. act within his authority, assist in protecting the legitimate interests of the Company, shareholders and its employees;
- m. not disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, unless such disclosure is expressly approved by the Board or required by law.

Notwithstanding anything contained in the Companies Act, 2013, an Independent Director or a Non-Executive Director (not being promoter or key managerial personnel), shall be held liable, in respect of such acts of omission or commission by the Company, which had occurred with his knowledge, attributable through business processes, and with his consent or connivance or where he had not acted diligently.

4. ROLES & FUNCTIONS OF INDEPENDENT DIRECTORS

Independent Directors are responsible for ensuring better governance by actively involving in various committees set up by the Company. The Independent Directors are required to perform the following important roles:

- a. help in bringing an independent judgment to bear on the Board's deliberations, especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct;
- b. bring an objective view in the evaluation of the performance of the Board & Management;
- c. scrutinise the performance of Management, in meeting agreed goals & objectives and monitor the reporting of performance;
- d. satisfy themselves on the integrity of financial information and that financial controls & the systems of risk management are robust and defensible;
- e. safeguard the interests of all stakeholders, particularly the minority shareholders;

- f. balance the conflicting interest of the stakeholders;
- g. determine appropriate levels of remuneration of executive directors, key managerial personnel & senior management and have a prime role in appointing & where necessary recommend removal of executive directors, key managerial personnel and senior management;
- h. moderate and arbitrate in the interest of the Company as a whole, in situations of conflict between management and shareholder's interest.

5. GUIDELINES OF PROFESSIONAL CONDUCT FOR INDEPENDENT DIRECTORS

An Independent Director shall:

- a. uphold ethical standards of integrity and probity;
- b. act objectively and constructively, while exercising his duties;
- c. exercise his responsibilities in a bona fide manner, in the interest of the Company;
- d. devote sufficient time and attention to his professional obligations for informed and balanced decision making;
- e. not allow any extraneous considerations that will vitiate his exercise of objective independent judgment in the paramount interest of the company as a whole, while concurring in or dissenting from the collective judgment of the Board in its decision making;
- f. not abuse his position to the detriment of the Company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;
- g. refrain from any action, that would lead to loss of his independence;
- h. where circumstances arise, which make an independent director lose his independence, the independent director must immediately inform the Board accordingly;
- i. assist the company in implementing the best corporate governance practices.

6. KEY REQUIREMENTS

The Board of Directors and Senior Management Personnel must act within the authority conferred upon them and in the best interests of the Company & observe the following code of conduct:

A. HONESTY & INTEGRITY

All the Directors / Senior Management shall conduct their activities, on behalf of the Company and on their personal behalf, with honesty, integrity and fairness. All the Directors / Senior Management will act in good faith, responsibly, with due care,

competence and diligence, without allowing their independent judgement to be subordinated. All the Directors / Senior Management will act in the best interests of the Company and fulfil the fiduciary obligations.

B. CONFLICT OF INTEREST

The Directors / Senior Management shall not engage in any business, relationship or activity, which may be in conflict with the interest of the Company or Ador Group at large. Notwithstanding anything contained herein, an Independent / Non- Executive Director shall have the full liberty to pursue his / her independent professional / business/ employment activities and/ or to assume office(s) of director/ trustee.

Conflicts can arise in many situations. It is not possible to cover every possible conflict situation and at times, it will not be easy to distinguish between proper and improper activity. Set forth, are some of the common circumstances, which may lead to a conflict of interest, actual or potential.

- The Directors / Senior Management should not engage in any activity/employment that interferes with the performance or responsibility to the Company or is otherwise in conflict with or prejudicial to the Company.
- The Directors / Senior Management and their immediate families should generally refrain from investments in such Companies / Entities, whereby their responsibility to the Company is compromised.
- The Directors / Senior Management should avoid conducting Company business with a relative or with a firm / Company in which a relative / related party is associated in any significant role. If such related party transaction is unavoidable, it must be fully disclosed to the board of the Company.
- Transactions / dealing done on arm's length basis shall not be considered to be conflict of interest.

If such related party transaction is unavoidable, it must be fully disclosed to the Board of Directors of the Company.

C. CORPORATE OPPORTUNITIES

The Directors and the Senior Management personnel are prohibited from taking any personal opportunities directly or indirectly that belong to the Company or are discovered

through the use of Company's property, information or position; and using the Company's property, information or position for personal gain / advantage or to cause detriment to the Company. Notwithstanding anything contained herein, an Independent / Non-Executive Director shall have the full liberty to pursue his / her independent professional / business / employment activities and / or to assume office(s) of director / trustee.

D. COMPLIANCE

The Directors / Senior Management are required to comply with all the applicable laws, rules and regulations, both in letter and in spirit. In order to assist the Company in promoting lawful and ethical behaviour, the Directors / Senior Management must report all / any possible violation of law, rules, regulation, or the Code of Conduct to the Managing Director / Compliance Officer promptly.

E. OTHER DIRECTORSHIPS

The Company feels that serving on the Boards of Directors of other Companies may raise substantial concerns about potential conflict of interest. And therefore, all the Directors / Senior Management must report / disclose such relationships to the Board on an annual basis. It is felt that service on the board of the direct competitor is not in the interest of the Company and therefore the Directors must disclose their Directorship, Committee membership on the Board of other companies and substantial shareholding in other companies to the Board, on an ongoing basis.

The Senior Management must obtain the approval of the Board of Directors of the Company before accepting any Directorship.

F. CONFIDENTIALITY OF INFORMATION

Any information concerning the Company's business, performance, its customers, suppliers, etc., which is not in the public domain and to which the Directors/Senior Management personnel have access or possesses, such information must be considered confidential and held in confidence, unless authorized to do so and when disclosure is required under any law. No Director / Senior Management personnel shall provide any information, either formally or informally, to the press or any other publicity media, unless specially authorized. Confidential information includes but are not restricted to:

- Information not yet released to the public;
- Unpublished company strategy;
- Current or future R&D programs, technical breakthroughs and/or inventions;
- Investments, planned mergers or acquisitions;
- Information received from customers or partners;
- Unpublished Financial data either actual or forecasted;
- Employee information.

G. INSIDER TRADING

The Company has formulated a Code of Conduct for Prohibition of Insider Trading and Corporate Disclosure practices. The Directors and the Senior Management shall comply with the requirements of the said Code. Any Director/ Senior Management shall not derive benefit or assist others to derive any benefit, by giving investment advice from the access to and possession of information about the Company, not in public domain and therefore constitutes insider information. All the Directors / Senior Management will comply with insider trading guidelines, as issued by SEBI & the Company's Code of Conduct for Prohibition of Insider Trading.

H. GIFTS AND DONATIONS

No Director / Senior Management shall receive or offer, directly or indirectly, any gifts, donations, remuneration, hospitality, illegal payments and comparable benefits, which are intended (or perceived to be intended) to obtain business (or uncompetitive) favours or decisions for the Conduct of business. Nominal gifts of commemorative nature, for special events may be accepted / given, subject to Management's approval and thereafter reported to the Board of Directors.

I. PROTECTION OF ASSETS

Protection of the Company's assets is the key responsibility of every person associated with the Company. The Directors / Senior Management must protect the Company's fixed / current assets, Employees, Intellectual Properties such as Formulas, Patents, Trade Mark, Copyrights, etc. and should not use these for personal use / other than official use, unless approved by the Board of Directors. Care should be taken to ensure that the assets are not misused, misappropriated, loaned to others or sold without appropriate authorisation.

J. PERIODIC REVIEW

Once in every year or upon revision of this Code, every Director and Senior Management personnel must acknowledge & execute an undertaking w.r.t. the compliance of the Code of Conduct. New Directors and New Senior Management personnel shall accord their consent while joining the Board and / or the Company.

K. VIOLATION OF CODE

It is the ethical responsibility of every Director and Senior Management of the Company to abide by and enforce this Code. The Board of Directors shall take disciplinary action against any Director or Senior Management, who is found guilty under the Code or violates the Code.

Broadly, the violation of the Code of Conduct may / can be categorised into the following three types:

- **Personal and Behavioural Issues**

Use of abusive and indecent language, discrimination and bias, taking undue advantage of organisational position for personal gains, stealing credit for a colleagues effort, demanding personal work from the subordinates, harassment, etc.

- **Personal Integrity and Loyalty Issues**

Accepting favours/ bribes, claiming personal expenses as business expenses, use of confidential information relating to the Company for personal gains etc.

- **Organisational Issues**

Non-compliance of legislation, improper handling of Customer complaints and violation of Ador's Policy, inducing / forcing others to violate a policy, failure to promptly report a known or suspected policy violation.

7. CONSEQUENCES OF NON- COMPLIANCE OF THIS CODE

In case of breach of this Code, the same shall be considered by the Board of Directors for initiating appropriate action, as deemed necessary. Any waiver of this Code may be made only by the Board of Directors and must be promptly disclosed to the Company's Shareholders.