

ADOR WELDING LIMITED

POLICY FOR DETERMINING MATERIAL SUBSIDIARY

[Pursuant to Regulation 16(1)(c) of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015]

1. PURPOSE

The purpose of this policy is to lay down criteria for identification and dealing with Material subsidiary(ies) and to formulate a governance framework for subsidiary(ies) of Ador Welding Limited.

2. DEFINITIONS

- (i) **“Act”** means the Companies Act, 2013 including any statutory modification(s) or re-enactment thereof.
- (ii) **“Subsidiary Company”** is as defined under Section 2(87) of the Act.
- (iii) **“Holding Company”** is as defined under Section 2(46) of the Act.
- (iv) **“AWL”** or **“Ador”** means Ador Welding Limited.
- (v) **“Material Subsidiary”** shall mean a subsidiary, whose turnover or net worth exceeds 10% (ten percent) of the consolidated turnover or net worth, of the listed entity and its subsidiaries in the immediately preceding accounting year.
- (vi) **“Material Unlisted Subsidiary”** shall mean an unlisted subsidiary, whose turnover or net worth exceeds 10% percent of the consolidated turnover or net worth, of the listed entity and its subsidiaries in the immediately preceding accounting / financial year.
- (vii) **“Significant transaction or arrangement”** shall mean any individual transaction or arrangement that exceeds or is likely to exceed 10% (ten percent) of the total revenues or total expenses or total assets or total liabilities, as the case may be, of the unlisted subsidiary for immediately preceding accounting year.

GOVERNANCE OF MATERIAL SUBSIDIARIES:

I. BASIS OF DETERMINING “MATERIAL SUBSIDIARY”

The basis of determining “Material Subsidiaries” for Ador will be the following:

- a) Investment of AWL in the subsidiary exceeds 10% (ten percent) of its consolidated net worth as per the audited Balance Sheet of the previous accounting / financial year, or
- b) If the Subsidiary has generated 10% (ten percent) of the consolidated turnover of AWL during

the previous accounting / financial year.

II. APPOINTMENT OF INDEPENDENT DIRECTORS

At least one Independent Director of Ador (the Holding Company) will be appointed as a Director on the Board of Directors of an “unlisted material subsidiary Company”, whether incorporated in India or not.

For the purposes of this provision, notwithstanding anything to the contrary contained in Regulation 16, the term “material subsidiary” shall mean a subsidiary, whose turnover or net worth exceeds twenty percent of the consolidated turnover or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

III. DISPOSAL OF SHARES OR ASSETS OF MATERIAL SUBSIDIARY

- a) AWL will not dispose of shares in its “material subsidiary”, which would reduce AWL’s shareholding (either on its own or together with other subsidiaries) to less than or equal to 50% (fifty percent) or cease the exercise of control over the material subsidiary, without passing a special resolution in its General Meeting (except in cases where such divestment is made under a Scheme of Arrangement duly approved by a Court / Tribunal, or under a resolution plan, duly approved under section 31 of the Insolvency Code and such an event is disclosed to the recognized stock exchanges, within one day of the resolution plan being approved).
- b) Prior approval of the Shareholders of AWL by way of a Special Resolution will be obtained for sale, disposal of and leasing of assets amounting to more than 20% (twenty percent) of the “material subsidiary”, on an aggregate basis, during the accounting / financial year (exception being if the sale / disposal / lease is made under a Scheme of Arrangement duly approved by a Court / Tribunal, or under a resolution plan duly approved under section 31 of the Insolvency Code and such an event is disclosed to the recognized stock exchanges, within one day of the resolution plan being approved).

For the purposes of this provision, nothing contained in Regulation 24(6), shall be applicable if such sale, disposal or lease of assets is between two wholly-owned subsidiaries of the listed entity.

IV. SECRETARIAL AUDIT

All Material Unlisted Subsidiaries incorporated in India shall undertake secretarial audit and shall annex with its annual report, a secretarial audit report, given by a company secretary in practice who is competent to issue such report under the applicable laws.

GOVERNANCE OF ALL SUBSIDIARIES:

V. MATTERS TO BE REVIEWED BY THE BOARD OF DIRECTORS:

- a) The minutes of the Board meetings of the Subsidiaries.
- b) A statement containing salient features of the financial statement of its subsidiaries and associate companies
- c) In the event subsidiary of AWL becomes a listed subsidiary, which itself is a holding Company,

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then this policy shall also apply to the listed subsidiary in so far as its subsidiaries are concerned.

- d) Statement of all significant transactions and arrangements entered into by the unlisted subsidiaries.

For the purpose of this regulation, the term “significant transaction or arrangement” shall mean any individual transaction or arrangement that exceeds or is likely to exceed ten percent of the total revenues or total expenses or total assets or total liabilities, as the case may be, of the unlisted subsidiary for the immediately preceding accounting year.

VI. MATTERS TO BE REVIEWED BY THE AUDIT COMMITTEE:

- a) Financial statements of subsidiaries, in particular, the investments made by the unlisted subsidiaries.
- b) Utilization of loans and/ or advances from/investment in subsidiaries exceeding Rs. 100 Crore or 10% of the asset size of the subsidiary, whichever is lower.
- c) Any transaction between the Company and its subsidiary(ies) shall be entered into in accordance with the policy on dealing with related party transactions of the Company.

3. REVIEW AND CHANGES TO THIS POLICY

- i. The Audit Committee will review this Policy as often as it considers necessary;
- ii. The Board may change this Policy from time to time, by resolution.

4. DISCLOSURE

This Policy shall be disclosed on the website of the Company and a web-link of the same shall be provided in the Company's Annual Report.

5. AMENDMENTS / MODIFICATIONS

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, as it considers necessary to ensure that it meets the objectives of the relevant laws and remains effective.

6. APPROVED AND ADOPTED

This Policy initially came into effect from 1st October, 2014 pursuant to clause 49 of the Listing Agreement. The Board at its meeting held on 05th February, 2019 amended this policy to ensure effective governance of Material subsidiaries of the Company.

The Policy has been further amended by the Board of Directors on 29th April, 2026 to incorporate the amendments made in the SEBI (Listing Obligations and Disclosure Requirements)

Regulations, 2015 vide SEBI (Listing Obligations and Disclosure Requirements) (Third Amendment) Regulations, 2024 dated 12th December 2024. As per amended regulations, the unlisted material subsidiaries are now determined on the basis of turnover, instead of income.

For **ADOR WELDING LIMITED**

NINOTCHKA M. NAGPAL
EXECUTIVE CHAIRMAN

NAVROZE S. MARSHALL
CHAIRMAN OF THE AUDIT COMMITTEE