

**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> February, 2024.**

**2. PURPOSE**

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

**3. DEFINITIONS**

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

“**Act**” means the Companies Act, 2013 (‘Act’) read along with the relevant Rules thereto, including any subsequent amendments thereof.

**Arms length transaction** means a **transaction between two related parties**, which is executed / conducted **as if they were unrelated**, so that there is no conflict of interest.

“**Board**” means the **Board of directors of Ador Welding Ltd.**

“**Company**” means **Ador Welding Ltd.**

“**Compliance Officer**” means **the Company Secretary.**

“**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.

“**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 the annual consolidated turnover of the Company as per the last audited financial statement, shall also be considered as material RPT under Listing Regulations.

**Policy** means this “Policy on Related Party Transactions”

**Related party** means the following:

An entity shall be considered as “related party” 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 part of the promoter or promoter group; or
- any person or any entity holding equity shares of **20% cent or more** in the Company;

**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

**“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.

*Explanation: Any words / terms used in the Policy but not defined herein, shall have the same meaning ascribed to it, in the Act or rules made thereunder, the SEBI (LODR), Regulations, 2015, the Indian Accounting Standards (IND AS) or any other relevant legislation / law, applicable to the Company.*

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

- 4.1. 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.
- 4.2. 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.
- 4.3. 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
  - 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**

Every director and key managerial personnel (KMP) of the Company and its subsidiaries shall,

- a. at the time of appointment;
- b. annually; and
- c. whenever there is any change in the information already submitted,

provide requisite information about his / her Relatives and all firms, entities, body corporates, in which such director or KMP is interested, whether directly or indirectly, to the Company Secretary of the Company or the subsidiary (as the case may be). Every such director and KMP shall also provide any additional information about the transaction, that the Board /Audit Committee may reasonably request.

Each subsidiary shall furnish an updated list of its Related Parties to the Company.

On the basis of the above, a consolidated list of Related Parties shall be prepared in accordance with the provisions of the Act and SEBI (LODR), Regulations, 2015.

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 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.

Potential transactions with the Related Parties, as per the above-mentioned list, shall be identified and a proposal with details as per clause 8.2 of this Policy, shall be submitted for requisite approval of the Audit Committee & Board.

The subsidiaries shall, from time to time, provide to the Company, information of any proposed Material Related Party Transactions and any Material Modification(s), for the purpose of obtaining requisite approvals from the Company.

The subsidiaries shall also provide to the Company, on a half-yearly basis, information regarding the transactions entered into with any of the Related Parties of the Company, or with any of its subsidiaries, for making required disclosures to the stock exchanges.

## 6. **MATERIAL RELATED PARTY TRANSACTIONS CALCULATION PURSUANT TO SCHEDULE XII OF SEBI (LODR) REGULATIONS, 2015**

A transaction with a related party shall be considered material, if the transaction(s), to be entered into individually or taken together with previous transactions during a financial year exceeds the following:

Consolidated Turnover of the Listed Entity	Threshold
(I) Up to ₹20,000 Crore	10% of the annual consolidated turnover of the listed entity
(II) More than ₹20,000 Crore to upto ₹40,000 Crore	₹2,000 Crore + 5% of the annual consolidated turnover of the listed entity above ₹20,000 Crore
(III) More than ₹40,000 Crore	₹3,000 Crore + 2.5% of the annual consolidated turnover of the listed entity above ₹40,000 Crore or ₹5000 Crores, whichever is lower.

## 7. **REVIEW AND APPROVAL OF THE RELATED PARTY TRANSACTIONS**

### (i) **Audit Committee**

- Unless otherwise exempted under the Applicable Laws and subject to the provisions of this Policy, all RPTs and any Material Modification to the RPTs already approved by the Audit Committee, shall require prior approval of the Audit Committee.
- RPTs to which a subsidiary of the Company is a party, but the Company is not a party ('Other RPTs'), shall also require prior approval of the Audit Committee of the Company, if the value of the RPT (whether entered into individually or taken together with previous transactions, during a financial year) exceeds the statutory limits prescribed in the SEBI (LODR), Regulations, 2015.
- The Audit Committee may grant omnibus approval for the RPTs, which are routine and repetitive in nature and which satisfy the criteria for omnibus approvals, as prescribed under the Act or the SEBI (LODR), Regulations, 2015.
- Where the need for the RPTs cannot be foreseen and the aforesaid / relevant details are not available, the Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding rupees one crore (Rs. 1,00,00,000/-) per transaction.
- Such omnibus approval shall be based on the criteria specified in clause 8.1 of this Policy.
- Omnibus approval shall be valid for a period, not exceeding one year and shall require

fresh approval, before the expiry of the approval period.

- Only Independent Directors, who are members of the Audit Committee shall approve the RPTs. In case if any Independent Director is interested in any potential RPT, then he/she shall abstain from voting, when such RPT is being discussed / considered.
- The Audit Committee, at its discretion, may submit any RPT for additional approval of the Board of Directors.
- The remuneration (including grant of ESOPs and ESARs, if any) and sitting fees paid by the Company and/ or its subsidiary to its director, KMP or Senior Management, except who is part of the promoter or promoter group, shall not require prior approval of the Audit Committee provided the same is not a Material Related Party Transaction under the SEBI (LODR), Regulations, 2015
- The Audit Committee shall also review the status of long-term (more than one year) or recurring RPTs, on an annual basis.

#### **(II) Board of Directors**

Subject to Clause IV, the following RPTs shall require additional, prior approval of the Board of Directors:

- All transactions between the Company and its Related Parties, which are not in the Ordinary Course of Business, or not proposed to be executed as an Arm's length transaction / basis.
- Transactions, which, in the opinion of the Audit Committee, needs special consideration / determination by the Board
- Where it is mandatory under any law for the Board to approve such transactions, or where the Board, suo-moto chooses to review such RPTs.
- RPTs in which the promoters, promoter group, directors, or KMPs of the Company are concerned or interested.

Where any director is concerned or interested in any potential RPT, such director shall abstain from discussion and voting, when such RPT is being considered / discussed.

#### **(III) Shareholders**

Subject to Clause IV, the following RPTs and subsequent Material Modifications thereto, if any, shall be subject to prior approval of the shareholders of the Company, by way of a resolution:

- a. All Material Related Party Transactions; and
- b. RPTs, which require approval of the shareholders, as per Applicable Laws

No Related Party shall vote to approve such a resolution, irrespective of whether the entity is a Related Party to the particular transaction or not.

The Audit Committee and the Board shall approve & recommend all Material Related Party Transactions and subsequent Material Modifications, if any, before submitting the same for approval of the shareholders of the Company.

The validity of omnibus approval granted by the shareholders for / wrt the material Related Party Transactions shall be in accordance with the SEBI (LODR), Regulations, 2015.

#### **(IV) Exemptions**

The provisions of Clause I, II, III, and 9 shall not be applicable in the following cases:

- transactions between and among the wholly owned subsidiary(ies) and the Company, whose accounts are consolidated with the Company, if such transactions are in the Ordinary Course of Business and / or executed as Arm's length transaction.
- transactions between and among two or more wholly owned subsidiaries of the Company, whose accounts are consolidated with the Company.

### **8. Procedure and Criteria for approving Related Party Transactions**

8.1 The criteria for granting omnibus approval for the RPTs is as follows:

- 8.1.1 The maximum value of the transactions, in aggregate, which can be allowed under omnibus route in a year shall not exceed 60% of the annual consolidated turnover of the Company (as per the last audited financial statement);
- 8.1.2 The maximum value per transaction, which can be allowed for RPTs under omnibus route, shall not exceed 10% of the annual consolidated turnover;
- 8.1.3 Any transaction with directors, KMPs, promoters, promoter group of the Company, shall require additional approval of the Board;
- 8.1.4 While assessing any proposal, the Audit Committee may review the documents / seek information from the Management of the Company, or seek clarification or external opinion;
- 8.1.5 The transactions, undertaken pursuant to omnibus approval, shall be reviewed by the Audit Committee on a quarterly basis;
- 8.1.6 The following transactions will not be eligible for the omnibus approval and shall be approved by the Approving Authority, on case to case basis:
  - I. Transactions, which are not repetitive in nature;
  - II. Transactions involving sale or disposal of an undertaking of the Company;
  - III. Transactions involving sale or disposal or assignment of any significant or critical asset of the Company;
- 8.2 For the purpose of procuring approval of the Audit Committee or the Board or the Shareholders (as the case may be), the Management shall submit a proposal for approval of the RPTs, containing the information, as prescribed under the Act, SEBI (LODR), Regulations, 2015, applicable Industry Standards and as per such other guidelines, circulars or directions issued by SEBI, MCA or any other competent authority, from time to time.
- 8.3 In determining whether to approve an RPT, the Committee shall, inter-alia, consider the following factors, to the extent relevant to the matter:
  - I. Whether the proposed transaction is in the best interest of the Company.
  - II. Whether the terms of the proposed transaction are fair and it is an Arm's length transaction.
  - III. Whether the proposed RPT is permissible under the provisions of Applicable Laws.
  - IV. Whether such contract or arrangement is proposed to be entered into, on terms no less favorable to the Company, than terms generally available to an unaffiliated third-party / unrelated under the same or similar circumstances;
  - V. Whether there are any compelling business reasons for the Company to enter into the RPT and the nature of alternative transactions, if any.
  - VI. Whether the proposed transaction includes any potential reputational risk issues.
  - VII. Whether the RPT would present an improper conflict of interest for any director or KMP of the Company, or a subsidiary of the Company, to extent of the director or KMP's interest in such contract or arrangement.

**Audit Committee and /or the Board can rely on following:**

- For approval of a RPT or ratification or any subsequent Material Modification in the approved terms of a RPT, the following opinions from anyone of the Management, or an external consultant, or such other officer, as may be approved by the Audit Committee, shall be submitted to the Audit Committee or the Board (as the case may be), along with the proposal:
  - I. Whether the RPT is in the Ordinary Course of Business;
  - II. Whether the RPT is an Arm's length transaction.
- Provided that the person submitting the above referred opinion or certificate should not be interested in the proposed RPT, either directly or indirectly.
- The Management shall, on an annual basis, submit to the Audit Committee, a certificate / opinion procured from a chartered accountant or other consultant for the purpose of transfer pricing or related tax law compliances, confirming that, all the relevant transactions with related parties are arm's length transactions.
- In case of variation in the terms of RPT (including variation in price, pricing methodology or overall value) that does not amount to Material Modification, the Management is competent / authorized to approve such variation. Such modifications in the RPT shall be separately submitted to the Audit Committee, for review and noting.

**9. Related Party Transactions not previously approved**

**ADOR WELDING LIMITED**

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- The Audit Committee may ratify RPTs and subsequent material modification, within 3 months from the date of transactions or in the immediate next Audit Committee meeting, whichever is earlier, subject to the following conditions:
  - I. the value of the ratified RPT with a related party, whether entered into individually or taken together, during a financial year shall not exceed INR 1 crore;
  - II. the transaction is not a Material Related Party Transaction;
  - III. a rationale for inability to seek prior approval for the RPT shall be placed before the Audit Committee at the time of seeking ratification;
  - IV. the details of ratification shall be disclosed along with the disclosures of related party transactions, in terms of the provisions of sub-regulation (9) of this regulation;
- Failure to seek ratification of the Audit Committee shall render such transactions voidable at the option of the Audit Committee and if the transaction is with a related party to any director, or is authorised by any other director, the director(s) concerned shall indemnify the Company against any loss the Company incurs.
- In case an RPT or Subsequent Material Modification is not eligible for ratification by the Audit Committee, the same may be ratified by the Board, subject to the following conditions:
  - I. rationale for inability to seek prior approval for the RPT shall be placed before the Audit Committee and the Board, at the time of seeking ratification
  - II. the Audit Committee has not rendered such transaction void and has recommended such RPT for ratification of / by the Board
  - III. The transaction is not material requiring approval of the Shareholders under Para 5.3 of this Policy.
  - IV. the Board may void such RPT and if the transaction is with a related party to any director, or is authorised by any other director, the director(s) concerned shall indemnify the Company against any loss the Company incurs.
  - V. the details of ratification shall be disclosed along with the disclosures of related party transactions in terms of the provisions of sub-regulation (9) of SEBI (LODR), Regulations, 2015.
- The Approving Authority shall consider all relevant facts and circumstances relating to such RPT and decide such action, as it may consider appropriate, including ratification, revision or termination of the Related Party Transaction. The decision of the Approving Authority, shall be binding under all / any circumstances.
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- The Audit Committee may, at its discretion, examine the internal controls and the reasons for failure in reporting/ obtaining prior approval of such RPT and direct the management to strengthen the internal controls for dealing with RPTs.

## 10. **DISCLOSURES & REPORTING**

This Policy shall be disclosed / posted / uploaded on the website of the Company and a web link to the policy shall be provided in the Annual Report.

A summary statement of RPTs executed by the Company shall be submitted to the Audit Committee on a quarterly basis for information, review and noting. The statement of RPT shall be accompanied by the following confirmations from any one from the Management of the Company or an external consultant, or such other officer, as may be approved by the Audit Committee:

- I. Whether the transactions are Arm's length transactions;
- II. Whether the transactions are in the Ordinary Course of Business; and
- III. Whether the transactions are as per the terms and within the limits approved by the Audit Committee / Board. The RPTs shall be disclosed / informed to the stock exchanges, on the website of the Company and in other statutory documents, in accordance with Applicable Laws.

This Policy will be communicated to all operational employees and other concerned persons of the

Company.

**11. AMENDMENTS**

The Audit Committee shall review this Policy from time to time, but at least once in three years.

Based on the recommendations of the Audit Committee, the Board may review or amend this Policy at any time, without any prior intimation and lay down further rules or procedures, to give effect to this Policy.

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 / in time.

**12. APPROVED AND ADOPTED**

This policy was approved by the Board and the Audit Committee on Wednesday, 29<sup>th</sup> April, 2026.