



Windsor Machines Limited Related Party Transaction Policy

PREAMBLE

The Board of Directors (the “Board”) of WINDSOR MACHINES LIMITED (the “Company” or “WML”), has adopted the following policy and procedures with regard to Related Party Transactions as defined below, on recommendation from the Audit Committee. The Audit Committee will review and suggest amendments to this policy from time to time to the Board. This policy will be applicable to the Company. This policy is to regulate transactions between the Company and its Related Parties based on the Companies Act, 2013 (Act) read with the Companies (Meetings of Board and its Powers) Rules, 2014 (Rules), and Clause 49 of the Listing Agreement.

PURPOSE

The Companies Act, 2013 (Act) read with the Companies (Meetings of Board and its Powers) Rules, 2014 (Rules), has introduced specific provisions relating to related party transactions and defined the term related parties, (material) related party transactions, relatives and Key Management Personnel (KMP). The Act and the Rules have also laid down the financial limits and the approval process for such transactions.

In addition, the Securities and Exchange Board of India (SEBI) reviewed the provisions of the Listing Agreement vis-a-vis the Companies Act, 2013 and with the objectives to align with the provisions of the Companies Act, 2013, adopt best practices on corporate governance and to make the corporate governance framework more effective, revised Clause 49 of the Listing Agreement.

Pursuant to the revised Clause 49 VII of the Listing Agreement (Clause 49), all the listed companies need to formulate a policy on materiality of related party transactions and also a policy on dealing with related party transactions.

Accordingly, the Board of Directors (Board) of Windsor Machines Limited (WML) has adopted a policy and a standard operating procedure to regulate transactions between the Company and its Related Parties, in compliance with the applicable provisions of the Act, the Rules and the Listing Agreement.

OBJECTIVE

In its endeavour to ensure due and proper compliance with the applicable provisions and to ensure that proper procedure is defined and followed for approval / ratification and reporting of transactions as applicable, between the Company and any of its Related Parties, this policy has been adopted by the Company's Board of Directors. The provisions of this policy are designed to govern the transparency of approval process and disclosures requirements to ensure fairness in the conduct of related party transactions, in terms of the applicable laws.

The Policy and procedures have been designed to achieve due and timely compliance with the statutory requirements governing related party transactions by ensuring:

- A. Identification of Related Parties;
- B. Evaluation of Related Party Transactions;
- C. Obtaining required approvals;
- D. Recording of Related Party Transactions; and
- E. Disclosures of the Policy and the Related Party Transactions, including disclosure of all transactions in the Annual Financial Statements.

APPLICABILITY OF RELATED PARTY TRANSACTION POLICY

This Policy was considered and approved by the Board at its Meeting held on August 4, 2014 to be effective from 1st October, 2014.

SCOPE

This Policy is applicable to all related party transactions of WML as defined in the Companies Act, 2013, and Rules made thereunder and Clause 49 of the Listing Agreement, as amended from time to time.

DEFINITIONS

For the purposes of this Policy, the following relevant definitions under the Companies Act, 2013, have been reproduced/explained here for ready reference, in view of their applicability here.

(I) Associate Company- Section 2(6)

In relation to another company, means a company in which that other company has a significant influence, but which is not a subsidiary company of the company having such influence and includes a joint venture company.

Explanation: For the purposes of this clause, “significant influence” means control of at least **20%** of the total share capital, or of business decisions under an agreement.

(II) Holding Company – Section 2 (46)

In relation to one or more other companies, means a company of which such companies are subsidiary companies.

(III) Key Managerial Personnel - Section 2 (51)

In relation to a company means:

- (A) Chief Executive Officer (CEO) and /or the Managing Director (MD) or the Manager;

- (B) Company Secretary (CS);
- (C) Whole- time Director (WTD);
- (D) Chief Financial Officer (CFO); and
- (E) Such other officer as prescribed under the Companies Act from time to time.

(IV) Manager - Section 2(53)

An individual who, subject to the superintendence, control and direction of the Board of Directors, has the management of the whole, or substantially the whole, of the affairs of a company, and includes a director and any other person occupying the position of a manager, by whatever name called, whether under a contract of service or not.

(V) Net Worth - Section 2(57)

The aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation.

(VI) Ordinary Course of Business

Transactions carried out in the “Ordinary course of business” shall mean such transactions carried out in the normal course of the business, in accordance with the normal customs and practices of the company and/or the industry to which it belongs to and shall specifically include all usual transactions carried out in course of business of the Company, transactions permitted by the Object Clause in the Memorandum of Association of the Company, or transactions that are considered while computing the business income / revenue / turnover of the Company.

(VII) Policy

Policy means this Related Party Transactions Policy

(VIII) Related Party

(a) Under Clause 49

an entity shall be considered as related to the company if:

- (i) such entity is a related party under Section 2(76) of the Companies Act, 2013;
or
- (ii) such entity is a related party under the applicable accounting standards.

As per Accounting Standard 18,:

- i. enterprises that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the reporting enterprise (this includes holding companies, subsidiaries and fellow subsidiaries);
- ii. associates and joint ventures of the reporting enterprise and the investing party or venture in respect of which the reporting enterprise is an associate or a joint venture;
- iii. individuals owning, directly or indirectly, an interest in the voting power of the reporting enterprise that gives them control or significant influence over the enterprise, and relatives of any such individual;
- iv. key management personnel and relatives of such personnel; and
- v. Enterprises over which any person described in (c) or (d) is able to exercise significant influence. This includes enterprises owned by directors or major shareholders of the reporting enterprise and enterprises that have a member of key management in common with the reporting enterprise.

b. Under Section 2(76) of the Act

With reference to a company, Related Party means:

- (a) A director or his relative;
- (b) Key Managerial Personnel or his/ her relative;
- (c) A firm, in which a director, manager or his relative is a partner;
- (d) A private company in which a director or manager or his relatives is a member or director;
- (e) A public company in which a director or manager is a director and holds along with his relatives, more than 2% of its paid-up share capital;
- (f) A body corporate whose board, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager, except such advice is given in a professional capacity;
- (g) Any person on whose advice, directions or instructions a director or manager is accustomed to act, except such advice is given in a professional capacity;
- (h) Any company which is:
 - (i) A Holding, Subsidiary or an Associate company of such company or
 - (ii) A Subsidiary of a Holding company to which it is also a Subsidiary
- (i) A Director, other than an Independent Director, or Key Managerial Personnel of the holding company or his relative with reference to a company, shall be deemed to be a Related Party

(IX) Relatives-Sec 2 (77)

With reference to any person Related Party means any one person, who is related to another, if:

- a. they are members of a Hindu Undivided Family;
- b. they are husband and wife, or
- c. One person is related to the other if he or she is related to another as under: Father*, Mother*, Son*, Son's wife, Daughter, Daughter's Husband, Brother* and Sister* (*including step)

(X) Subsidiary Company or Subsidiary – Section 2 (87)

In relation to any other company, that is the Holding company, means a company in which the holding company:

- (i) controls the composition of the Board of Directors; or
- (ii) exercises or controls more than one-half of the Total Share Capital
 - a. either at its own; or
 - b. together with one or more of its subsidiary companies:

Explanation:

- a. a company shall be deemed to be a subsidiary company of the holding company even if the control referred to in sub-clause (i) or sub-clause (ii) is of another subsidiary company of the holding company;
- b. the composition of a company's Board of Directors shall be deemed to be controlled by another company if that other company, by exercise of some power exercisable by it at its discretion, can appoint or remove all or a majority of the directors;
- c. the expression "company" includes anybody corporate;
- d. "layer" in relation to a holding company means its subsidiary or subsidiaries;

(XI). Related Party Transaction

a. Under Clause 49

A related party transaction is a transfer of resources, services or obligations between a company and a Related Party, regardless of whether a price is charged. A "transaction" with a related party shall be construed to include single transaction or a group of transactions in a contract.

b. Under Section 188 of the Act

Any contract or arrangement with respect to the following shall be considered as a Related Party Transaction:

- a. sale, purchase or supply of any goods or materials;
- b. selling or otherwise disposing of, or buying, property of any kind;

- c. leasing of property of any kind;
- d. availing or rendering of any services;
- e. appointment of any agent for purchase or sale of goods, materials, services or property;
- f. appointment of a person to any office or place of profit in the company, its subsidiary company or associate company;
- g. under writing the subscription of any securities or derivatives thereof of the Company

Explanation:

(i) Arms' length transaction - Section 188 (1)

The expression "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.

(ii) Office or place of profit - Section 188 (1)

Office or place of profit means any office or place of profit:

- (a) is held by **a director**, if the director holding it receives from the company anything by way of remuneration, over and above the remuneration to which he is entitled as director, by way of salary, fee, commission, perquisites, any rent-free accommodation, or otherwise;
- (b) is held by **an individual** other than a director or by any firm, private company or other body corporate, if the individual, firm, private company or body corporate holding it receives from the company anything by way of remuneration, salary, fee, commission, perquisites, any rent-free accommodation, or otherwise.

(XII) Material Related Party Transactions

a. Under Clause 49

A Related Party Transaction shall be considered Material if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds 10% of the annual consolidated turnover of the Company as per the last audited Financial Statements of the Company.

b. Under the Act

	Transaction or contract or arrangements for	Limits for the time being in force * [as per Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014]

1.	Sale, purchases or supply of any goods or materials, services or property, directly or through appointment of agent	Lower of amount (i) exceeding 10% of the Annual Turnover of the company ; or (ii) Rs.100 Crore For the transaction or transactions to be entered in to either individually or taken together with the previous transactions during a financial year.
2.	Selling or otherwise disposing of, or buying services or property of any kind, directly or through appointment of agent	Lower of amount (i) exceeding 10% of the Net Worth of the company; or (ii) Rs.100 Crore For the transaction or transactions to be entered in to either individually or taken together with the previous transactions during a financial year
3.	Leasing of property of any kind	Lower of amount i. exceeding 10% of the Net Worth of the company ; or ii. 10% of the Annual Turnover of the company; or iii. Rs.100 Crore For the transaction or transactions to be entered in to either individually or taken together with the previous transactions during a Financial Year
4.	Availing or rendering of any services, directly or through appointment of agent	Lower of amount (i) exceeding 10% of Annual Turnover of the Company; or (ii) Rs.50 Crore For the transaction or transactions to be entered in to either individually or taken together with the previous transactions during a Financial Year
5.	For appointment to any office or place of profit in the Company, its Subsidiary or Associate Company	Where monthly remuneration exceeds Rs.2,50,000
6.	Remuneration for underwriting the subscription of any securities or derivatives thereof, of the company	For amount exceeding 1% of Net Worth of the Company

* shall be considered as amended from time to time in line with the amendment in Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 by the Central Government Annual Turnover and Net Worth referred above is computed as per audited Financial Statement for the preceding financial year
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A related party transaction shall be a material related party transaction if it is so either under the Companies Act, 2013/Rules made thereunder or under Clause 49.

POLICY

The Company shall, in accordance with the applicable provisions of law and for reference of Board and the Audit Committee, maintain a register of related parties to ensure that compliance with law is ensure for any transaction with them. The register shall be kept uptodate.

A. Audit Committee approval

All Related Party Transactions and any subsequent modifications thereto, shall require the prior approval of the Audit Committee.

B. Board of Directors approval

All Related Party Transactions that are:

- a.) not in the ordinary course of business, or
- b.) in the ordinary course of business but not at arms' length or
- c.) neither in the ordinary course of business nor at arms' length

shall require the prior approval of the Board of Directors at a Meeting of the Board.

C. Shareholders' approval

All Material Related Party Transactions that are not in the ordinary course of business or not at arm's length shall require prior Shareholders' approval, through a Special Resolution passed at a General Meeting. However, those related party transactions that are treated as "material" under Clause 49 shall require such approval of the shareholders even if they are in ordinary course of business and at arm's length.

All Related Parties shall abstain from voting on such Resolution.

D. Process for approval

1. The Audit Committee will determine, in line with this Policy, whether the transaction submitted to it does, in fact, constitute a Related Party Transaction or a material Related Party Transaction, requiring compliance under this Policy.
2. Review and Approval of Related Party Transactions
 - i. Any Director, who is interested in any Related Party Transaction, shall recuse him-self or her-self from discussion and voting on the approval of the Related Party Transaction.
 - ii. To review a Related Party Transaction, the Audit Committee will be provided with all relevant material information of the Related Party Transaction, including the terms and conditions of the transaction, the business purpose of the transaction, the benefits to the Company and to the Related Party, where applicable or required by the Audit Committee competitive quotes from third parties and any such other information reasonably required to decide whether such transaction is Related Party Transaction or not including any additional information about the transaction that the Audit Committee may reasonably request.
 - iii. In determining whether to approve a Related Party Transaction, the Audit Committee may consider giving omnibus approval for Related Party Transactions proposed to be entered into by the Company subject to the following conditions:
 - a) The Audit Committee shall lay down the criteria for granting the omnibus approval in line with this Policy and such approval shall be applicable in respect of transactions which are repetitive in nature.
 - b) The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company;
 - c) Such omnibus approval shall specify (i) the name/s of the related party, nature of the transaction, period of transaction, maximum amount of transaction that can be entered into, (ii) the indicative base price / current contracted price and the formula for variation in the price if any and (iii) such other conditions as the Audit Committee may deem fit;
 - d) Provided that where the need for Related Party Transactions cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs.1 crore per transaction.

- e) The Audit Committee shall review, at least on a quarterly basis, the details of the Related Party Transactions entered into by the Company pursuant to each of the omnibus approval given.
 - f) Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.
- iv. In determining whether to approve a Related Party Transaction the Committee will consider, inter alia, the following factors to approve a Related Party Transaction:
- a. Whether the terms and conditions of the Related Party Transaction are fair and on an Arms' Length basis to the Company and are in the ordinary course of business of the Company;
 - b. Whether there are compelling business reasons for the Company to enter into the Related Party Transaction as against the normal transactions;
 - c. Whether the Related Party Transaction would affect the independence of an independent director;
 - d. Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of, or in connection with, the proposed transaction;
 - e. Whether the Related Party Transaction would amount to a conflict of interest for any director or Key Managerial Personnel of the Company, taking into account the size of the transaction, the overall financial position of the director, Executive Officer or other Related Party, nature of direct or indirect interest of directors, Key Managerial Personnel or other Related Party in the transaction and the ongoing nature of any proposed relationship and such other aspects as may be deemed relevant to the Committee;
 - f. If the Committee determines that a Related Party Transaction should be brought before the Board or if the Board itself elects to review any such matter or it is mandatory under any law for the Board to approve such Related Party Transaction, then the criteria set out above shall also apply to the Board's review and approval of the matter with such modifications as may be necessary or appropriate under the circumstances.
- v. If the Board determines that a Related Party Transaction should be brought before the Shareholders or it is mandatory under any law for the Shareholders to approve such Related Party Transaction, then the Chairman of the Board will ensure obtaining requisite approval of the Shareholders. Shareholder(s) who are Related Parties will abstain from voting on such resolution.

- vi. Notwithstanding the foregoing, the following Related Party Transactions shall not require approval of the Audit Committee or Shareholders:
 - a. Any transaction in which the Related Party's interest arises solely from ownership of securities issued by the Company and all holders of such securities receive the same benefits pro rata as the Related Party.
 - b. Any transaction entered into between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.

REVIEW BY THE AUDIT COMMITTEE

- a. The statement of significant Related Party Transactions, submitted by Management, shall be reviewed by the Audit Committee. For the purpose of this Clause, significant Related Party Transactions would mean Related Party Transaction(s) (individually or taken together with previous transactions during a financial year), that exceed(s) 10% of the annual consolidated turnover as per the last audited Financial Statements of the Company.
- b. The Standard Operating Procedure designed by Management for compliance with this Policy shall be periodically reviewed by the Audit Committee to ensure that it is effective, efficient and delivers its objective. (Whether such SOP prepared??)
- c. This Policy shall be reviewed by the Audit Committee on an annual or periodic basis and if required, changes shall be made in the light of the latest requirement and applicable legislation. The said recommendations of the Audit Committee shall be presented to the Board for approval.

VIOLATION OF THE POLICY

In the event the Company becomes aware of a Related Party Transaction that has not been approved under this Policy prior to its consummation, the same shall be reviewed by the Audit Committee / Board as follows:

- a. The Audit Committee or Board or Shareholders, as the case may be, will consider all the relevant facts and circumstances regarding the Related Party Transaction, and evaluate all options available to the Company, including ratification within 3 months of the date of the contract or arrangement, whether ratification should be allowed and if ratified whether it would be beneficial or detrimental to the Company, revision or termination of the Related Party Transaction including the facts and circumstances of failure to obtain approval / report such Related Party Transaction to the Audit Committee or the Board or Shareholders under this Policy and take such action as deemed appropriate. In case, such contract or arrangement is not

so ratified, such contract or arrangement shall be voidable at the option of the Board.

- b. It shall be open to the Company to proceed against a Director or any other employee who had entered into such a contract or arrangement in contravention of the provisions of this Policy for recovery of any loss sustained by it as a result of such contract or arrangement.
- c. Where the Audit Committee or Board, as the case may be, determines not to ratify a Related Party Transaction that has been commenced without approval, it may direct such additional actions including, but not limited to, immediate cancellation of such transaction or recovery action against a Director or KMP who had entered in to such contract or arrangement in contravention of the provisions of the Act or Clause 49.
- d. Any Director or any other employee of a company, who had entered into or authorized the contract or arrangement in violation of the provisions of this section shall be liable to such action and consequences as provided in law.
- e. If such contract or arrangement is with a related party with reference to any Director, or is authorised by any other Director, and not ratified in accordance this Policy, the Directors concerned shall be liable to indemnify the Company against any loss incurred by it.

DISCLOSURE OF RELATED PARTY TRANSACTION

1. All contracts or arrangements which require Board approval shall be referred to in the Board's report to the shareholders along with the justification for entering into such contract or arrangement
2. The Explanatory Statement annexed to the Notice convening General Meeting for seeking the Shareholders' approval for the Related Party Transaction should contain the following details:
 - Name of the Related Party;
 - Name of the Director or Key Managerial Personnel, who is related, if any;
 - Nature of relationship;
 - Nature, material terms, monetary value and particulars of contract or arrangement;
 - Other relevant or important information which helps Shareholders take a decision
3. Details of all material transactions with the Related Parties should be disclosed to the Stock Exchanges on quarterly basis along with the Corporate Governance Compliance Report.

4. The Policy on dealing with Related Party Transactions shall be uploaded on the Company's website
5. The Company shall publish the Policy in its Annual Report.
6. This Policy will be communicated to all operational employees and other concerned persons of the Company.
