



NOMINATION, REMUNERATION & EVALUATION POLICY

WINDSOR MACHINES LIMITED

[CIN: L99999GJ1963PLC16845]

REGISTERED OFFICE:

Floor No. 3 & 4, Corporate House
No. 6, Block B, Magnet Corporate
Park, Off. S G Highway, Thaltej,
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PREAMBLE

Nomination, Remuneration and Evaluation policy has been framed with an aim to provide a framework and set standards to nominate, remunerate and evaluate the Directors, Key Managerial Personnel and officials comprising the senior management. The Company proposes to achieve a balance of merit, experience and skills amongst its Directors, Key Managerial Personnel and Senior Management.

This policy has been framed in compliance with Section 178(4) of the Companies Act, 2013 and Regulation 19 read with Schedule II of the SEBI Listing Obligations and Disclosure Requirements Regulations, 2015 (“LODR Regulations”).

OBJECTIVE AND PURPOSE OF THE POLICY

The objective and purpose of this policy are:

- A. Formulation of criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a Policy, relating to the remuneration of the directors, key managerial personnel and other employees;
- B. Formulation of criteria for evaluation of Independent Directors and the Board;
- C. Devising a Policy on diversity of Board of Directors;
- D. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal;
- E. Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
- F. Recommend to the Board, all remuneration, in whatever form, payable to the Directors, Key Managerial Personnel and Senior Management;
- G. Specify the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance; and
- H. Assist the Board in fulfilling responsibilities.

DEFINITIONS

“Act” or “the Act” means the Companies Act, 2013 and Rules and Schedules framed there under, as amended from time to time.

“**The Board**” means Board of Directors of the Company as defined under Section 2(10) of the Act.

“**Directors**” means Directors of the Company as defined under Section 2(34) of the Act.

“**The Committee**” means the nomination and remuneration committee of the Company as constituted or reconstituted by the Board, in accordance with the Act and LODR Regulations.

“**The Company**” means Windsor Machines Limited (WML).

“**Independent Director**” means a director referred to in Section 149(6) of the Companies Act, 2013 and rules framed thereunder and Regulation 16(1) B of LODR Regulations.

“**Key Managerial Personnel (KMP)**” means –

- i. Chairman & Managing Director, Chief Executive Officer or manager or Whole Time Director or Executive Director;
- ii. Company Secretary,
- iii. Chief Financial Officer;
- iv. such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board; and
- v. Such other Officer as may be prescribed.

“**Policy**” shall mean the Nomination, remuneration & Evaluation policy.

“**Senior Management Personnel**” shall mean officers/personnel of the listed entity who are members of its core management team excluding board of directors and normally this shall comprise all members of management one level below the chief executive officer/managing director/whole time director/manager (including chief executive officer/manager, in case they are not part of the board) and shall specifically include company secretary and chief financial officer.

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 and LODR Regulations as may be amended from time to time shall have the meaning respectively assigned to them therein.

ACCOUNTABILITIES

The Board is ultimately responsible for the appointment of Directors and Key Managerial Personnel.

The Board has delegated responsibility for assessing and selecting the candidates for the role of Directors, Key Managerial Personnel and the Senior Management of the Company to the Nomination and Remuneration Committee which makes recommendations & nominations to the Board.

CONSTITUTION OF NOMINATION AND REMUNERATION COMMITTEE

The Board of Director has formulated Nomination and Remuneration Committee in line with the requirements under the Companies Act, 2013 (the Act) and Rules framed thereunder & Regulation 19 (1) of LODR Regulations. The Board has authority to reconstitute this committee from time to time. The constitution/re-constitution of the said committee shall be disclosed in the Board’s report from time to time. Terms of the reference of the Committee shall be as mentioned in the Companies Act, 2013 and the Rules made thereunder and under Listing Regulations.

CHAIRPERSON

Chairperson of the Committee shall be an Independent Director. Chairperson of the Company may be appointed as a member of the Committee but shall not chair the Committee. In the absence of the Chairperson, the members of the Committee present at the meeting shall choose one amongst them to act as Chairperson. Chairman of the Nomination and Remuneration Committee meeting could be present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries.

RESPONSIBILITY OF THE COMMITTEE

1. reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy, with the objective to diversify the Board;
2. identifying individuals suitably qualified to be appointed as Directors and who may be appointed in senior management the Company;
3. recommending to the Board on the selection of individuals nominated for directorship;
4. recommending to the board, all remuneration, in whatever form, payable to senior management;
5. making recommendations to the Board on the remuneration payable to the Directors / KMPs / Senior Officials so appointed/ reappointed;
6. assessing the independency of independent directors;
7. formulation of criteria for evaluation of performance of directors, committees and the board;
8. to make recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract;
9. ensure that level and composition of remuneration is reasonable and sufficient, relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
10. formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;
11. to devise a policy on Board diversity;
12. to develop a succession plan for the Board and to regularly review the plan;
13. such other key issues/matters as may be referred by the Board or as may be necessary in view of LODR Regulations and provision of the Companies Act 2013 and Rules thereunder.

COMMITTEE MEMBERS' INTERESTS

- a. A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.
- b. The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

VOTING

- a. Matters arising for determination at Committee meetings shall be decided by a majority of votes of Members present and voting and any such decision shall for all purposes be deemed a decision of the Committee.
- b. In the case of equality of votes, the Chairman of the meeting will have a casting vote.

APPOINTMENT OF DIRECTORS/KMPS/SENIOR OFFICIALS

- a. Enhancing the competencies of the Board and attracting as well as retaining talented employees for role of KMP/ a level below KMP are the basis for the Nomination and Remuneration Committee to select a candidate for appointment to the Board. When recommending a candidate for appointment, the Nomination and Remuneration Committee has regard to:
 - b. assessing the appointee against a range of criteria which includes but not be limited to qualifications, skills, regional and industry experience, background and other qualities required to operate successfully in the position, with due regard for the benefits from diversifying the Board;
 - c. the extent to which the appointee is likely to contribute to the overall effectiveness of the Board, work constructively with the existing directors and enhance the efficiencies of the Company;
 - d. the skills and experience that the appointee brings to the role of KMP/ Senior Official and how an appointee will enhance the skill sets and experience of the Board as a whole;
 - e. the nature of existing positions held by the appointee including directorships or other relationships and the impact they may have on the appointee's ability to exercise independent judgement;
 - f. Person's name is included in the data bank & possesses registration certificate in terms with rule 6 of the Companies (Appointment & qualification of Directors) Rules, 2014 for appointment as Independent Director;
 - g. Personal specifications:
 - Degree holder in relevant disciplines;
 - Experience of management in a diverse organization;
 - Excellent interpersonal, communication and representational skills;
 - Demonstrable leadership skills;
 - Commitment to high standards of ethics, personal integrity and probity;
 - Commitment to the promotion of equal opportunities, community cohesion and health and safety in the workplace;
 - Having continuous professional development to refresh knowledge and skills.

LETTERS OF APPOINTMENT

Each Director/ KMP/ Senior Officials is required to sign the letter of appointment with the Company containing the terms of appointment and the role assigned in the Company.

TERM/TENURE

Managing director / whole-time director/Executive Director

The Company shall appoint or re-appoint any person as its managing director and CEO or whole-time director or executive director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of the term.

Independent director

An independent Director shall hold office for a term of up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

No independent director shall hold office for more than two consecutive terms, but such independent director shall be eligible for appointment after the expiry of three years of ceasing to become an independent director. Provided that an independent director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

At the time of appointment of an independent director, it should be ensured that the number of Boards on which such independent director serves is restricted to seven listed companies as an independent director and three listed companies as an independent director in case such person is serving as a whole-time (executive) director/ managing director of a listed company.

REMOVAL

Due to any of the reasons for disqualification mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable Act, rules and regulations, the committee may recommend to the Board with reasons recorded in writing the removal of a director or KMP subject to the provisions and compliance of the said Act, rules and regulations.

RETIREMENT

The whole-time directors, KMP and senior management personnel shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company. The Board will have the discretion to retain the whole-time directors, KMP and senior management personnel in the same position / remuneration or otherwise, even after attaining the retirement age, for the benefit of the Company.

REMUNERATION OF DIRECTORS/ KMPs/ SENIOR MANAGEMENT

The guiding principle is that the level and composition of remuneration shall be reasonable and sufficient to attract, retain and motivate Directors, Key Management Personnel and other senior officials, relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and remuneration involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

The Directors, Key Management Personnel and other senior official's salary shall be based & determined on the individual person's responsibilities and performance and in accordance with the limits as prescribed statutorily, if any.

The Nominations & Remuneration Committee determines individual remuneration packages for Directors, KMPs and Senior Officials of the Company taking into account factors it deems relevant, including but not limited to market, business performance and practices in comparable companies, having due regard to financial and commercial health of the Company as well as prevailing laws and government/ other guidelines. The Committee consults with the

Chairman of the Board as it deems appropriate. Remuneration of the Chairman is recommended by the Committee to the Board of the Company.

A. Base Compensation (fixed salaries)

Must be competitive and reflective of the individual's role, responsibility and experience in relation to performance of day-to-day activities, usually reviewed on an annual basis; (includes salary, allowances and other statutory/ non-statutory benefits which are normal part of remuneration package in line with market practices).

B. Variable salary:

The WML may in its discretion structure any portion of remuneration to link rewards to corporate and individual performance, fulfilment of specified improvement targets or the attainment of certain financial or other objectives set by the Board. The amount payable is determined by the Committee, based on performance against pre-determined financial and non-financial metrics.

Remuneration to managing director/whole-time director:

The total managerial remuneration payable by the Company to its directors, including managing director and whole time director, and its manager in respect of any financial year shall not exceed eleven percent of the net profits of the Company computed in the manner laid down in Section 198 in the manner as prescribed under the Act.

The Company with the approval of the Shareholders in general meeting may authorize the payment of remuneration exceeding eleven percent of the net profits of the company, subject to the provisions of Schedule V.

The Company may with the approval of the shareholders authorize the payment of remuneration up to five percent of the net profits of the Company to its anyone Managing Director/ Whole Time Director/ Manager/ Executive Director and ten percent in case of more than one such official. However, remuneration in excess to these may be paid with the consent of shareholders by means of special resolution in the General meeting.

The fees or compensation payable to executive directors who are promoters or members of the promoter group, shall be subject to the approval of the shareholders by special resolution in general meeting, if-

- i. the annual remuneration payable to such executive director exceeds rupees 5 crore or 2.5 per cent of the net profits of the listed entity, whichever is higher; or
- ii. where there is more than one such director, the aggregate annual remuneration to such directors exceeds 5 per cent of the net profits of the listed entity:

Provided that the approval of the shareholders under this provision shall be valid only till the expiry of the term of such director.

Remuneration to Non-Executive /Independent Directors

The Company may pay remuneration to its directors, other than Managing Director and Whole Time Director up to one percent of the net profits of the Company, if there is a managing director or whole time director or manager or Executive Director and three percent of the net profits in any other case. Remuneration in excess of these limits requires consent of shareholders by means of special Resolution in General meeting.

The approval of shareholders by special resolution shall be obtained every year, in which the annual remuneration payable to a single non-executive director exceeds fifty per cent of the total annual remuneration payable to all non-executive directors, giving details of the remuneration thereof.

The net profits for the purpose of the above remuneration shall be computed in the manner referred to in Section 198 of the Companies Act, 2013.

Remuneration to other Employees:

Apart from the Directors, KMPs and Senior Management Personnel, the remuneration for rest of the employees is determined on the basis of the role and position of the individual employee, including professional experience, subject to the Rules of the Company

Fees for attending the meetings:

The Company may pay remuneration by way of sitting fees to the Director(s) for attending meetings of the Board of Directors and Committee meetings of thereof. The amount of sitting fees shall be decided by the Board from time to time by passing of resolution. While payment of sitting fees, section 197(5) of the Companies Act, 2013 shall be complied with. The Board of Directors may by passing resolution, from time to time, increase or decrease the amount of sitting fees.

The remuneration payable to the Directors/ KMPs/ Senior officials shall be as per the Company's policy and shall be valued as per the Income Tax Rules.

The remuneration payable to the Key Managerial Personnel and the Senior Management shall be as may be decided by the Board having regard to their experience, leadership abilities, initiative taking abilities and knowledge base.

STOCK OPTION

The Independent Directors shall not be entitled to any stock option of the Company.

EVALUATION/ ASSESSMENT OF DIRECTORS/ KMPs/ SENIOR OFFICIALS OF THE COMPANY

The evaluation/assessment of the Directors, KMPs and the senior officials of the Company is to be conducted on an annual basis, based on the criteria's laid down by the committee and to satisfy the requirements of LODR Regulations & Guidance Note on Board Evaluation dated January 5, 2017.

The following criteria may assist in determining how effective the performances of the Directors/ KMPs/ Senior officials have been:

- Leadership & stewardship abilities
- Contributing to clearly define corporate objectives & plans
- Communication of expectations & concerns clearly with subordinates
- Obtain adequate, relevant & timely information from external sources.
- Review & approval achievement of strategic and operational plans, objectives, budgets

- Regular monitoring of corporate results against projections
- Identify, monitor & mitigate significant corporate risks
- Assess policies, structures & procedures
- Direct, monitor & evaluate KMPs, senior officials
- Review management's succession plan
- Effective meetings
- Assuring appropriate board size, composition, independence, structure
- Clearly defining roles & monitoring activities of committees
- Review of corporation's ethical conduct

Evaluation on the aforesaid parameters will be conducted by the Independent Directors for each of the Executive/ Non-Independent Directors in a separate meeting of the Independent Directors.

The Executive Director/ Non-Independent Directors along with the Independent Directors will evaluate/ assess each of the Independent Directors on the aforesaid parameters. Only the Independent Director being evaluated will not participate in the said evaluation discussion.

POLICY REVIEW

This policy is framed based on the provisions of the Companies Act, 2013 and rules thereunder and requirements of Regulation 19 & Schedule II Part D of LODR Regulations.

In case of any subsequent changes in the provisions of the Companies Act, 2013 or any other regulation which makes any of the provisions in the policy inconsistent with the Act or regulations, the provisions of the Act or regulations would prevail over the policy, and the provisions in the policy would be modified in due course to make it consistent with the law.

In compliance with the provisions of SEBI (Listing Obligation and Disclosures Requirements) Regulation, 2015 & Companies Act, 2013, the Board of Directors of Windsor Machines Limited has approved the amendments & revised this policy at its meeting held on February 11, 2019. This policy shall be reviewed by the nomination and remuneration committee as and when changes need to be incorporated in the policy due to changes in regulations or as may be felt appropriate by the committee. Any change or modification in the policy as recommended by the committee would be given for approval to the Board.

DISCLOSURES

The Policy or the salient features of the policy and changes therein, if any, along with the web address of the policy, if any, shall be disclosed in the Board's report.

The following disclosures shall be made in the of the annual report:

- ❖ Details of Nomination and Remuneration Committee.
- ❖ Performance evaluation criteria for independent directors.

The policy shall be placed on the website of the company.
