



WEP SOLUTIONS LIMITED

POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

Base Document:

- ***Regulation 16(c) of Chapter IV of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.***
- ***Regulation 24 of Chapter IV of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.***

Contents:

SR.NO	PARTICULARS
1	Preface
2	Definition
3	Governance Framework with respect to subsidiary of the Listed Entity
4	Restriction on Disposal of Shares of Material Subsidiary by the Listed Entity
5	Restriction on Disposal of Assets of Material Subsidiary by the Listed Entity
6	Disclosure
7	Amendments

Policy approved by the Board of Directors on 6th February 2016.

1. Preface:

Securities and Exchange Board of India (SEBI), has vide its notification dated 2nd September 2015 introduced the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015.

Regulation 16(c) of Chapter IV of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, requires the Company to frame policy to determine '*Material Subsidiaries*' of the Company and to provide governance framework for such subsidiaries.

2. Definitions:

'Audit Committee' means the Audit Committee constituted by the Board of Directors of the Company in accordance with Section 177 of the Companies Act 2013 read with Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

'Board of Directors' or **'Board'** means the Board of Directors of WeP Solutions Limited, as constituted from time to time.

'Control' shall have the same meaning as assigned to it under SEBI (Substantial Acquisition of Shares and Takeovers) Regulation, 2011.

'Independent Director' means Director of the Company, not being Whole-Time Director who is neither a promoter nor belongs to the promoter group of the Company and who satisfies other criteria for independence as laid down under Schedule IV of the Companies Act, 2013 read with Regulation 16(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

'Subsidiary Company' or **'Subsidiary'** in relation to any other Company (that is to say holding company, as defined under Section 2(87) of the Companies Act 2013, 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 either at its own or together with one or more of its Subsidiary Companies.

'Material Subsidiary' as defined under regulation 16(1)(c) Listing Obligations and Disclosure Requirements) Regulations, 2015 shall mean a Subsidiary, whose income or net worth exceeds 20% of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

'Significant Transaction or Arrangement' as defined under regulation 24(4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 shall mean any individual transaction or arrangement that exceeds or is likely to exceed 10% of the total revenue or total expenses or total assets or total liabilities as the case may be of the unlisted material subsidiary for the immediately preceding accounting year.

Any other term not defined herein shall have same meaning as defined in the Companies Act 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 or any other applicable law or regulation.

3. Governance Framework with respect to subsidiary of the Listed Entity:

A 'Subsidiary' shall be considered 'Material Subsidiary' if its income or net worth exceeds 20% of the consolidated income or net worth respectively of the Listed Company and its Subsidiaries in the immediately preceding accounting year.

At least one Independent Director on the Board of Directors of the listed entity shall be a Director on the Board of Directors of an unlisted material subsidiary, incorporated in India.

The Audit Committee of the listed entity shall also review the financial statements, in particular, the investments made by the unlisted subsidiary.

The minutes of the meetings of the Board of Directors of the unlisted subsidiary shall be placed at the meeting of the Board of Directors of the listed entity.

The management of the unlisted subsidiary shall periodically bring to the notice of the Board of Directors of the listed entity, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary.

4. Restriction on Disposal of Shares of Material Subsidiary by the Listed Entity:

The listed entity shall not dispose of shares in its material subsidiary resulting in reduction of its shareholding (either on its own or together with other subsidiaries) to less than 50% or cease the exercise of control over the 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.

5. Restriction on Disposal of Assets of Material Subsidiary by the Listed Entity:

The listed entity shall not sell, dispose off and lease assets amounting to more than 20% of the assets of the material subsidiary on an aggregate basis during a financial year shall require prior approval of shareholders by way of special resolution, unless the sale/disposal/lease is made under a scheme of arrangement duly approved by a Court/Tribunal.

6. Disclosure:

As defined under regulation 46(2) (h) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entity shall disseminate the policy for determining 'Material Subsidiary' on its website.

This policy shall be disclosed on the Company's website www.wepsolutions.co.in and a web link thereto shall be provided in the Annual Report of the Company.

7. Amendments:

The Board may, subject to applicable laws, amend any provision(s) or substitute any of the provision(s) with the new provision(s) or replace the policy entirely with a new policy as it may deem necessary.

The Board may also establish further rules and procedures, from time to time, to give effect to this policy and to ensure governance of Material Subsidiary Companies.