



WeP SOLUTIONS LIMITED

RELATED PARTY TRANSACTION POLICY

***(As per Section 188 – Related Party Transactions: Companies Act 2013
and
Clause 49(VII) Related Party Transactions: Listing Agreement)***

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1. Introduction and Scope of Policy

The Companies Act, 2013 (Act) has significantly revised the regulations governing related party transactions entered into by Indian companies. The Act defines related parties and related party transactions and prescribes certain approval requirements with respect to such transactions.

In line with the requirements of the Act, the Securities and Exchange Board of India (SEBI) has also amended the listing agreement entered into by companies with stock exchanges to revise the corporate governance norms with respect to related party transactions. The Listing Agreement also defines related parties and related party transactions and prescribes the corresponding approval requirements. The Listing Agreement also requires a listed company to adopt a policy setting out the manner in which the company will deal with related party transactions as well as the materiality thresholds applicable to such transactions.

In view of the above and to consolidate the procedural requirements under the Act and the Listing Agreement, the Company has developed this Related Party Transaction Policy (Policy).

This policy will be effective from _____. The Board will review and may amend this policy from time to time.

This Policy is published on the Company's website www.wepsolutions.co.in

2. Definitions

This Policy sets out the principles and processes that apply in respect of transactions entered into by the Company with a Related Party.

1. 'Act' means the Companies Act, 2013 and the rules and regulations notified hereunder.

2. 'Audit Committee' means the Committee of the Board formed under section 177 of the Act and Clause 49(III) of the Listing Agreement.

3. 'Board' means the Board of Directors of the Company.

4. 'Key Managerial Personnel' shall mean the officers of the Company as defined in Section 2(51) of the Companies Act, 2013 and rules prescribed there under.

5. 'Listing Agreement' means the listing agreement entered into by the Company with the stock exchanges, as amended from time to time, including by the SEBI circular dated April 17, 2014.

6. 'Material Related Party Transaction' means any transaction / transactions to be entered into individually or taken together with previous transactions during a financial year above the threshold limits specified in the Companies Act, 2013 and the Clause 49 (VII)(C) of listing agreement.

7. 'Ordinary course of business' means the usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities and includes all such activities which the Company can undertake as per Memorandum & Articles of Association.

8. 'Relative' means relative as defined under Section 2(77) of the Companies Act, 2013 and includes any one who is related to another, if –

1. They are members of a Hindu undivided family ;
2. They are husband and wife ; or
3. Father (including step-father)
4. Mother (including step-mother)
5. Son (including step-son)
6. Son's wife
7. Daughter
8. Daughter's husband
9. Brother (including step-brother)
10. Sister (including step-sister)

9. 'Related Party' means related party as defined in Clause 49 of the Listing Agreement which is as follows:

A 'related party' is a person or entity that is related to the company. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party, directly or indirectly, in making financial and/or operating decisions and includes the following:

1. A person or a close member of that person's family is related to a company if that person:

(a.) is a related party under Section 2(76) of the Companies Act, 2013 which are as follows:

(i) a Director or his relative ;

(ii) a Key Managerial Personnel or his relative ;

(iii) a firm, in which a Director, Manager or his relative is a partner ;

(iv) a private company in which a Director or Manager is a member or Director ;

(v) a public company in which a Director or Manager is a Director or holds along with his relatives, more than two per cent of its paid-up share capital ;

(vi) any body corporate whose Board of Directors, Managing Director, or manager is accustomed to act in accordance with the advice, directions or instructions of a Director or Manager ;

(vii) any person under whose advice, directions or instructions a Director or manager is accustomed to act :

Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity ;

(viii) any company which is –

(a) a holding, subsidiary or an associate company of such company ; or

(b) a subsidiary of a holding company to which it is also a subsidiary ;

(ix) Director or Key Managerial Personnel of the holding company or his relative with reference to a company; or

b. has control or joint control or significant influence over the company; or

c. is a Key Management Personnel of the company or of a parent of the company; or

2. An entity is related to a company if any of the following conditions applies:

a. The entity is a related party under Section 2(76) of the Companies Act, 2013; or

b. The entity and the company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others); or

c. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member); or

d. Both entities are joint ventures of the same third party; or

e. One entity is a joint venture of a third entity and the other entity is an associate of the third entity; or

f. The entity is a post-employment benefit plan for the benefit of employees of either the company or an entity related to the company. If the company is itself such a plan, the sponsoring employers are also related to the company; or

g. The entity is controlled or jointly controlled by a person identified in (1).

h. A person identified in (1)(b) has significant influence over the entity (or of a parent of the entity); or

10. 'Related Party Transaction' has the meaning given to it in:

(i) Section 188(1) of the Act, i.e. any of the following transactions with a Related Party as defined under Section 2(76) of the Act:

(a) sale, purchase or supply of any goods or material;

(b) selling or otherwise disposing of, or buying, property of any kind;

(c) leasing of property of any kind;

(d) appointment of any agent for purchase or sale of goods, materials, services or property;

(e) a Related Party's appointment to any office or place of profit in the Company, its subsidiary company or associate company; and

(f) underwriting the subscription of any securities or derivatives of the Company,

(ii) the Listing Agreement, i.e. any transfer of resources, services or obligations between the Company and a Related Party (as defined under the Listing Agreement), regardless of whether a price is charged.

11. Policy:

This Policy on Related Party Transactions complements the existing legal framework and aims at avoiding a conflict of interest in relation to the Related Party Transactions.

All Related Party Transactions must be reported to the Audit Committee and referred for approval by the Committee in accordance with this Policy.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the Listing Agreement, Securities Contract Regulation Act or any other applicable law or regulation.

3. Identification of Potential Related Party Transactions

Each Director and Key Managerial Personnel is responsible for providing notice to the Board or Audit Committee of any potential Related Party Transaction involving him or her or his or her Relative, including any additional information about the transaction that the Board/Audit Committee may reasonably request. Board/Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

The Company strongly prefers to receive such notice of any potential Related Party Transaction well in advance so that the Audit Committee/Board has adequate time to obtain and review information about the proposed transaction.

As per Listing Agreement, Clause 49 (VII)(C) , transaction with a related party shall be considered material if the transaction/transactions to be entered into individually or taken together with previous transaction during the financial year, exceeds five percent of the annual turnover or twenty percent of the net worth of the Company as per the last audited financial statements of the Company, whichever is higher.

Clause 49 (VII)(E) all material related party transactions shall require approval of the shareholders through special resolution and the related parties shall abstain from voting on such resolutions.

4. Review and Approval of Related Party Transactions

a) No transaction with a Related Party shall be entered into by the Company unless it is approved by the appropriate authority.

Sr. No	Nature of Transaction	Approving Authority	Companies Act /Listing Agreement
1	All transactions with Related Parties	Audit Committee	Under Section 177 of the Act and the Listing Agreement
2	Related Party Transactions as defined under Section 188 (1) of Companies Act,2013 which are not in ordinary course of business OR not at arm's length	Board of Directors and shareholders of the Company	Under Section 188 of the Act read with Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014
3	All Material Related Party Transactions (regardless of whether they are in the ordinary course and/or on arm's length terms)	Board of Directors and shareholders of the Company	Requirement under the Listing Agreement

b) All transactions with Related Parties (including any amendments or modifications to such transactions) must be reported by the Company to the Audit Committee and referred for its approval in accordance with this Policy.

c) Any person who is a Related Party with respect to a particular transaction cannot participate in the approval process as may be applicable for that transaction.

5. Approval Process

The process for entering into a Related Party Transaction will be as set out below:

The Company will:

a) identify the transactions with Related Parties;

b) perform tests to determine whether the transaction is in the ordinary course of business operations or otherwise;

c) review the commercial terms involved in the transaction and analyze whether the transaction is at 'arm's length' as if the party is unrelated;

d) consider the value of the transaction to determine if it is a Material Related Party Transaction;

e) determine the approval requirements applicable to the transaction in accordance with this Policy;

f) prepare and maintain relevant documentation supporting the basis of its assessment;

g) present the required details to the Audit Committee, Board or Shareholders for approvals as required; and

h) execute the related party agreement once the approvals are obtained.

6. Determine whether a transaction is in the ordinary course of business operations

Related Party Transactions that are part of regular operative activities, and connected financial activities, of any organization in similar business and size shall be considered to be in the ordinary course of business operations.

7. Approval for Related Party Transactions

Any transactions to be entered into with Related Parties must be reported to the CFO or Company Secretary or Legal Officer/Compliance Officer of the Company to enable necessary review.

The approval of the Audit Committee is required for entering into any agreement or a transaction with a Related Party, including any amendment or modification to such agreements. The relevant information will be provided to the Audit Committee with respect to each Related Party Transaction, such as:

- a) Name of the Party
- b) Relationship with the Company
- c) Name of the Director or Key Managerial Personnel who is related, if any
- d) Type of transaction(s)
- e) Whether the transactions are in the ordinary course of business operations
- f) Whether the transaction is conducted on an arm's length basis
- g) Copy / terms of the contract
- h) Expected annual contract value
- i) Any other relevant information

The Company shall submit report to the Audit Committee setting out details of transactions entered. When reviewing a Related Party Transaction that has not been approved under this Policy, the Audit Committee shall consider all the relevant facts and circumstances related to the transaction, and shall evaluate all options available to the Company, including ratification, revision or termination of such transaction, and shall take such course of action as the Audit Committee deems appropriate under the circumstances.

8. Related Party Transactions not approved under this Policy

As per section 188(3) of Companies Act, 2013, where any contract is entered into by a Director or any other employee, without obtaining the consent of the Board or approval by a special resolution in the general meeting under section 188(1) and if it is not ratified by the Board or, as the case may be by the shareholders at a meeting within three months from the date on which such contract or arrangement shall be voidable at the option of the Board and if the contract or arrangement is with a

related party to any Director, or is authorized by any other Director, the Directors concerned still shall indemnify the company against any loss incurred by it.

Without prejudice to anything contained in section 188(3) it shall be open to the company to proceed against a Director or any other employee who has entered into such contract or arrangement in contravention of the provisions of this section for recovery of any loss sustained by it as a result of such contract or arrangement.

A Related Party Transaction entered into without approval under this Policy shall not be deemed to violate this Policy, or to be invalid or unenforceable, so long as the transaction is approved or ratified as soon as reasonably practical after the Company becomes aware of such transaction.

This Policy will be communicated to all concerned persons of the Company.

9. Amendments and Modifications in the Related Party Policy

This policy may be amended and modified, subject to appropriate provisions of law, rules, regulations and guidelines from time to time.