WeP SOLUTIONS LIMITED

RISK MANAGEMENT POLICY

(As per Revised Clause 49 of the SEBI Listing Agreement)

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Risk Management Policy approved by the Board of Directors on 25th July 2015.

1. Introduction:

Formation and Implementation of ***'Risk Management Policy'*** is ***compliance with Revised Clause 49 of SEBI Listing Agreement,*** which requires the Company to lay down procedures about the risk assessment and risk minimization.

Risk Management Policy guidelines are devised in the context of the future growth objectives, business profile envisaged and new business endeavors including new products and services that may be necessary to achieve these goals and the emerging global standards and best practices amongst comparable organizations. This policy is meant to ensure continuity of business and protection of interests of the investors and thus covers all the activities within the company and events outside the company which have a bearing on the company's business. The policy shall operate in conjunction with other operating or administrative policies.

2. Definitions:

(a) Risk:
Risks are events or conditions that may occur, and whose occurrence, if it does take place, has a harmful or negative impact on the achievement of the organization's business objectives. The exposure to the consequences of uncertainty constitutes a risk.

(b) Risk Management:
Risk Management is the process of systematically identifying, quantifying, and managing all risks and opportunities that can affect achievement of a corporation's strategic and financial goals.

(c) Risk Strategy:
The Risk Strategy of a company defines the company's standpoint towards dealing with various risks associated with the business. It includes the company's decision on the risk tolerance levels, and acceptance, avoidance or transfer of risks faced by the company.

(d) Risk Assessment:
Risk Assessment is defined as the overall process of risk analysis and evaluation.

(e) Risk Estimation
Risk Estimation is the process of quantification of risks.

(f) Risk Tolerance/Risk Appetite
Risk tolerance or Risk appetite indicates the maximum quantum of risk which the company is willing to take as determined from time to time in accordance with the Risk Strategy of the company.

(g) Risk Description
A Risk Description is a comprehensive collection of information about a particular risk recorded in a structured manner.

3. Classification of Risks:

As defined earlier, risks are events or conditions that may occur, and whose occurrence, if it does take place, has a harmful or negative impact on the achievement of the organization's business objectives.

Key characteristics by which risks can be identified are:

1. Risks are adverse consequences of events or changed conditions.
2. Their occurrence may be identified by the happening of trigger events.
3. Their occurrence is uncertain and may have different extents of likelihood.

On the basis of risks that company is/may be exposed to, risks will be classified broadly into the following categories:

(a) Strategic Risk: It includes range of external events and trends (like Government policy, Competition, Court Rulings or a Change in Stakeholder requirements) that can adversely impact the company's strategic growth and destroy shareholder value.

(b) Business Risk: It includes the risks associated specifically with the company and having an adverse impact on the company's capability to execute activities critical for business growth, thereby affecting its near-term performance.

(c) Operational Risk: These are those risks which are associated with operational uncertainties, force majeure events like floods affecting operations, internal risks like attrition etc.

4. Aim of Risk Management Policy:

a) To ensure protection of shareholder value through the establishment of an integrated Risk Management Framework for identifying, assessing, mitigating, monitoring, evaluating and reporting of all risks.

b) To provide clear and strong basis for informed decision making at all levels of the organization.

c) To continually strive towards strengthening the Risk Management System through continuous learning and improvement.

5. Objectives of the Policy:

The main objective of this policy is to ensure sustainable business growth with stability and to promote a pro-active approach in reporting, evaluating and resolving risks associated with the business. In order to achieve the key objective, the policy establishes a structured and disciplined approach to Risk Management. The specific objectives of the Risk Management Policy are:

1. To ensure that all the current and future material risk exposures of the company are identified, assessed, quantified, appropriately mitigated and managed.

2. To establish a framework for the company's risk management process and to ensure company wide implementation.

3. To ensure systematic and uniform assessment of risks related with various projects.

4. To enable compliance with appropriate regulations, wherever applicable, through the adoption of best practices.

5. To assure business growth with financial stability.

6. Risk Management Framework

We adopt systematic approach to mitigate risks associated with accomplishment of objectives, operations, revenues and regulations. We believe that this would ensure mitigating steps proactively and help achieve stated objectives.

The entity's objectives can be viewed in the context of four categories ***Strategic, Operations, Reporting and Compliance.*** We consider activities at all levels of the organization, viz. ***Enterprise level, Division level, and Business Unit level*** in our risk management framework. These seven components are interrelated and drive the Risk Management with focus on three key elements, viz. ***(a) Risk Assessment (b) Risk Management and (c) Risk Monitoring.***

(a) Risk Assessment:

To meet the stated objectives, it is imperative to make effective strategies for exploiting opportunities and as a part of this the Company has identified key risks and developed plans for managing the same. The objectives of the Company are subject to risks that are external and internal as enumerated below:

External Risk Factors	Internal Risk Factors
Economic Environment and Market Conditions	Financial reporting risks
Fluctuations in Foreign Exchange	Contractual compliance
Political Environment	Compliance with local laws
Competition	Quality and Project management
Revenue concentration	Environmental management
Inflation and cost structure	Human resource management
Technology obsolescence	Culture and values
Risk of Corporate Accounting Fraud	

(b) Risk Management and Risk Monitoring

In principle, risks always result as consequence of activities or as consequence of non activities. Risk Management and Risk Monitoring are important in recognizing and controlling risks.

7. Risks specific to the Company and the mitigation measures adopted:

In order to fulfill the objectives of this policy and lay a strong foundation for the development of an integrated risk management framework, the policy outlines the following guiding principles of Risk Management:

1. All business decisions will be made with the prior information and acceptance of risk involved.

2. The Risk Management Policy shall provide for the enhancement and protection of business value from uncertainties and consequent losses.

3. All employees of the company shall be made aware of risks in their respective domains and their mitigation measures.

4. The risk mitigation measures adopted by the company shall be effective in the long-term and to the extent possible be embedded in the business processes of the company.

5. Risk tolerance levels will be regularly reviewed and decided upon depending on the change in company's strategy.

6. The occurrence, progress and status of all risks will be promptly reported and appropriate actions be taken thereof.

8. Type of Risk and Mitigation measure adopted:

(1) Business Dynamics:
It relates to variance in the demand and supply of the product in various areas.

Risk mitigation measures:
Based on experience gained from the past, the Company is able to predict the demand during a particular period and accordingly supply is planned and adjusted.

(2) Business Operations Risks:
These risks relate broadly to the company's organization and management such as planning, monitoring and reporting systems in the day-to-day management process namely:

a) Organization and management risks
b) Production, process and productivity risks
c) Business interruption risks
d) Profitability risks

Risk mitigation measures:
The Company functions under a well defined organization structure. Flow of information is well defined to avoid any conflict or communication gap between two or more Departments. Second level positions are created in each Department to continue the work without any interruption in case of non-availability of functional heads. Sufficient stock of raw materials is kept to ensure continuous production. Effective steps are being taken to reduce cost of production. Strong HR Department to maintain excellent and cordial relations at all levels of employment.

(3) Liquidity Risks:
These risks relate broadly to Financial Solvency, Borrowing limits and Cash Management Risks.

Risk mitigation measures:
Proper financial planning is put in place. Annual and Quarterly Budgets and Variance Analyses are prepared to have better financial planning - daily, monthly cash flows are prepared. Cash management services are availed from Bank to avoid any loss of interest on collections.

(4) Foreign Exchange Risks:
A good amount of import of stock is done in order to meet the consumables, spares and printer requirement. The time involved from the date of order, receipt of the stock from the vendor, supply to the customer has remained in the range of 30 to 45 days. Further, the credit period from the vendor is an average period of 45 days. This time lag is potential enough to affect the profitability of company due to fluctuation in the currency exchange rate.

Risk mitigation measures:
Company has a defined policy for managing its foreign exchange exposure. The management reviews the hedging policy on a quarterly basis and takes appropriate decision from time to time in order to minimize the impact of such volatility.

(5) Credit Risks:
These risks relate broadly to risks in settlement of dues by clients and Provision for bad and doubtful debts.

Risk mitigation measures:
Systems are put in place for assessment of creditworthiness of customers, provision for bad and doubtful debts made to arrive at correct financial position of the Company, appropriate recovery management and follow up. Company carefully monitors and controls the financial exposure to those customers whom it considers as credit risk. Company has introduced stricter credit controls and pursuing customers to accept advance payment terms.

(6) Revenue Concentration:
High concentration in any single industry segment exposes the company to the risk inherent in that segment.

Risk mitigation measures:
We have adopted prudent norms based on which we monitor and prevent undesirable concentration in geography, industry or customer. The quest for diversified activities within the

existing realm of overall management after due consideration of the advantages and disadvantages of each activity in consistent with company policy of increasing business volumes with minimum exposure to undue risks. Concentration of revenue from any particular segment of the industry is sought to be minimized over the long term by careful extension into other activities, particularly in areas the company has some basic advantage such as availability of land, technical or manpower resources.

(7) Logistic Risks:

These risks relate broadly to the use of outside transport sources.

Risk mitigation measures:

Sourcing committed and dedicated service providers. Possibilities to optimize the operations, by having a combination of transportation through road /rail are explored. Comprehensive transit risk insurance coverage for all incoming and outgoing goods across the organization.

(8) Market Risks:

These risks relate broadly to Demand and Supply risks, Quantities, Qualities, Suppliers, Lead time, Interest rate risks, raw material rates, interruption in the supply of raw material.

Risk mitigation measures:

Raw materials are procured from different sources at competitive prices. Alternative sources are developed for uninterrupted supply of raw materials Demand and supply are external factors on which company has no control, but however the Company plans its production and sales from the experience gained in the past. The Company tries to reduce the gap between demand and supply. Proper inventory control systems have been put in place.

(9) Inventory Obsolescence Risk:

Company needs to maintain printers for a period of more than 48 months. These models are constantly upgraded by the principle suppliers. Company needs to maintain adequate stocks of spares and toners at all its customer locations in order to meet the customer requirements. There spares may or may not be used. This leads to a risk of company maintaining obsolete stocks. At times Company is required to maintain inventory for demo equipments, replacement for repairs and normal distribution stocks. Company faces the risk of obsolescence in the event of not being able to sell or deploy the above stock.

Risk mitigation measures:

Company is conscious of these risks and tracks and monitors its inventory at regular intervals to minimize obsolescence. Company continuously monitors the stock levels of such items and ensures they are within the reasonable time.

(10) Industry Risk:

Company faces stiff competition from other players who are both organized large brand owners and unorganized local players. This competition forces the company to cut down its margins and reduce price for its products and services for both the existing customers and new potential customers.

Risk mitigation measures:
Company has put in a focused approach towards monitoring all such competitive activities. Company reviews its customer relationship strategy periodically and keeps providing innovative and new solutions. Company believes in providing value to the customers and has put in a dedicated team to manage the existing and new customers.

(11) Human Resource Risks:
These risks relate broadly to Employee Turnover Risks, involving replacement risks, training risks, risks due to Strikes and Lockouts etc.

Risk mitigation measures:
Company has proper recruitment policy for recruitment of personnel at various level in the organization. Proper appraisal system to give yearly increment is in place. Employees are trained at regular intervals to upgrade their skills. Labour problems are obviated by negotiations and conciliation. Activities relating to the Welfare of employees are undertaken.

(12) Disaster Risks:
These risks relate broadly to natural risks like Fire, Floods, Earthquakes etc.

Risk mitigation measures:
The property of the company is insured against natural risks, like fire, flood, earthquakes, etc. Fire Hydrants have been installed at all manufacturing locations. Other apparatus like extinguishers filled with chemical, foam etc. have been placed at fire sensitive locations and regular fire safety drills are carried out. First aid training is given to watch and ward staff and safety personnel. Workmen of the company are covered under ESI, EPF, etc., to serve the welfare of the workmen. Periodical audit is done and risks improvement measures are followed from time to time.

(13) System Risks:
These risks relate broadly to System capability, System reliability, Data integrity risks, coordinating and interfacing risks.

Risk mitigation measures:
IT department maintains repairs and upgrades the systems on a continuous basis with personnel who are trained in software and hardware. Password protection is provided at different levels to ensure data integrity. Licensed software is being used in the systems. The Company ensures “Data Security”, by having access control / restrictions.

(14) Financial Reporting Risks:
Changing laws, regulations and standards relating to accounting, corporate governance and public disclosure, Securities and Exchange Board (SEBI) rules, and Indian Stock Exchange – Bombay Stock Exchange, Listing Regulations are creating uncertainty for the Companies. These new or changed laws, regulations and standards may lack specificity and are subject to interpretations. Their application in practice may evolve over time, as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding

compliance matters and higher costs of compliance as a result of ongoing revisions to such corporate governance standards.

Risk mitigation measures:

We are committed to maintaining high standards for public disclosure and our efforts to comply with evolving laws, regulations and standards in this regard would further help to address these issues. Our preparation of financial statements is in conformity with Indian GAAP and in accordance with the Accounting Standards issued by ICAI.

(15) Risk of Corporate Accounting Fraud:

Accounting fraud or corporate accounting fraud are business scandals arising out of misusing or misdirecting of funds, overstating revenues, understating expenses etc.

Risk mitigation measures:

The Company mitigates Corporate Accounting Fraud by understanding the applicable laws and regulations, conducting risk assessment, enforcing and monitoring code of conduct for key executives, instituting Whistle Blowers mechanisms, Deploying a strategy and process for implementing the new controls, adhering to internal control practices that prevents collusion and concentration of authority, employing mechanisms for multiple authorization of key transactions with cross checks, scrutinizing of management information data to pinpoint dissimilarity of comparative figures and ratios, creating favorable atmosphere for internal auditors in reporting and highlighting instances of even minor non-adherence to procedures.

(16) Legal Risks:

These risks relate broadly to Contract Risks, Contractual Liability, Frauds, Judicial Risks, Insurance Risks, Patent, Design and Copyright Infringement Risks.

Risk mitigation measures:

Legal risk is the risk in which the Company is exposed to legal action. As the Company is governed by various laws and the Company has to do its business within four walls of law, where the Company is exposed to legal risk exposure. The Company engages professionals, advisors who focus on evaluating the risks involved in a contract, ascertaining our responsibilities under the applicable law of the contract, restricting our liabilities under the contract, and covering the risks involved, to meet the general and specific requirements so that they can ensure adherence to all contractual obligations and commitments.

Management places and encourages its employees to place full reliance on professional guidance and opinion and discuss impact of all laws and regulations to ensure company’s total compliance. The suggestions and recommendations from professional agencies and industrial bodies, chambers of commerce etc., are carefully analyzed and acted upon wherever relevant.

(17) Disclaimer Clause:

The risks outlined above are not exhaustive and are for information purposes only. Management is not an expert in assessment of risk factors, risk mitigation measures and in having a complete / proper management’s perception of risks. This policy may be amended and modified, subject to appropriate provisions of law, rules, regulations and guidelines from time to time.