



# WeP SOLUTIONS LIMITED

## POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

- Regulation 16 (1) (c) of Chapter IV of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended
- Regulation 24 of Chapter IV of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

### Contents:

SR.NO	PARTICULARS
1	Preface
2	Definition
3	Governance Framework with respect to subsidiary of the Listed Entity
4	Disclosures
5	Review and Amendments
6	Effective Date

*Company's existing policy approved by the Board of Directors on 6th February 2016 for determining the Material Subsidiary is replaced by this policy in order to make it more aligned with the recent amendment(s) pursuant to The SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 as amended.*

- 
- ♣ Notification No: .SEBI/LAD-NRO/GN/2015-16/01, dated September 2, 2015.
  - ♣ Obligation under Regulation 16 and 24 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 as amended.
  - ♣ Defined under Section 2(27) of the Companies Act, 2013
-

## 1. Purpose , Scope and Applicability

The Board of Directors (the "Board") of WeP Solutions Limited (the "Company") has adopted the following policy and procedures with regard to determination of Material Subsidiaries and disclosures thereof.

This Policy is formulated in terms of Regulation 16(1)(c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter also referred to as Listing Regulations), as amended.

Any subsequent amendment/modification in the Listing Regulations and/ or other applicable laws in this regard shall automatically apply to this policy.

The Policy will be used to determine the Material Subsidiaries of WeP Solutions Limited and to provide the governance framework for such subsidiaries.

All the words and expressions used in this Policy, unless defined hereafter, shall have meaning respectively assigned to them under the Listing Regulations and in the absence of its definition or explanation therein, as per the Companies Act, 2013 ("Act") and the Rules, Notifications and Circulars made/issued thereunder, as amended, from time to time.

"**Material Subsidiary**" of the Company would be identified, if any, as one time exercise and such exercise shall be done during each financial year and the conclusion placed before the Audit Committee and the Board of the Company. The identification shall be exercised soon after preparation of annual accounts and the outcome shall be placed before the Audit Committee or Board, as the case may be, in the meeting where the Annual Audited Accounts of the Company are considered.

The Audit Committee will review the policy periodically and may amend the same from time to time, as may be deemed necessary.

## 2. Definitions

'**Act**' means Companies Act, 2013 and rules and any amendment(s) or modification(s) or circular(s) or notification(s) thereof made thereunder.

'**Regulations**' mean SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and any amendment(s) or modification(s) or circular(s) or notification(s) thereof made thereunder.

'**Holding Company**' - Pursuant to Section 2(46) of the Act, Holding Company, in relation to one or more other companies, means a company of which such companies are Subsidiaries Companies.

Explanation: For the purposes of this clause, the expression "company" includes any body corporate.

**‘Subsidiary Company’ or ‘Subsidiary’** : Pursuant to Section 2(87) of the Companies Act 2013 - Subsidiary Company in relation to any other Company (that is to say holding company), means a Company in which the holding Company –

- **Controls the Composition of the Board of Directors;**

Pursuant to Section 2(7) of the Companies Act 2013:

The term ‘control’ shall include the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner.

**Or**

- Exercises or Controls more than one-half of the total voting power either at its own or together with one or more of its Subsidiary Companies.

Provided that such class or classes of holding companies as may be prescribed shall not have layers of subsidiaries beyond such numbers as may be prescribed:

Explanation.—For the purposes of this clause:

- (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 any body corporate;
- (d) “layer” in relation to a holding company means its subsidiary or subsidiaries

**‘Material Subsidiary’** shall mean a Subsidiary, whose income or net worth exceeds 10% of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

**‘Unlisted Subsidiary’** means subsidiary whose securities are not listed on any recognized Stock Exchanges.

**‘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 as amended.

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

**‘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 as amended.

**‘Significant Transaction or Arrangement’** 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 subsidiary for the immediately preceding accounting year.

### **3. Governance Framework with respect to Material Subsidiary of the Listed Entity**

- i. At least one independent director on the Board of Directors of the Holding Company shall be a director on the Board of Directors of a unlisted Material Subsidiary, incorporated in India or not.

Explanation- For the purposes of this proviso, notwithstanding anything to the contrary contained in Regulations or in this policy, **the term “Material Subsidiary” shall mean a Subsidiary, whose income or net worth exceeds twenty percent of the consolidated income or net worth respectively, of the listed entity and its Subsidiaries in the immediately preceding accounting year.**

- ii. The Audit Committee of the listed entity shall also review the financial statements, in particular, the investment made by the unlisted Subsidiary.
- iii. 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 Holding Company.
- iv. The Board of Directors of the listed Holding Company should quarterly review the statement of all significant transactions and arrangements entered into by the unlisted Subsidiary Company. The term “significant transaction or arrangement” shall mean any individual transaction or arrangement that exceeds or is likely to exceed 10% of the total revenues or total expenses or total assets or total liabilities, as the case may be, of the unlisted Subsidiary for the immediately preceding accounting year
- v. The Company 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 fifty percent 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 or under a resolution plan duly approved

under section 31 of the Insolvency Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

- vi. Selling, disposing and leasing of assets amounting to more than twenty percent 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 or under a resolution plan duly approved under section 31 of the Insolvency Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.
- vii. Every material unlisted Subsidiaries incorporated in India shall undertake secretarial audit and shall annex with its annual report, a secretarial audit report, given by a company secretary in practice, in such form as may be specified with effect from the year ended March 31, 2019.

#### **4. Disclosures**

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](http://www.wepsolutions.co.in) and a web link thereto shall be provided in the Annual Report of the Company.

#### **5. Review and Amendments**

This policy will be reviewed by the Board of Directors of the Company or by any of its Committee (as may be authorized by the Board of Directors in this regard) as they deem necessary. Any change in the Policy shall be approved by the Board of Directors of the Company or its Committee.

The Board of Directors or its Committee (as may be authorized by the Board of Directors in this regard) shall have the right to withdraw and/ or amend any part of this Policy or the entire Policy, at any time, as it deems fit, or from time to time, and the decision of the Board of Directors in this respect shall be final and binding.

Any subsequent amendment/modification in the Companies Act, 2013 or the Rules framed thereunder or the Listing Regulations and/or any other laws in this regard shall automatically apply to this Policy.

#### **6. Effective Date**

This Policy is effective from 1st April, 2019.

As revised and approved by the Board of Directors on 25<sup>th</sup> May 2019.