

WeP Solutions Limited



EIGHTEENTH ANNUAL REPORT 2012-13



Board of Directors

- Mr. Ram N Agarwal - Chairman & Non-Executive Director
Mr. P K Gopalakrishnan - Managing Director
Mr. G H Visweswara - Non-Executive Director
Mr. H V Gowthama - Independent Director
Mr. Sudhir Prakash - Independent Director
Dr. A L Rao - Independent Director
Mr. B R Ganesh - Independent Director
Mr. Shankar Jaganathan - Independent Director

Company Secretary

- Mr. S Kannan - Company Secretary & Compliance Officer

Auditors

- M/s. N M Rajji & Co
Chartered Accountants, Mumbai

Bankers

- HDFC Bank Limited
Axis Bank Limited
Corporation Bank

Registered Office

- 40/1 A, Basappa Complex
Lavelle Road, Bangalore - 560 001
Ph : 91 80 66112000
Fax : 91 80 66112055
www.wepsolutions.co.in

Share Transfer Agents

- Cameo Corporate Services Limited
#1, Subramanian Building
Club House Road, Chennai - 600 002
Email: investor@cameoindia.com

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Letter to the Shareholders

Dear Shareholders,

The year 2012-13 has been significant for the Indian Economy in many ways with increasing current account deficit coupled with rupee depreciation against the US dollar and other major world currencies, persistently high inflation and constrained liquidity in the domestic market. Most Indian companies have faced multiple and serious challenges. Your company is not an exception to the situation. However, I must put across to you that despite various odds, your company has come out clean with better performance, improved recovery of receivables and better financials.

2012-13 was a difficult year for IT product industry. It is projected that the sale of Personal Computers in India is expected to grow in the range of just 6% in the next 5 years. These growth difficulties and challenges are primarily arriving out of rupee depreciation and resulting in decelerating growth. The situation is likely to continue to be volatile in the foreseeable future. What is heartening to note is the increased IT spending forecasts by Governments, both Central and State.

To augment our strengths, we restructured our business portfolio by acquiring the IT Printer business and merged this into the company. This completes one phase of restructuring plans and enables your company to position itself better in the competitive environment with increased scale of operations, enhanced skill sets and supplementary revenue streams. Post this acquisition, your company now has reach in more than 1600 locations, an employee strength of 400 + technically qualified people, business relationships with more than 1000 customers across various sectors of the economy for its products, services and solutions. We will now embark on a journey of beneficial growth of business so as to provide better return to our shareholders, coupled with ensuring the best corporate governance practices.

I am very happy to share with you that during the previous year, we have turned around the Managed Printing Solutions (MPS) making it a profitable business. For long term sustainability, we need to invest, develop and grow other IT services like Managed Document Solutions to our customers, while at the same time securing and consolidating our competitive position for MPS with our customers. We have started making investment in these areas so as to grow this business faster.

The IT printer business is facing a different set of challenging economic circumstances. The overall IT hardware business, particularly the product business continue to decelerate due to various external reasons attributable to global and India specific circumstances. While these are impacting the business in the short term, we believe that in the medium term this business will continue to provide us opportunities at multiple times through innovation in the business and path breaking change in technology. While aligning our costs of customer care, product development and delivery infrastructure to a lower level in line with the current reduced volume of business, we have to remain hungry, identify new trends early and grab the opportunities that are thrown up.

Towards this we have made significant investment in developing application specific solutions for printing in key segments in consumer and public services where there is a potential for large scale deployment. Our Retail Automation business is in one such segment which will ensure accelerated growth. We expect that the Indian economy will offer a significant opportunity for "made in India IT products and services" and our company and business strategy is aligned towards benefitting from this opportunity.

We will continue to invest in our understanding of customers in India. We are committed to provide 'Tech fantasy' to our customers and returns to our shareholders in addition to excitement to employees. You may please be assured that your management is taking into account various options available for better growth and commercially viable diversifications.

I thank all shareholders for continued support. I take this opportunity to place on record my sincere gratitude to our Bankers, regulatory bodies like SEBI and BSE and all others for their support. I also wish to express my appreciation to my colleagues on the Board and our employees for their dedication and commitment.

With Best Regards,



Ram N. Agarwal
Chairman

Business Overview

Managed Printing Solutions (MPS)

What we do?

WeP is the pioneer of Managed Printing Solutions in India, with business starting from the year 2002. We are the first company to provide solutions and services for Print Fleet Management and set an organization free from the hassle of managing printers to focus better on the core business.

1. Managed Printing Solutions (MPS)
 - Asset Plus Solutions & Services (APSS)
 - Full Service Solutions (FSS)
 - Bulk Printing Solutions (BPS)
2. Document Managed Services (DMS)

Our MPS Offerings

Asset Plus Solutions & Services (APSS)

Under APSS, printers are provided to the customer as and when required, at any location across the country. This includes Laser printers, Multi function printers, Color printers, Dot-Matrix Printers, Line-Matrix Printers, Photocopiers & Scanners among others

Full Service Solutions (FSS)

To extract the maximum value from the printers already bought by the customer, we provide MPS on customer's assets till the life of the machine on pay per use basis.

Customer also has the option of buying the printer from WeP and WeP can manage these assets on pay per use concept.

Full Solution includes supply of consumables, maintenance kits and spare parts etc.,

Bulk Printing Solutions (BPS)

Bulk Printing Solutions comprises of the large scale printing for the customer. BPS can be provided either offsite or onsite based on customer requirement.

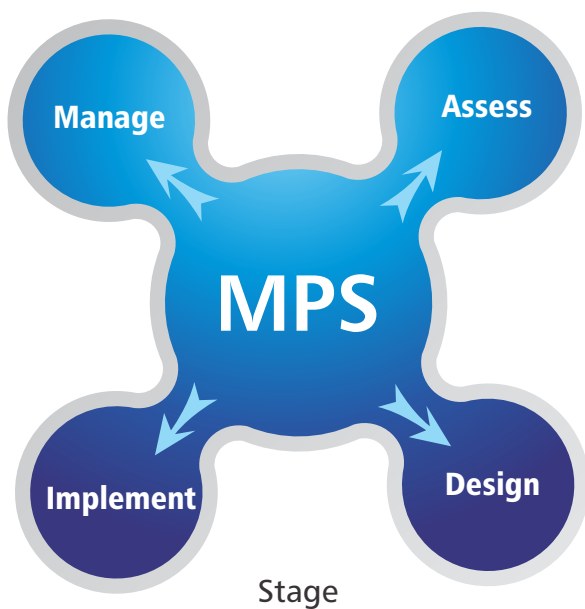
Onsite Printing: WeP takes up bulk printing by deploying its printers/ copiers/ scanners at customer's project site.

Offsite Printing: WeP offers off-site printing solution that involves the execution of imaging and finishing the job at our Print Centres.

How MPS works:

WeP MPS can create a strategic roadmap tailored to the ideal fleet infrastructure for the organization based on the customer business needs and current fleet.

WeP has designed fool proof 6 step process in order to provide a complete Print Solutions.





Value Proposition:

- WeP provides MPS on all technologies e.g. Laser (mono/color), DMP, LMP & Card printers under single contract.
- Remote management of fleet through various tools
- WeP is the only National Brand Agnostic MPS provider in the country.
- Largest service network covering 1500+ locations in India.
- ERP enabled processes for seamless customer service.

MPS Benefits:

- Saves management time. WeP provides day-to-day print infrastructure maintenance.
- Reduce Total cost of Ownership (TCO)
- Protection of confidential documents through secure printing options.
- Optimizing the print infrastructure and improving organizations productivity
- Control, manage and aligning print needs to business through various MIS and print reports
- Save paper and Go Green

Document management Solutions (DMS)

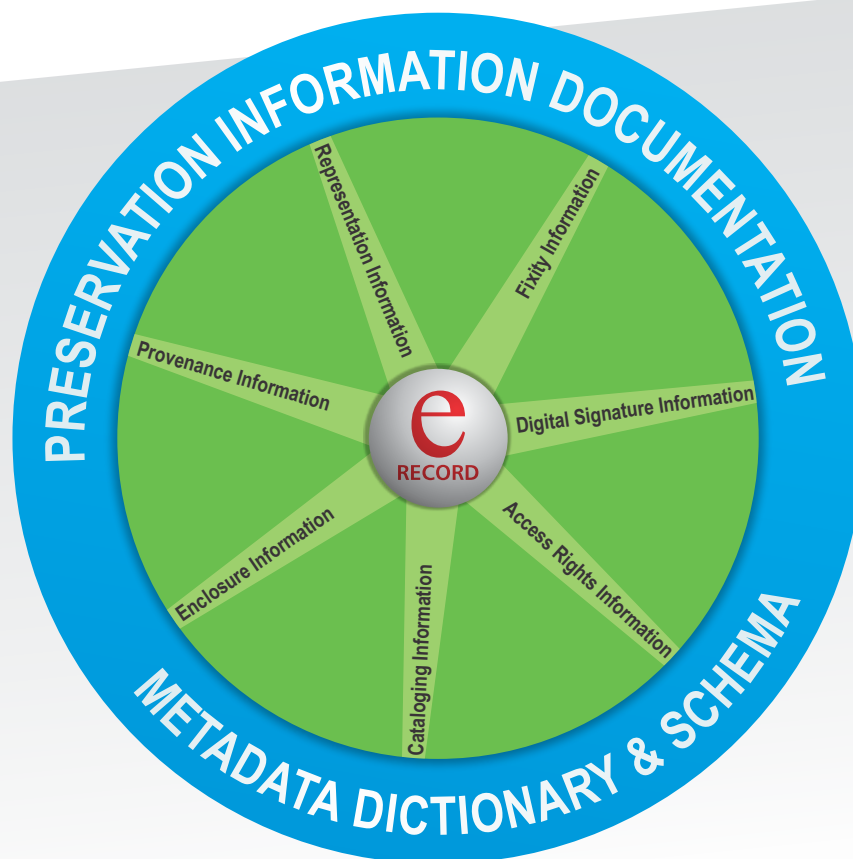
Corporate & Government organizations can now have a solid framework 'TO PRESERVE BOTH PAPER & e-RECORDS IN A LEGAL MANNER'. Millions of pages can now be scanned and secured as primary evidences in lieu of paper.

WeP provides Legal Hold Digitizing based on ISO 19005-12005 standard - PDF/A the archive file format.

The method involves preparing PDF/A files from selected paper records and incorporating 'Authenticity and Retention' programs prior to depositing the files into a Document Management System.

WeP brings to market the revolutionized digitizing process by developing:

- The procedure to store both physical and converted electronic records with Legal Hold in deep storage and electronic systems.
- Its own capture software for production level Legal Hold Scanning.
- Legal Hold on PDF/A.



Business Overview

Printer Business Unit (PBU)

Printer Business Unit carries the following product range

- Dot Matrix Printers
- Line Matrix Printers
- Passbook Printers
- Laser Printers
- Retail Billing Printers
- POS Printers
- POS Systems & Accessories
- Card Printers
- Scanners
- Consumables
- Print Heads

Customer Segments

Banking Industry

The Banking industry is one of the two largest customer segments for WeP. Banks use printers to print Cheques, Demand Drafts, Month / Quarter / Year End Reports, Cheque deposit reports, Cash receipts, and account updates in passbooks. Banks have been at the forefront of information technology adoption, including online banking, automated cash receipts issuance, ATMs & automated self-service kiosks and many more. This has resulted in new types of printers being adopted by the banking industry over the last 3 years. Also, Banks are rationalizing the use of printers across various size of branches based on quantum of transactions to optimize costs. Many banks continue to expand their operations into the Tier 3 towns to cater to new customers while complying with RBI guidelines on the ratio of branches Metro / Capital to upcountry. Banks usually refresh their installed base of printers every 5 to 7 years. In the last few years, many cooperative banks have also adopted Core Banking Solutions leading to upgrading of their IT infrastructure. These developments continue to fuel the consumption of WeP printers and consumables in Banks.

Government

The other large vertical for WeP printers is the Government sector, Government departments, both central & state as well as Public Sector Undertakings are today widely networked in both rural & urban towns & cities. This has enabled the Government to provide services eg. utilities like water & electricity, education, information, security and many more to citizens across the length and breadth of the country. WeP printers today serve our National Defence Forces to print

important dispatch communications between Head Quarter & mobile units with its unique AC/DC printers. WeP printers print reports for various Accelerated Power Development and Reforms Programme (APDRP) projects ensuring the availability of electricity to citizens in towns across the country. Customs department run 24x7 on our line matrix printers to clear incoming goods as the economy continues to grow. Our printers are used extensively in commercial tax departments, police departments, land records, excise departments, Defence forces, District & High Courts, schools & universities, coal fields, railways, government hospitals and many more. As modern technology moves to more advanced platforms, compatibility with ERP, printing of PDF documents in high resolution gain importance. Our LQ DSI 5235 with High Speed Graphics and High Definition Line Matrix Printers handle this with ease. WeP has also developed unique new products for the government's various projects, including the groundbreaking Public Distribution System.





Retail

The Indian Retail sector is emerging as one of the largest in India, growing by a CAGR of 7% from 1998 to 2012, rising to Rs.28,500 Lac Crores in 2012. Organized retail is still estimated to be only 8% of the total retail market size. Food & Grocery constitutes 60% of retail market followed by apparels at 8%, mobile & telecom at 6% and Food Services at 5%. The adoption of IT in Retail is driven by large retail chains in the organized sector with store expansions in Tier 1 & 2 cities of the country and now driving into Tier 3 cities. This drove the demand for POS Systems, printers & accessories at store fronts while printing of gate passes, invoices & reports in warehouses, depots & factories generated demand for large format printers like dot matrix & line matrix printers. On the other hand, the large unorganized retail market has been transforming in line with the trend in the industry. Many local retailers have now investing in creating brands, expanding stores & adopting IT to streamline their operations both at the back-office as well as store-front. The continued growth of the economy has also made more disposable income available for consumers, driving consumption which has led to the retail explosion in food, apparels & services. WeP caters to these customers with

printers & pos systems to enhance store & back office operations.

While the organized retail continues to take centre-stage in India's growth story, the real opportunity lies in the un-organized retail which forms 92% of the market. These are small restaurants, small stores (kirana / apparel / hardware / convenience) which are yet to adopt automation. These stores are now being driven by next generation of retailers used to mobile phones, satellite television, online presence who understand the importance of brand, customer experience & efficiency. It is these retailers who are now discarding previously held assumptions & discomfort with IT are now adopting automation in retail. They understand the power of a receipt for a customer and the advantages of efficiency in managing inventory & time. This is however a slow change at present but peer pressure & word-of-mouth is slowly but surely changing the landscape. Our printers are now available with network capability as well as leveraging the cloud for data transfers between and access to sales reports in billing printers at an amazing price below Rs.20,000/-. Our retail billing printers were pioneers in this segment and continue to lead this evolution in the retail market.

Corporates

India's Corporates are now playing an increasingly important role in driving the economy with new ideas, products & services. E-Commerce has been redefined, our healthcare industry now attracts visitors from across the world with high quality facilities at reasonable rates and automobile giants today prefer India as a manufacturing base. Our customer base continues to include those playing increasing roles in the evolution of their industry. Our printers are used by automobile manufacturing companies to track the flow of vehicles from stores to shop-floor to parking lot to dealer showrooms. Our printers provide healthcare services to ordinary citizens in various departmental stores printing medical bills. Our printers print gate passes as materials flow from manufacturers to consumers in logistics & warehousing. As the robust Indian Economy continues its growth story, WeP Printers continues to provide printing solutions to the needs of the industry

Research & Development

WeP has dedicated Research & Development team focused on different product lines of application specific printers development. WeP R&D has complete in-house facility for executing projects from concept to product with core capabilities of electro-mechanical product involving various engineering domains like Electro-magnetics, Power Electronics, Thermal, Vibration and dynamics. WeP with rich design experience in Interface design of mechatronics products deals with dynamics of mechanical components and its behavioral study with electronics. R&D team has executed several application specific printer projects for Petrol bunk, Retail automation, Pharma and Dairy segments.

Directors' Report

Your Directors take pleasure in presenting the 18th Annual Report and the Audited Financial Statement of your Company for the year ended 31st March 2013.

Financial Highlights

Particulars	(₹ in lakhs)	
	For the year 2012-13	For the year 2011-12
Revenue from Operations	15,185.76	3,716.86
Other Income	34.09	0.44
Total Revenue	15,219.85	3,717.30
Profit Before Depreciation, Interest & Taxes	1,252.49	721.21
Finance Cost	312.26	141.53
Depreciation and Amortisation	772.29	701.84
Profit Before Tax	167.94	(122.16)
Provision for Tax	56.46	(49.20)
Profit / (loss) for the Year	111.48	(72.96)
Earnings Per Share (Equity share par value ₹ 10/-each) Basic / Diluted (₹ per share)	0.48	(0.65)

Performance

The Management Discussion and Analysis forms part of the Annual Report.

Directors' Responsibility Statement

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956 with respect to the Directors' Responsibility Statement, it is hereby confirmed that:

- In the preparation of the annual accounts for the financial year ended 31st March 2013, the applicable accounting standards have been followed along with proper examination relating to material departures;
- The Directors have selected such accounting policies and applied them consistently except where otherwise stated in the notes on accounts and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the loss of the company for the year under review;
- The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- The Directors have prepared the accounts for the financial year ended 31st March 2013 on a 'Going Concern' basis.

Dividend

In view of the accumulated losses and to conserve the retained earnings to enable the company in its growth path, your Board of Directors do not recommend payment of dividend.

Corporate Governance

Your company adheres to all the Corporate Governance Code as prescribed by the Stock Exchanges and Securities and Exchange Board of India (SEBI). A detailed report on Corporate Governance is provided in this Annual Report. The Auditor's Certificate on compliance with the standards also forms part of this Annual Report.

Depository System

Equity shares of your company are compulsorily tradable in dematerialized form. Your company has signed agreements with National Securities Depository Limited and Central Depository Services (India) Limited for dematerialization of its equity shares. Currently about 97.81 % of the issued capital is held in electronic mode.



Retirement of Directors

As per the provisions of the Companies Act, 1956, three sitting Directors out of eight are required to retire by rotation. Accordingly, Mr. Sudhir Prakash, Mr. Shankar Jaganathan and Dr. A L Rao are due to retire by rotation.

Mr. Sudhir Prakash, Mr. Shankar Jaganathan and Dr. A L Rao, being eligible for reappointment, offer themselves to be appointed as the Directors of the company. In view of their valuable contributions for the growth and stability of the company, your Board recommends their reappointment.

Public Deposits

Your Company has not accepted any deposits from the public during the year under review.

Research & Development

WeP has dedicated Research & Development team focused on different product lines of application specific printers development. WeP R&D has complete in-house facility for executing projects from concept to product with core capabilities of electro-mechanical product involving various engineering domains like Electro-magnetics, Power Electronics, Thermal, Vibration and dynamics. WeP with rich design experience in Interface design of mechatronics products deals with dynamics of mechanical components and its behavioral study with electronics. R&D team has executed several application specific printer projects for Petrol bunk, Retail automation, Pharma and Dairy segments.

Subsidiary Company

As on 31st March 2013, company has no subsidiary. Hence requirement of reporting the statement pursuant to Section 212 of the Companies Act, 1956 and other statutory financial statements of a subsidiary does not arise.

Employee Stock Option Plan

During the year the company has granted 96,000 Options to its employees under the ESOP Scheme 2011. However, none of the options have vested as on 31st March 2013 hence, no shares were allotted to the employees under the ESOP Scheme 2011.

Auditors

M/s. N M Rajji & Co., Mumbai are the Statutory Auditors of the Company, who are eligible and seek to be reappointed as Statutory Auditors for the year 2013-14. Suitable resolution is proposed in the notice sent to shareholders for the 18th Annual General Meeting.

Personnel

There are no employees drawing remuneration in excess of limits specified in Section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 as amended.

Human Resources

Your Directors take this opportunity to record their appreciation for the contribution of all employees of your company during the year.

Acquisitions

Your Company entered in to a Scheme of Arrangement u/s 391 to 394 of the Companies Act 1956, with M/s. WeP Peripherals Limited whereby the Printer Business is proposed to be demerged into the Company w.e.f. April 1st, 2012 by way of issue of equity shares of the Company. The Scheme has been approved by the Hon'ble High Court of Karnataka vide its order dated 20th November 2012. An appeal was made by on Objector before the Hon'ble High Court of Karnataka seeking stay of its order. However, the Court allowed the company to continue to do business as merged entity pending allotment of shares to the shareholders of the transferor company. Subsequently, vide its order dated 21st October 2013, the Court dismissed the petition of the Objector and allowed the company to proceed the Scheme of Arrangement approved by the Hon'ble High Court. Accordingly, your Board of Directors at their meeting held on 26th October 2013 allotted 11,741,964 equity shares to the shareholders of the Transferor company.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings / Outgo

The particulars as prescribed under Section 217(1) (e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988 are given in the Annexure to this report.

Acknowledgments

Your Directors take this opportunity to thank all the shareholders, investors, vendors, customers, banks and the government / statutory authorities for their support. Your Directors wish to place on record their appreciation for the commitment and significant contribution made by the employees.

For and on Behalf of the Board of Directors

P K Gopalakrishnan
Managing Director

Place: Bangalore
Date: 9th November 2013

Annexure to Directors' Report

I. Information required under Section 217(1)(e) of the Companies Act, 1956

a. Conservation of Energy

The Company's operations are energy intensive. However, significant measures are taken to reduce the energy consumption by using energy-efficient equipments. Conservation of energy is always on the "To Do" list at all levels of operations. Efforts are made in this direction on a continuous basis. The requirement of disclosure of particulars in this respect as prescribed to be furnished in Form A (rule 2) is not applicable and hence not provided. However, the company has taken the following adequate measures to conserve the energy:

- Solar Street lighting in the factory premises.
- Microprocessor based AC units which are power savers
- Localized lighting in place of community lighting
- Employees are habituated to switching off fans, lights during the lunch break and at close of office hours.

b. Technology Absorption

Efforts made in Technology absorption is stated as per Form B and annexed herewith.

c. Foreign Exchange earnings and outgo

The foreign exchange earnings of the Company during the year was Rs.20.08Mn while the outgo was Rs. 444.94 Mn.

FORM B (Rule 2)

1. Research and Development (R & D)

a. Specific Areas in which R & D activity is carried out by the Company:

- Design & Development of low footprint, high throughput printers
- Design & Retail Billing Products & Solutions.
- Product Engineering Services for lifestyle products, hi-tech and automotive electronics
- PCB Design for Analog/Digital and mixed signal
- GD & T/ CAD/CAM/CAE
- Application specific thermal printer development
- Universal Magnetic path design for next generation print head design
- Universal Linux Printer Drivers.
- Monolithic Laser Printer Driver.
- GSM/GPRS for remote management of printers
- Communication protocols Serial, Parallel, USB.
- Adoption of SOC for Printer applications
- Design and Development of ASIC/FPGA
- Embedded product solutions based on 8/16/32 bit controllers

- EMI-EMC/ROHS/Energy Star – Compliance and regulatory requirement product design

b. Benefits derived as a result of above R&D:

- Expansion of Retail products and solutions.
- Self-reliance in print head design and development for Dot Matrix Printers. All in-house captive requirements are met with our own Print Heads
- Application specific printers design and manufacturing for voting machine and Petrol dispenser Retail automation.
- Export Market Expansion
- Graphics throughput enhancement for windows applications in all printers
- Linux printing solutions customized for Indian requirements

c. Future plan of action:

- Expansion of Retail products range and solutions with augmentation of features
- Development of WLAN, GPRS, Ethernet connectivity application devices
- POS System development
- Application specific printers for kiosk, Petrol dispenser and ATM.

2. Expenditure incurred on R & D:

Expenditure : ₹ 5.25 Mn.

R & D Expenditure as % of total turnover : 0.4%

3. Technology absorption, adaptation and innovation:

i. Efforts in brief made towards technology absorption, adaptation and innovation

Technology demonstrations in the following areas were made towards absorption, adoption and innovation.

- GSM/GPRS Communication for remote management of printers
- Thermal Printer technology absorption for retail applications.
- Embedded system optimization for easy configurability and usability of retail products.
- Form factor optimization for high frequency AC DC converters.
- Adoption of variability and tolerance analysis for high precision parts design

ii. Benefit derived as a result of the above efforts.

How to deliver Tech Fantasy products to our customers and consumers?

At R&D that is our primary challenge and motivation today. Inspired by trends and the consumers' latent desires, we are proactively re-fashioning our R&D outlook to deliver consumer sensitivity in our product design and development.



We have a dedicated Research & Development team fully focusing on each product line.

Due to the technology absorption and development, we are placing ourselves in a better position to deliver on our new customer promise of "TECH FANTASY". Also these research and technology explorations will enable 'Wow!' elements to customer in each delivery of the products.

iii. In case of imported technology (imported during the last five years reckoned from the beginning of the financial year) following information be furnished:

a. Technology imported:

- Dot matrix print head technology

b. Year of Import

From the inception till 2007-08.

c. Absorption of Technology

- Absorption for 9 pin print head and 24 pin print head upto 1800Hz
- Absorbed SOC technology for integration of digital systems for miniaturization
- Serial, USB communication protocols
- Non PC applications
- Ethernet, GSM / GPRS Connectivity
- RISC based platform designs
- Thermal Printer Platform designs

For and on Behalf of the Board,

Place: Bangalore

P K Gopalakrishnan

Date: 9th November, 2013 Managing Director

Management Discussion and Analysis

Investors are cautioned that this discussion contains statements that involve risks and uncertainties. Statements in this report on Management discussion and analysis relating to the Company's objectives, projections, estimates, expectations or predictions may be forward looking statements within the meaning of applicable security laws or regulations. These statements are based upon certain assumptions and expectations of future events. Actual results could however differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include global and domestic demand supply conditions, selling prices, raw material costs and availability, changes in government regulations and tax structure, general economic developments in India and abroad, factors such as litigation, industrial relations and other unforeseen events. The Company assumes no responsibility in respect of forward looking statements made herein which may undergo changes in future on the basis of subsequent developments, information or events.

1. Business Performance

The global economy continued to remain uncertain in 2012-13 with signs of concern and slow growth. The Indian rupee remained under pressure during the year and the Indian economy faced challenges of Inflation and volatile currency environment with the growth rates dropping significantly.

WeP Solutions Limited (WeP) is in the business of providing pan India Managed Printing Solutions (MPS) to its customers. During the year the company had acquired the Printers business (PBD) from M/s. WeP Peripherals Limited pursuant to a Scheme of Arrangement which was duly approved by the Shareholders, secured and unsecured creditors. The appointed date of the scheme was April 1, 2012.

The existing MPS business showed a remarkable improvement in profitability backed by operational efficiency and innovations. The services revenue from this business grew from ₹ 334.79 Mn to ₹ 346.19Mn. Though the revenue growth was not on expected lines, the various steps initiated by your company resulted in a significant improvement in profitability of this division. The division made a Profit Before Interest and Tax (PBIT) of ₹ 36.09 Mn. as against ₹ 1.94 Mn. in the previous year.

The newly acquired Printers business (PBD) gave your company opportunities to become a major player in the IT Hardware and Services business with the combined revenues at ₹ 1518.58 Mn. The PBD is into manufacturing, designing, distribution and servicing of Printers. The division has clocked revenues of ₹ 1168.24 Mn. during the year with a PBIT of ₹ 11.93 Mn.

The acquisition of Printers business gives your company an entry into customers like major Insurance companies, manufacturing companies and Public Sector banks apart from providing the advantage of technical expertise to develop application specific printers. The wide range of printers and the customer service network of this division adds a significant value to the MPS business also as your company will be able to expand its reach and offer customers its solutions in many more locations.

Both the PBD and MPS division focus on the Top 2000 corporates with a single objective to provide hassle free and innovative printing solutions.

2. Internal control systems and their adequacy

The Company has established adequate internal control systems, which provide reasonable assurances with regard to safeguarding Company's assets, promoting operational efficiencies and ensuring compliance with various statutory provisions. The Audit Committee reviews the adequacy of internal control systems, audit findings and suggestions. The Company's statutory auditors regularly interact with the Audit Committee to share their findings and the status of further improvement actions under implementation.

3. Human resource development / Industrial relations

WeP believes that success of any company lies in making the customers happy and satisfied. The human resources strategy enabled the company to attract, integrate, develop and retain the best talent required for driving the business growth. The company has created a Performance driven environment with all employees having identified Key result areas directly aligned with the business results.

SWOT Analysis

We appreciate the market realities, stiff competition faced by your company both from the unorganized and local service providers and large multinational corporates. Your Board acknowledges the following major SWOT analysis more specific to your company.

Strengths:

1. Pan India support structure with geographical reach
2. Strong Research & Development skill set to develop application specific printing devices and solutions.
3. Long standing partnerships with Global technology providers
4. Empanelment with many Government Nodal Agencies
5. Providing a Customised and Valuable business proposition for customer



Weaknesses:

1. Inadequate Inventory Management and Supply Chain Process.
2. Inability to undertake large projects which require substantial investment for want of long term funds.
3. Inadequate skill sets for moving up the value chain from a pure MPS player to a Document management solutions provider
4. Inability to retain key resources due to lack of substantial revenue growth.

Opportunities:

1. Increased focus on IT driven Governance.
2. Printers Business acquisition has added a new set of Enterprise customers opening opportunities for cross selling in both the divisions.
3. Demand moving up in application specific printing solutions both in Impact and Non-Impact printing area.
4. Significant movement ahead by customers to look for total Document Management Solutions for their enterprises

Threats:

1. Continued pressure for reduction in operational expenses by companies especially in an increasing cost scenario.
2. Pricing pressure from customers due to global weak economic scenario restricts the increase in prices commensurate to input costs.
3. Strict Competition from Multiple players specifically from the unorganized sector forces us to cut our prices steep resulting in uneconomical operation.
4. Assets under deployment in MPS business and reaching their cycle of replacement, create a pressure on the Investment plans of the company.
5. Significant revenues of the company are from the Banking, Financial Service and Insurance (BFSI) Segments. Any direct or indirect impact on the BFSI industry can impact the revenues of the company.
6. As the company is largely dependent on imports for its supply of consumables and spares, rupee depreciation impacts the margin of the company significantly.

Risk and Mitigants

Foreign exchange risks:

A significant amount of Import of stocks is done in order to meet the consumables, spares and printers 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 45-60 days. This time lag is potential enough to affect the profitability of your company due to fluctuation in the currency exchange rate.

Mitigants:

Your 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.

Receivable Risks

During the year, the company faced challenges in improving its receivables position. While the average number of days of sales outstanding improved, the company found a tendency in customers to delay the payments. Delays in payments impact our ability to meet our working capital requirements on time and puts pressure on our borrowings thereby increasing finance costs.

Mitigants:

Your company is carefully monitoring and controlling the financial exposure to those customers whom it considers as credit risk. Further, the company has introduced stricter credit controls and pursuing customers to accept advance payment terms.

Inventory Obsolescence Risk

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

Mitigants:

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

Acquisition risk:

Your company is actively pursuing acquisition, merger, de-merger opportunities. In the event of any such corporate action materializing your company would be forced with integration issues, managing the morale of the new work force, over laps, litigations and other related issues.

Mitigants:

Your company has a comprehensive due diligence review process covering aspects of financial, legal, technology, human and cultural issues before deciding on such corporate action.

Report on Corporate Governance

Company's Governance Philosophy

Corporate Governance refers to a combination of laws, regulations, procedures, implicit rules and good corporate practices which ensue that a company meets obligations to optimize shareholders value and fulfill its responsibilities to the community, customers, employees, Government and other segments of society. Emphasizing on transparency, empowerment, accountability and integrity are essential ethics for a good corporate citizen.

Your company is fully aware of its responsibilities towards its stakeholders and the benefits of being a good corporate citizen. Our business modules are revolving around the core values of excellence, integrity, responsibility, accountability, innovative, law abiding and empowerment.

Code of Conduct:

Your Company has a Code of Conduct for its senior employees and Directors and it is available on company's website.

Board of Directors:

As on 31st March 2013, the Board of Directors of your Company comprises of Eight (8) Directors of which One is the Executive Director and all the other Seven (7) Directors are Non-Executive, Independent Directors. The Company has an Non-Executive Chairman. The composition of the Board is as per clause 49 of

the Listing Agreement and exceeds the percentage stipulated therein. Your Directors are eminent persons and professionals with rich experience in management, finance and law.

No Director of the Company is a member in more than 10 committees or acts as Chairman of more than 5 committees across all companies, in which he is a Director.

Mr. G H Visweswara, Whole-time Director had retired from the services on 31st March 2013. Mr. G H Visweswara was appointed as Additional Director at the meeting of Board of Directors held on 29th May 2013. A separate resolution seeking members approval for confirmation of his appointment is included in the Notice to 18th Annual General Meeting.

Mr. P K Gopalakrishnan who took over as the Chief Executive Officer of the company with effect from 1st April 2013 was appointed as Managing Director of the company with effect from 1st June 2013 by the Board of Directors at their meeting held on 29th May 2013. A separate resolution seeking members approval for confirmation of his appointment is included in the Notice to 18th Annual General Meeting.

During the year under review Four (4) Board Meetings were held on 25th May 2012, 11th August 2012, 3rd November 2012 and 19th January 2013.

The details of composition, Directors' attendance and other particulars are as under:

The details of composition, Director's attendance and other particulars are as under:

Name of the Director	Category	No. of Board meetings held during the year	No. of meetings attended	Whether attend the last AGM
Ram N Agarwal	Non-Executive Chairman	4	4	Yes
Sudhir Prakash	Non Executive and Independent	4	3	Yes
B R Ganesh	Non Executive and Independent	4	3	Yes
G H Visweswara	Non Executive Director	4	4	Yes
H V Gowthama	Non Executive and Independent	4	3	Yes
Shankar Jaganathan	Non Executive and Independent	4	4	Yes
Dr. A L Rao	Non Executive and Independent	4	3	Yes
H K Nanjunda Swamy@	Non Executive and Independent	4	1	Yes
P.K. Gopalakrishnan*	Managing Director	-	-	NA

*Appointed as Additional Director with effect from 1st June 2013. @ Retired at the 17th Annual General Meeting held on 21.09.2012



Audit Committee

As a measure of good corporate governance, an Audit Committee has been constituted consisting of independent directors. The terms of reference include –

1. Oversee the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
2. Review the adequacy of internal control systems, internal audit reports and their compliance thereof.
3. Recommend the appointment of statutory auditors, fixation of audit fee and approval for payment for other services.
4. Review with management the quarterly and annual financial statements before submission to the Board.

The following Directors are members of the Audit Committee.

Mr. H V Gowthama - *Chairman*

Mr. B R Ganesh

Mr. Sudhir Prakash

Mr. Shankar Jaganathan (with effect from 29th May 2013)

During the Financial Year 2012-13, the Audit Committee meetings were held on 25th May 2012, 11th August 2012, 3rd November 2012 and 19th January 2013.

Meetings and attendance during the year are as below:

Members	No. of meetings held	No. of meetings attended
H V Gowthama	4	4
B R Ganesh	4	3
Sudhir Prakash	4	3
H K Nanjunda Swamy	4	3

Remuneration of Directors:

a. Whole Time Director- G H Visweswara

Particulars	March 31, 2013
Remuneration to Director	5,71,200
Contribution to PF and other funds	28,800

b. Non Executive Directors

Particulars	March 31, 2013
Sitting Fees (paid to 6 Directors for 4 board meetings)	3,40,000

Shareholders' / Investors' Grievance Committee:

To facilitate prompt redressal of investors' complaints and to strengthen investor relations, an Investors' Grievance Committee has been constituted. The Committee looks into

redressal of investors' grievances pertaining to transfer of shares, dematerialization of shares, non-receipt of share certificates and other related issues.

The following Directors are members of the Shareholders' / Investors' Grievance Committee

Mr. H V Gowthama - *Chairman*

Mr. G H Visweswara

Mr. B R Ganesh

The committee meets as and when required. As on 31.03.2013, there were no outstanding complaints.

Share Transfer Committee:

A Share Transfer Committee has been constituted to approve the share transfers, transmission, split, consolidation, issue of new certificates, rematerialisation of shares, etc. The Committee meets as often as required. There are no pending transfer requests as on 31st March, 2013.

The following Directors are members of the Share Transfer Committee:

Mr. H V Gowthama - *Chairman*

Mr. G H Visweswara

Mr. B R Ganesh

Compensation Committee:

A Compensation Committee has been constituted by the Board comprising of the following Directors as Members:

Mr. Ram N Agarwal - *Chairman*

Mr. H V Gowthama

Mr. G H Visweswara

Mr. B R Ganesh

General Body Meeting:

Details of last three Annual General Meetings (AGM):

Year	Venue	Date	Time
2011-12	Conference Hall, Basappa Complex, Lavelle Road, Bangalore – 560 001	21 st Sept. 2012	4.00pm
2010-11	Conference Hall, Basappa Complex, Lavelle Road, Bangalore – 560 001	27 th Sept. 2011	3.30pm
2009-10	Hotel Ajantha Paradise Pvt. Ltd., Bangalore*	8 th Oct. 2010	4.30pm

*Rescheduled from 30th September 2010 due to Law & Order situation.

Postal Ballots:

During the year under review, no Postal Ballot was conducted.

Disclosures

There are no materially significant related party transactions with the company's promoters, directors, the management and their relatives that may have potential conflict with the interest of the company at large.

There were no instances of non-compliance by the company nor have any penalties, strictures been imposed on them by Stock Exchanges or SEBI or any other statutory authority during the last year on any matter related to capital market.

Means of Communication

The company's quarterly and annual financial results in the proforma prescribed by the stock exchanges are approved and taken on record by the Board within the prescribed time frame and sent forthwith to Bombay Stock Exchange in which the company's shares are listed. The financial results were published in "Financial Express" and /or "Business Standard" and "Hosa Digantha" in vernacular (Kannada) newspaper.

Information about the company in general, its financial results and other information including official press releases can be accessed at the company's website www.wepsolutions.co.in

The Management Discussion and Analysis forms part of the Annual Report.

CEO/CFO certification forms part of this annual report

Auditors' Certificate on compliance of provisions of corporate governance forms part of this annual report

General Shareholder Information:

The company's financial year begins on 1st April and ends on 31st March of the subsequent year. Company's shares are listed at BSE. Quarterly financial results of the company are filed with the Bombay Stock Exchange within the stipulated time. The results are also published in leading financial news papers and in a vernacular news paper immediately after the approval of the financials by the Audit Committee / Board. The financial results are also uploaded in the company's website.

Annual General Meeting : Monday, 16th December

Time : 4.00 pm

Venue : Basappa Complex, Lavelle Road,
Bangalore – 560001

Book Closure Dates : 13.12.2013 to 16.12.2013
(Both days inclusive)

Listing Details:

Company's equity shares continue to be listed in Bombay Stock Exchange Limited (BSE) and the company has paid Listing fee for the current year.

Company Code in BSE : 532373

International Securities Identification Number
(ISIN) : INE434B01029

Market Price Data

(Source: www.bseindia.com)

Month	Open Price	High Price	Low Price	Close Price	No. of Shares
Apr. 12	13.81	15.77	13.67	13.75	24,884
May 12	15.97	16.50	13.00	13.60	16,661
Jun. 12	12.33	14.77	11.01	12.00	14,950
Jul. 12	12.00	12.47	10.29	10.80	32,099
Aug. 12	11.34	11.92	10.00	10.84	80,010
Sep. 12	10.70	14.97	10.10	12.21	24,734
Oct. 12	11.65	12.00	10.15	10.98	11,461
Nov. 12	11.51	12.00	10.15	10.98	11,461
Dec. 12	10.50	10.99	09.08	09.97	43,760
Jan. 13	09.55	11.89	09.09	10.45	46,775
Feb. 13	10.41	11.45	09.40	09.09	40,160
Mar. 13	10.20	10.20	09.00	09.45	20,372



Share Transfer System:

Shares sent for physical transfer are generally registered and returned within 15 days from the date of receipt if the documents are clear in all respects. Cameo Corporate Services Limited is the Registrar and Transfer agents of the company. The powers of share transfer are delegated to Share Transfer Committee. The Share Transfer Committee meets as often as required.

No request is received for transfer, transmission, split, rematerialisation in physical form during the period under review.

No complaints/queries received from the shareholders during the year under review.

Shareholding Pattern as at March 31, 2013

Category of Shareholder		No. of share holders	Total No. of shares	Total shareholding as a % of total number of shares
A. SHAREHOLDING OF PROMOTER AND PROMOTER GROUP				
a.	Individuals	4	2,504,097	22.24
b.	Bodies Corporate	2	2,519,373	22.37
Total Promoters' Holding		6	5,023,470	44.61
B. PUBLIC SHAREHOLDING				
a.	Bodies Corporate	59	413,111	3.67
b.	Individuals			
	i. Individuals Shareholders Holding Nominal Share Capital upto ₹ 1 lakh	2,688	2,025,037	17.98
	ii. Individual Shareholders Holding Nominal Share Capital in excess of ₹ 1 lakh	79	2,666,258	23.67
	Clearing Members	2	2,960	0.03
	Hindu Undivided Families	31	48,870	0.43
	Non Residents Indians	25	491,904	4.37
	Trusts	2	589,898	5.24
Total Public Shareholding		2,886	6,238,038	55.39
Total (A)+(B)		2,892	11,261,508	100.00

Note: Total number of shares and percentage shareholding by Non- Resident Shareholders is 491,904 and 4.37% respectively. The Company has not issued any ADRs and GDRs. The foreign shareholding consists of holding by NRIs and other foreign national only.

Distribution Schedule as on March 31, 2013

Values of shares held (₹)	No. of shareholders	% of shareholders	Value of shares held	% to the total paid up capital
Less than 5000	1,691	58.47	1,438,470	1.28
5001 - 10000	539	18.64	3,744,150	3.32
10001 - 20000	238	8.23	3,372,850	3.00
20001 - 30000	132	4.57	3,275,990	2.91
30001 - 40000	62	2.14	2,147,150	1.91
40001 - 50000	46	1.59	2,064,110	1.83
50001 - 100000	79	2.73	5,398,540	4.79
100001 - And Above	105	3.63	91,173,820	80.96
TOTAL	2,892	100.00	112,615,080	100.00

Dematerialisation of shares

Trading of shares of the company is under compulsory electronic mode. As on 31st March 2013 11,015,151 equity shares of the company representing 97.81% of the total subscribed capital of the company were dematerialised.

Particulars	As on 31.03.2013	
	No. of shares	% of holding
Electronic	11,015,151	97.81
Physical	246,357	2.19
TOTAL	11,261,508	100.00

Address for Correspondence

All communications to the company may be made at the Registered Office of the Company is situated at:

40/1-A, Basappa Complex,
Lavelle Road, Bangalore – 560 001
Tel. : 080-66112000
E-mail : investor@wepsol.in

Registrar and Transfer Agents

Share transfer in physical form and other communication regarding share certificates, change of address etc., should be sent to our Registrar and Transfer Agents at the following address:

Cameo Corporate Services Limited
"Subramanian Building" V Floor
No.1, Club House Road, Chennai – 600 002.
Tel. : +(91) (044) 28460390
Fax : +(91) (044) 28460129
E-mail : investor@cameoindia.com



Chief Financial Officer (CFO) Certification

I, Sandeep Kumar Goyal, Chief Financial Officer, WeP Solutions Limited, to the best of my knowledge and belief, certify that:

- (a) We have reviewed balance sheet and profit and loss account for the year ended 31st March 2013 and all its schedules and notes on accounts, as well as the cash flow statement and directors' report and to the best of our knowledge and belief report that:
- (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- (c) We are responsible for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if, any, of which we are aware and we have taken proper steps to rectify these deficiencies.
- (d) We have disclosed to the auditors and the Audit Committee
- (i) Significant changes in internal control over financial reporting during the year ;
 - (ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

Place: Bangalore
Date: 29th May, 2013

Sandeep Kumar Goyal
Chief Financial Officer

Declaration by Managing Director for affirmation of compliance of code of conduct:

I, P K Gopalakrishnan, Managing Director hereby affirm that all the members of the Board and Senior management have complied with the code of conduct of the company.

Place: Bangalore
Date: 9th November, 2013

P K Gopalakrishnan
Managing Director

Auditor's Certificate on Corporate Governance

We have examined the compliance of Corporate Governance by WeP Solutions Limited (the Company) for the year ended 31st March, 2013, as stipulated in Clause 49 of the Listing Agreement signed by the Company with Bombay Stock Exchange, Mumbai.

The compliance of Corporate Governance is the responsibility of the Management of the Company. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and the representation made by the directors and the management, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the Listing Agreement.

We further state that such compliance is neither an assurance as to the future validity of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place: Mumbai
Date: 9th November, 2013

For N M Raiji & Co.,
Chartered Accountants
Firm No. 108296W

Vinay D Balse
Partner
Membership No. 39434

Independent Auditor's Report to the members of WeP Solutions Limited

1. **Report on the Financial Statements:** We have audited the accompanying financial statements of WEP SOLUTIONS LIMITED ('the Company'), which comprise the Balance Sheet as at March 31, 2013, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.
2. **Management's Responsibility for the Financial Statements:** Management of the Company is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatements, whether due to fraud or error.
3. **Auditor's Responsibility:** Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirement and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amount and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

4. **Opinion:** In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
 - ii) In the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
 - iii) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

5. **Report on Other Legal and Regulatory Requirements:**

- i) As required by the Companies (Auditor's Report) order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement of the matters specified in paragraph 4 and 5 of the said order.
- ii) Further to our comments in the Annexure referred to in Paragraph 5(i) above, as required by section 227(3) of the Act, we report that;
 - a. We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d. In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt herewith comply with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956;
 - e. On the basis of the written representations received from the Directors and taken on records by the Board of Directors, none of the Director is disqualified, as at the balance sheet date, from being appointed as a Director in terms of section 274 (1) (g) of the Companies Act, 1956;
 - f. Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For N. M. RAIJI & CO.
Chartered Accountants
Firm Registration No: 108296W

J. M. GANDHI
Partner
Membership No. 37924

Place: Bangalore
Date: 29th May, 2013



Annexure to the Auditor's Report

[Referred to in paragraph 5 (i) of our report of even date to the Members of WEP SOLUTIONS LIMITED on the financial statements for the year ended March 31, 2013].

- (i) a) The Company is maintaining proper records of fixed assets showing full particulars, including quantitative details and the situation of fixed assets.
- b) A major portion of fixed assets have been physically verified by the management during the year. In our opinion, the frequency of verification of the fixed assets by the management is reasonable having regard to the size of the company and nature of its assets. The discrepancies noticed have been properly dealt with in the books of account;
- c) The assets disposed off during the year are not significant and therefore do not affect the going concern assumption.
- (ii) a) According to the information and explanations given to us, the inventory has been physically verified by the management at the end of the year.
- b) In our opinion and according to the information and explanations given to us, the procedure for physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business;
- c) In our opinion, the company has maintained proper records of inventory. The discrepancies noticed on verification as compared to book stocks have been properly dealt with in the books of account.
- (iii) The company has not taken / granted any loans secured or unsecured, to / from parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. No major weakness has been observed in the internal control system.
- (v) According to the information and explanations provided by the management, we are of the opinion that there are no contracts and arrangements that need to be entered into the register maintained under section 301 of the companies Act 1956;
- (vi) The company has not accepted any deposit from public; hence the provisions of section 58A and 58AA of the Companies Act, 1956 are not applicable.
- (vii) In our opinion, the company has a system of internal audit, which is commensurate with the size and nature of business. However, it needs to be extended to the business transferred to the company during the year.
- (viii) We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules made by Central Government under Section 209 (l) (d) of the Companies Act, 1956 for maintenance of Cost records and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- (ix) a) According to the information and explanations given to us and the records of the company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Employee State Insurance, Income Tax, Sales Tax, Service Tax, Custom duty, Excise duty, Cess and any other applicable statutory dues with the appropriate authorities and no undisputed amounts were outstanding as at 31st March 2013 for a period of six months from the date they became payable.
- b) According to the information and explanations given to us and the records of the company examined by us, there are no dues of sales tax, income tax, customs duty, service tax, wealth tax, excise duty and cess which have not been deposited on account of any dispute.
- (x) As at the balance sheet date, the company does not have accumulated losses in excess of fifty percent of its net worth and has not incurred cash loss in the current financial year and in the immediately preceding financial year.
- (xi) Based on our audit procedure and on the basis of the information and explanations given to us by the management, the company has not defaulted in repayment of dues to any financial institution or bank.
- (xii) According to the information and explanation given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The Company is not a Chit Fund or Nidhi / Mutual Benefit Fund / Society; hence the provision of clause (xiii) of the paragraph 4 of the Order is not applicable to the Company.
- (xiv) The Company does not deal or trade in shares, securities, debentures and other investments.
- (xv) According to the information and explanation given to us, the Company has not given any guarantee for loans taken by others from any bank or financial institutions.
- (xvi) During the year, the Company has taken the term loans. In our opinion and according to the information and explanation given to us the term loans have been applied for the purposes for which they were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of Balance Sheet of the Company, we state that the funds raised on short-term basis have not been utilized for long term investment.
- (xviii) According to the information and explanations given to us the company has not made any preferential allotment of shares to parties covered in the register maintained under section 301 of the Companies Act 1956.
- (xix) During the year the company does not have any outstanding Debentures.
- (xx) During the year the Company has not raised any money by way of public issue.
- (xxi) Based on the audit procedures performed and the information and explanations given to us by the management, we report that no fraud on or by the company has been noticed or reported during the course of our audit.

For N.M. Raiji & Co.,
Chartered Accountants
Firm Regn. No: 108296W

J.M. Gandhi
Partner
Membership No: 37924

Place: Bangalore
Date: 29th May, 2013

Balance Sheet

WeP Solutions Limited
Balance Sheet as at March 31, 2013

in ₹

	Particulars	Note No.	As at March 31, 2013	As at March 31, 2012
I	EQUITY AND LIABILITIES			
1	Shareholders' Funds			
	a) Share Capital	2.1	112,620,905	112,620,905
	b) Share Capital Suspense	2.1.1	117,419,640	-
	c) Reserves & Surplus	2.2	69,012,911	58,676,023
			299,053,456	171,296,928
2	Non current Liabilities			
	a) Long Term Borrowings	2.3	21,875,000	34,375,000
	b) Other Long Term Liabilities	2.4	17,030,653	4,457,837
	c) Long Term Provisions	2.5	16,305,212	1,757,784
			55,210,865	40,590,621
3	Current Liabilities			
	a) Short Term Borrowings	2.6	65,954,298	73,686,173
	b) Trade Payables	2.7	338,387,439	63,081,757
	c) Other Current Liabilities	2.8	79,996,057	23,034,457
	d) Short Term Provisions	2.9	19,085,128	360,169
			503,422,922	160,162,556
	TOTAL		857,687,243	372,050,105
II	ASSETS			
1	Non current Assets			
	a) Fixed Assets	2.10		
	i) Tangible assets		128,131,862	121,423,419
	ii) Intangible assets		4,498,728	2,050,205
	iii) Capital work in progress		932,207	-
	b) Deferred tax assets (Net)	2.11	25,247,441	6,673,863
	c) Long term Loans and Advances	2.12	16,242,664	1,320,383
	d) Other Non current assets	2.13	47,851	34,224
			175,100,753	131,502,094
2	Current Assets			
	a) Inventories	2.14	259,861,716	114,166,492
	b) Trade Receivables	2.15	306,869,215	105,766,369
	c) Cash and cash equivalents	2.16	852,652	236,929
	d) Short term loans and advances	2.17	115,002,907	20,378,221
			682,586,490	240,548,011
	Significant Accounting Policies The Note No. 2.1 to 2.34 are integrated part of these Financial Statements	1		
	TOTAL		857,687,243	372,050,105

Note: Consequent to the transfer of Printer business w.e.f. April 1, 2012, the current year figures are not comparable to the previous year.

As per our report attached
For N M Rajji & Co
Chartered Accountants

J M Gandhi
Partner
Membership No. : 37924

Place: Bangalore
Date: May 29, 2013.

For and on behalf of the Board of Directors

H V Gowthama
Director

Sandeep Goyal
Chief Financial Officer

Ram N Agarwal
Chairman

S. Kannan
Company Secretary

Statement of Profit and Loss



WeP Solutions Limited

Statement of Profit and Loss for the year ended March 31, 2013

in ₹

	Particulars	Note No.	For the year ended March 31, 2013	For the year ended March 31, 2012
	REVENUE			
I	Revenue from Operations	2.18	1,518,575,579	371,685,670
II	Other Income	2.19	3,409,445	44,215
	Total Revenue (I+II)		1,521,985,024	371,729,885
	EXPENDITURE			
III	a) Cost of Materials consumed	2.20	342,273,616	150,138,324
	b) Purchases of Stock in trade	2.21	574,251,138	24,493,197
	c) Changes in inventories of finished goods, work in progress and stock in trade	2.22	23,537,022	7,139,665
	d) Employee Benefits expense	2.23	126,837,886	29,994,870
	e) Other expenses	2.25	329,836,344	87,842,244
	Total Expenses		1,396,736,006	299,608,300
IV	Profit Before Depreciation, Interest, Exceptional Item and Tax		125,249,018	72,121,585
	Depreciation and amortization expense	2.10	77,229,104	70,184,169
V	Profit Before Interest, Exceptional Item and Tax		48,019,914	1,937,416
	Finance costs	2.24	31,226,281	14,153,153
VI	Profit Before Tax		16,793,633	(12,215,737)
VII	Tax expense			
	a) Current Tax		2,745,077	-
	b) MAT Credit entitlement		(2,745,077)	-
	c) Deferred Tax		5,645,912	(4,920,021)
VIII	Profit / (Loss) for the year		11,147,721	(7,295,716)
	Earnings Per Share	2.34		
	(Equity Shares par value Rs 10/- each)			
	- Basic & Diluted		0.48	(0.65)
	Number of shares used in computing earnings per share			
	- Basic & Diluted		23,003,472	11,262,674
	Significant Accounting Policies	1		
	The Note No. 2.1 to 2.34 are integrated part of these Financial Statements			

Note: Consequent to the transfer of Printer business w.e.f. April 1, 2012, the current year figures are not comparable to the previous year.

As per our report attached
For N M Rajji & Co
Chartered Accountants

J M Gandhi
Partner
Membership No. : 37924

Place: Bangalore
Date: May 29, 2013.

For and on behalf of the Board of Directors

H V Gowthama
Director

Sandeep Goyal
Chief Financial Officer

Ram N Agarwal
Chairman

S. Kannan
Company Secretary

Significant accounting policies and notes on accounts

Company Overview

WeP Solutions Limited is the pioneer of Managed Printing Solutions in India. With our extensive network and expertise in the business we have grown over the period and manage close to 18000+ printers / copiers across 1500+ locations for 600 customers.

We are the first Indian company to provide pan India printing solutions and set organization free from hassle of managing printers to focus better on their core business. Besides reducing printing cost to Organization, MPS contributes to environmental objectives of organizations.

During the year, the company has acquired Printers Business of M/s WeP Peripherals Limited with effect from April 1, 2012. The Printers Business comprises of Research & Development, Manufacturing, Sales, Service and Maintenance of High Speed Impact Printers. The customers of this business include many nationalised and private banks, Insurance and financial institutions, Public sector companies spread across India.

Assets and Liabilities are bifurcated into current and non current based on 12 months period from the balance sheet date, as operating cycle of the company is determined less than 1 year.

1. Significant accounting policies

1.1 Basis of preparation of financial statements

The Financial Statements are prepared as a going-concern under historical cost convention on an accrual basis and in accordance with the provision of section 211(3C) and other provisions of the Companies Act, 1956.

1.2 Use of Estimates

The preparation of financial statements in accordance with the generally accepted accounting principles requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimate is recognised in the period in which the estimates are revised and in any future period affected.

1.3 Fixed assets, intangible assets, leased assets and work-in-progress

Fixed assets are stated at historical cost less accumulated depreciation. Costs include expenditure directly attributable to the acquisition of the asset. Borrowing costs directly attributable to the construction or production of qualifying assets are capitalized as part of the cost.

Intangible assets are stated at the consideration paid for acquisition less accumulated amortization.

Advances paid towards the acquisition of fixed assets outstanding as of each balance sheet date is shown as capital advance and the cost of fixed assets not ready for use before such date are disclosed as capital work in progress.

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Lease rentals in respect of assets taken under operating leases are charged to profit and loss account on a straight line basis over the lease term.

Spares issued for fixed assets after the depreciated life of the original asset are capitalised.

1.4 Depreciation and amortization

Depreciation on fixed assets is provided at the rates prescribed in Schedule XIV to the companies act, 1956, or at the rates determined based on the useful life of the asset, as estimated by the management, which ever is higher. Depreciation is provided based on the straight line method. The rates adopted for the depreciation determined on the basis of useful life of fixed assets are as follows:

Assets	Depreciation Rate Applied	Rates as per Schedule XIV
Computers	50.00%	16.21%
Furniture and Fixtures	20.00%	6.33%
Office Equipments	20.00%	4.75%
Plant and Equipments	25.00%	4.75%
Computer Peripherals - on Use and Pay	25.00%	16.21%
Vehicles	25.00%	9.50%
Air Conditioners	25.00%	4.75%
Electrical Installations	25.00%	4.75%
Moulds, Dies & Patterns	20.00%	11.31%
Testing Equipments	25.00%	4.75%
Building	5.00%	3.34%

Spares issued for Computer Peripherals - on use and pay, after completion of useful life of the original asset are capitalised and depreciated over 24 months.

Individual Assets costing less than ₹ 5,000 are depreciated in full in the year of purchase.

Depreciation for assets purchased / sold during the period is proportionately charged.

Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis as follows:

Assets	Amortization Rate
Acquired Computer Software – ERP Systems	30.77%
Computer Software Purchased – ERP Systems	25.00%
Computer Software	50.00%
Technical Know-how	20.00%



1.5 Impairment of Assets

An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

1.6 Borrowing Cost

Borrowing Cost incurred in connection with borrowing of funds for the acquisition, production or construction of an asset that necessarily takes substantial period of time to get ready for its intended use / sale are capitalised as part of that assets. Other borrowing costs are recognised as an expense in the period they are incurred.

1.7 Inventories

Inventories are valued at lower of cost or net realizable value, including necessary provision for obsolescence. Cost is determined using the weighted average method.

1.8 Contingencies and events occurring after the Balance Sheet date

Accounting for contingencies (gain or loss) arising out of contractual obligations are made only on the basis of mutual acceptance.

Event occurring after the date of Balance Sheet are considered upto the date of approval of the accounts by the Board of Directors, where material.

1.9 Foreign Currency Transactions

Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction or that approximates the actual rate at the date of the transaction.

Monetary items denominated in foreign currencies at the year end are restated at year end rates. In case of items which are covered by forward exchange contracts, the difference between the year end rate and rate on the date of the contract is recognised as exchange difference and the premium paid on forward contracts is recognized over the life of the contract.

Non monetary foreign currency items are carried at cost.

1.10 Revenue Recognition

Sales of Product/Service are accounted net of Excise duty, Sales Tax/VAT, Service Tax and discounts on accrual basis.

Agency Commission is accrued on shipment of consignment by Principal and Other income is recognised on accrual basis.

1.11 Employee Benefits

Gratuity: The Company provides gratuity benefit to the employees which is defined benefit plan and the obligation of the company is calculated on the basis of actuarial valuation.

Leave Accrual: The Company allows accumulation / encashment of leave. Such accumulation can be utilized by

obtaining leave in the subsequent period of employment or at the time of separation for a specified period. The obligation as on the balance sheet date is provided on the basis of actuarial valuation.

1.12 Tax Expense

Current tax on income for the current period is determined on the basis of taxable income and tax credits computed in accordance of the provisions of the Income-tax Act, 1961, and based on expected outcome of assessments/appeals.

Deferred tax is recognised on timing difference between taxable and accounting income for the year and quantified using the tax rates and laws that are enacted or substantively enacted as on the balance sheet date.

Deferred tax asset relating to unabsorbed depreciation / business losses/ losses under the head " capital gains" are recognised and carried forward to the extent that there is a virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised

Other deferred tax assets are recognised and carried forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

1.13 Provisions and contingent liabilities

Provisions are recognised when the Company has a present obligation as a result of past event, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of obligation.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Legal provisions are made as per the requirements of the applicable legislation. Warranty provision is arrived at considering the warranty period and the rate of failures determined from historical information. They represent the best estimate of likely expenses during the unexpired warranty period.

1.14 Research & Development

The company incurs certain expenditure for new product development or upgradation of features in the existing products. Any revenue expenditure incurred is charged off during the quarter in which it is incurred. Any capital expenditure is shown as addition to fixed assets.

2. Notes on Accounts for the year ended March 31, 2013

All figures are reported in Rupees, except data relating to number of Equity Shares or unless stated otherwise.

The previous period figures have been regrouped / reclassified, wherever necessary to conform to the current period presentation.

Consequent to the transfer of Printer business w.e.f. April 1, 2012, the current year figures are not comparable to the previous year.

2.1 Share capital

Particulars	As at March 31, 2013	As at March 31, 2012
Authorised		
30,000,000 (PY: 30,000,000) Equity Shares of ₹ 10 each	300,000,000	300,000,000
	300,000,000	300,000,000
Issued, Subscribed and Paid-Up		
11,261,508 (PY 11,262,674) Equity shares of ₹ 10 each fully paid up (Of the above 10,471,681 shares have been allotted for consideration other than cash in last 5 years)	112,615,080	112,626,740
Less: Allotment money in arrears	-	5,835
Add: Forfeited Shares (Equity Share of ₹ 5 each paid up)	5,825	-
TOTAL	112,620,905	112,620,905

2.1.1 Share Capital Suspense

Share Capital Suspense represents the face value of shares pending allotment as on the Balance Sheet date, pursuant to a scheme of arrangement under Sec 391–394 of the Companies Act 1956, the effect of which has been given in the current year. (Refer Note No. 2.1.5)

2.1.2 The reconciliation of the number of shares outstanding at the beginning and at the end of the period:

Particulars	As at March 31, 2013	As at March 31, 2012
Shares outstanding at the beginning of the year	11,262,674	11,262,674
Shares Forfeiture during the year	1,166	-
Shares outstanding at the end of the year	11,261,508	11,262,674

2.1.3 The Rights, Preferences and Restrictions attached to Equity Shares

The Company has one class of equity share having a par value of ₹ 10 per share. Each shareholder is entitled to one vote per equity share. The shareholders are entitled to dividend declared on proportionate basis. On liquidation of the company, the equity share holder are eligible to receive remaining assets of the company after distribution of all preferential amount in proportion to their shareholding

2.1.4 Shares in the company held by each shareholder holding more than 5 percent shares:

Name of Shareholder	As at March 31, 2013*	As at March 31, 2012
WeP Peripherals Limited		
- No of Shares	2,120,751	2,120,751
- % Holding	18.83%	18.83%
WeP Trust		
- No of Shares	589,893	614,232
- % Holding	5.24%	5.45%
Mr. Ram N Agarwal		
- No of Shares	2,290,824	2,290,824
- % Holding	20.34%	20.34%

* Excludes the shares pending allotment as on the Balance Sheet date pursuant to a scheme of arrangement under Sec 391-394 of the Companies Act 1956.



2.1.5 Scheme of arrangement

During the year, under a scheme of arrangement under Sec 391 – 394 of the Companies Act 1956, Printer business of WeP Peripherals Limited is transferred to the company on a going concern basis as per the scheme of arrangement approved by the shareholders & creditors of the company, M/s WeP Peripherals Limited and Hon'ble High court of Karnataka. The accounting effect of the scheme of arrangement has been given in the accounts of the current year, as the scheme has become effective on filing of certified copy of the Court order sanctioning the scheme with the Registrar of Companies. After the effective date, an appeal has been filed by a third party against the order with the Hon'ble High Court of Karnataka which has granted an interim stay that no further shares shall be transferred but however, the company is permitted to carry on the business in terms of the Scheme. Accordingly following assets and liabilities have been transferred to the company from the appointed date April 1, 2012 in compliance of section 2(19AA) of the Income Tax Act, 1961.

Particulars	As at 1-Apr-2012
Fixed Assets	27,726,139
Deferred Tax Asset	24,219,486
Inventories	192,674,075
Trade Receivables	189,224,320
Loans and advances	34,295,031
Cash and Bank Balances	2,173,125
Total Assets (a)	470,312,176
Borrowings	35,580,191
Other Long Term Liabilities	14,895,139
Trade Payables	207,885,758
Long term Provisions	14,465,369
Current Liabilities and Provisions	80,876,911
Total Liabilities (b)	353,703,368
Total Net Assets as per Scheme (a)-(b)	116,608,808

As provided in the scheme of arrangement mentioned above, the company has to allot 11,741,964 shares to the shareholders of WeP Peripherals Limited. The difference between the share capital to be issued and the Net assets transferred is treated as Goodwill and adjusted from capital reserve as per the provisions of scheme of arrangement.

Particulars	Amount
Total Net Assets as per scheme	116,608,808
Less:	
Face value of shares to be allotted as per the Scheme of arrangement	117,419,640
Goodwill adjusted from Capital reserve	810,832

Consequent to the above transfer of Printer business w.e.f. April 1, 2012, the current year figures are not comparable to the previous year.

2.2 Reserves and surplus

Particulars	As at March 31, 2013	As at March 31, 2012
Capital Reserve		
Opening Balance	141,896,696	141,896,696
Goodwill on transfer of business into the company	(810,832)	-
Closing Balance	141,085,864	141,896,696
Subsidy from Govt		
Opening Balance	899,000	899,000
Closing Balance	899,000	899,000
Securities Premium Account		
Opening Balance	6,675,000	7,500,000
Share issue expense	-	(825,000)
Closing Balance	6,675,000	6,675,000
Surplus in Statement of Profit and Loss Account		
Opening Balance	(90,794,673)	(83,498,957)
Add: Current year profit / (loss)	11,147,721	(7,295,716)
Profit available for appropriation	(79,646,952)	(90,794,673)
TOTAL	69,012,911	58,676,023

2.3 Long term borrowing

Particulars	As at March 31, 2013	As at March 31, 2012
Secured-		
Term Loan from bank	34,375,000	46,875,000
Current maturities of long term borrowing	(12,500,000)	(12,500,000)
(Secured by hypothecation of the assets under use and pay block of the fixed assets and a Corporate Guarantee from a shareholder) (Repayable in 16 equal Quarterly Installments commencing from February 2012)		
TOTAL	21,875,000	34,375,000

2.4 Other long term liabilities

Particulars	As at March 31, 2013	As at March 31, 2012
Customer and Dealer Deposits	17,030,653	4,457,837
TOTAL	17,030,653	4,457,837

2.5 Long term provisions

Particulars	As at March 31, 2013	As at March 31, 2012
Employee Benefits	9,294,970	1,757,784
Warranty Liability (Refer Note No. 2.26)	7,010,242	-
TOTAL	16,305,212	1,757,784



2.6 Short term borrowings

Particulars	As at March 31, 2013	As at March 31, 2012
a) Secured		
Loans repayable on Demand		
From Banks		
Cash Credit Account (Secured by Hypothecation of Current Assets)	45,954,298	53,686,173
Working capital demand loan (Secured by Hypothecation of Current Assets)	20,000,000	20,000,000
TOTAL	65,954,298	73,686,173

2.7 Trade payables

Particulars	As at March 31, 2013	As at March 31, 2012
Acceptances	92,992,653	-
Other trade payables	245,394,786	63,081,757
TOTAL	338,387,439	63,081,757

2.8 Other current liabilities

Particulars	As at March 31, 2013	As at March 31, 2012
Current maturities of long term borrowing	12,500,000	12,500,000
For Expenses	52,150,677	7,119,291
Advance from customers	2,113,330	-
Income received in advance	10,423,181	471,625
Statutory payables	2,541,107	2,704,036
Other payables	267,762	239,505
TOTAL	79,996,057	23,034,457

2.9 Short term provisions

Particulars	As at March 31, 2013	As at March 31, 2012
Warranty Liability (Refer Note No. 2.26)	17,174,027	-
Employee Benefits	1,911,101	360,169
TOTAL	19,085,128	360,169

2. 10 Fixed Assets as on 31st March 2013

Particulars	Gross Block				Depreciation and Amortisation				Net Block			
	Opening Block As at 1-Apr-12	Additions on transfer of Business	Additions During the year	Deduction on Disposal	Closing Block As at 31-Mar-13	As at 1-Apr-12	Additions on Transfer of Business	For the Year	Deduction on Disposal	Total as at 31-Mar-13	As at 31-Mar-13	As at 31-Mar-12
Tangible Assets:												
Plant & Equipment	673,141	77,701,533	42,1233	1,122,526	77,673,381	671,981	66,147,498	3,034,699	1,046,450	68,807,728	8,865,653	1,160
Moulds, Dies & Patterns	-	155,640,851	30,300	-	155,671,151	-	143,986,015	7,579,963	-	151,565,978	4,105,173	-
Computers	12,764,628	125,136,795	3,784,469	8,385,386	133,300,506	11,920,997	124,407,423	2,157,403	8,385,370	130,100,453	3,200,053	843,631
Computer Peripherals												
- On Use and Pay	549,817,847	-	50,560,902	34,015,282	566,363,467	430,349,755	-	59,254,760	32,348,877	457,255,638	109,107,829	119,468,092
Furniture & Fixture	2,740,296	40,113,604	750,485	243,483	43,360,902	2,714,146	37,031,534	1,582,493	243,483	41,084,690	2,276,212	26,150
Vehicles	2,248,637	2,556,062	-	752,631	4,052,068	1,164,251	2,556,062	507,447	752,634	3,475,126	576,942	1,084,386
	568,244,549	401,148,845	55,547,389	44,519,308	980,421,475	446,821,130	374,128,532	74,116,765	42,776,814	852,289,613	128,131,862	121,423,419
Intangible Assets:												
Technical Knowhow	-	6,803,441	-	-	6,803,441	-	6,803,441	-	-	6,803,441	-	-
Computer Software	-	6,481,572	1,947,786	-	8,429,358	-	6,036,963	868,254	-	6,905,217	1,524,141	-
Computer Software - ERP System	5,330,532	-	3,168,468	-	8,499,000	3,280,328	-	2,244,085	-	5,524,413	2,974,587	2,050,205
	5,330,532	13,285,013	5,116,254	-	23,731,799	3,280,328	12,840,404	3,112,339	-	19,233,071	4,498,728	2,050,205
TOTAL	573,575,081	414,433,858	60,663,643	44,519,308	1,004,153,274	450,101,458	386,968,936	77,229,104	42,776,814	871,522,684	132,630,590	123,473,624

Fixed Assets as on 31st March 2012

Particulars	Gross Block				Depreciation and Amortisation				Net Block		
	Opening Block As at 1-Apr-11	Additions During the year	Deduction on Disposal	Closing Block As at 31-Mar-12	As at 1-Apr-11	For the Year	Deduction on Disposal	Total as at 31-Mar-12	As at 31-Mar-12	As at 31-Mar-11	
Tangible Assets:											
Plant & Equipment	673,141	-	-	673,141	638,972	33,009	-	671,981	1,160	34,169	
Computers	12,145,103	619,525	-	12,764,628	11,622,384	298,613	-	11,920,997	843,631	522,719	
Computer Peripherals - On Use and Pay	486,476,606	81,666,335	18,325,094	549,817,847	379,546,017	67,200,000	16,396,262	430,349,755	119,468,092	106,930,589	
Furniture & Fixture	2,740,296	-	-	2,740,296	2,462,679	251,467	-	2,714,146	26,150	277,617	
Vehicles	2,482,574	415,000	648,937	2,248,637	705,882	760,916	302,547	1,164,251	1,084,386	1,776,692	
	504,517,720	82,700,860	18,974,031	568,244,549	394,975,934	68,544,005	16,698,809	446,821,130	121,423,419	109,541,786	
Intangible Assets:											
Computer Software - ERP System	5,330,532	-	-	5,330,532	1,640,164	1,640,164	-	3,280,328	2,050,205	3,690,368	
	5,330,532	-	-	5,330,532	1,640,164	1,640,164	-	3,280,328	2,050,205	3,690,368	
TOTAL	509,848,252	82,700,860	18,974,031	573,575,081	396,616,098	70,184,169	16,698,809	450,101,458	123,473,624	113,232,154	



2.11 Deferred tax

Particulars	As at March 31, 2013	As at March 31, 2012
Deferred Tax Asset on:		
Provision for doubtful debts	17,134,206	10,874,199
Expenses allowed on actual payment basis u/s 43B of I.T Act 1961	3,949,439	646,638
Carried Forward Losses and Depreciation	2,244,632	11,457,885
Amortisation of Demerger expenditure u/s 35DD of I.T.Act 1961	1,453,266	1,066,277
Less: Deferred Tax Liability on:		
Depreciation Difference	(465,898)	17,371,136
TOTAL	25,247,441	6,673,863

Company has created Deferred Tax Assets on carry forward income tax losses and depreciation on the basis of estimated profit from existing contracts with Customers as on the Balance Sheet date.

2.12 Long term loans and advances

Particulars	As at March 31, 2013	As at March 31, 2012
Unsecured - Considered good Deposits	16,242,664	1,320,383
TOTAL	16,242,664	1,320,383

2.13 Other non current assets

Particulars	As at March 31, 2013	As at March 31, 2012
Unsecured - Considered good Interest Accrued on Fixed Deposits	47,851	34,224
TOTAL	47,851	34,224

2.14 Inventories

Particulars	As at March 31, 2013	As at March 31, 2012
Raw Materials		
- In Stock	20,996,355	-
- In Transit	1,839,739	-
Work in Progress	9,759,349	-
Stock in Trade		
- In Stock	60,506,826	16,737,693
- In Transit	11,363,535	2,603,911
Finished Goods		
- In Stock	71,786,595	-
- In Transit	461,617	-
Spares and Consumables		
- In Stock	82,738,186	92,581,120
- In Transit	409,514	2,243,768
TOTAL	259,861,716	114,166,492

2.15 Trade receivables

Particulars	As at March 31, 2013	As at March 31, 2012
Unsecured		
Outstanding for a period exceeding six months from the due date		
Considered good	10,317,718	14,830,186
Considered doubtful	52,810,005	33,515,792
Less: Provision for Doubtful debts	52,810,005	33,515,792
Sub total	10,317,718	14,830,186
Other debts		
Considered good	296,551,497	90,936,183
TOTAL	306,869,215	105,766,369

2.16 Cash and cash equivalents

Particulars	As at March 31, 2013	As at March 31, 2012
i) Balances with Banks		
Current account	15,945	235,172
ii) Cheques on Hand	756,195	-
iii) Cash on Hand	80,512	1,757
TOTAL	852,652	236,929

2.17 Short term loans and advances

Particulars	As at March 31, 2013	As at March 31, 2012
Unsecured - Considered good		
a) Other Loans and advances		
i) Advance Income Tax (net of provision)	19,601,577	9,884,446
ii) Balances with Excise, Customs, VAT and Service Tax input credit	8,859,170	3,480,165
iii) Deposits	2,675,618	-
iv) Advance to supplier	471,431	-
v) Others	7,227,643	7,013,610
b) Receivable from corporate*	76,167,468	-
TOTAL	115,002,907	20,378,221

* Receivable from corporate represents balance receivable pursuant to a scheme of arrangement under Sec 391 – 394 of the Companies Act 1956, in respect of changes in the value of net assets after the Appointed date.

2.18 Revenue from operations

Particulars	For the year ended March 31, 2013	For the year ended March 31, 2012
Sale of Products	1,213,486,032	36,267,815
Sale of Services	382,246,895	334,790,143
Other Operating Revenue	11,712,537	627,712
Sub Total	1,607,445,464	371,685,670
Less: Excise Duty	88,869,885	-
TOTAL	1,518,575,579	371,685,670

2.19 Other income

Particulars	For the year ended March 31, 2013	For the year ended March 31, 2012
Interest on Deposit with banks	34,014	44,215
Miscellaneous income	3,375,431	-
TOTAL	3,409,445	44,215



2.20 Cost of material consumed

Particulars	For the year ended March 31, 2013	For the year ended March 31, 2012
Opening Stocks	94,824,888	88,964,192
Add: On transfer of business in the company	34,600,736	-
Add: Purchases during the year	329,788,394	166,095,626
Opening Stocks + Purchases	459,214,018	255,059,818
Less: Closing stocks	105,983,794	94,824,888
Sub Total	353,230,224	160,234,930
Less: Capitalised during the year	10,956,608	10,096,606
Cost of material consumed	342,273,616	150,138,324

2.21 Purchase of stock in trade

Particulars	For the year ended March 31, 2013	For the year ended March 31, 2012
Purchases of stock-in-trade	613,855,432	96,062,927
Less: Capitalised during the year	39,604,294	71,569,730
TOTAL	574,251,138	24,493,197

2.22 Changes in inventories of work in process, finished goods and stock-in-trade

Particulars	For the year ended March 31, 2013	For the year ended March 31, 2012
Opening stock		
Work in Process	-	-
Add: On transfer of business in the company	10,410,717	-
Sub Total	10,410,717	-
Finished Goods	-	-
Add: On transfer of business in the company	69,350,758	-
Sub Total	69,350,758	-
Stock in Trade	19,341,605	26,481,270
Add: On transfer of business in the company	78,311,864	-
Sub Total	97,653,469	26,481,270
TOTAL	177,414,944	26,481,270
Closing Stock		
Work in Process	9,759,349	-
Finished Goods	72,248,212	-
Stock in Trade	71,870,361	19,341,605
Sub Total	153,877,922	19,341,605
TOTAL	23,537,022	7,139,665

2.23 Employee benefit expenses

Particulars	For the year ended March 31, 2013	For the year ended March 31, 2012
Salaries and Wages	110,945,249	26,797,237
Contribution to provident and other fund	4,360,855	1,243,669
Staff welfare expenses	11,531,782	1,953,964
TOTAL	126,837,886	29,994,870

2.24 Finance cost

Particulars	For the year ended March 31, 2013	For the year ended March 31, 2012
Interest Expenses	27,844,182	13,480,200
Other Borrowing costs	3,382,099	672,953
TOTAL	31,226,281	14,153,153

2.25 Other expenses

Particulars	For the year ended March 31, 2013	For the year ended March 31, 2012
Power and fuel	8,878,312	1,600,733
Insurance	1,135,701	315,575
Repairs & Maintenance	4,589,520	1,356,195
Rent	33,423,481	7,522,651
Rates and taxes	12,173,297	2,546,532
Warranty Expenses	25,350,573	-
Carriage and Freight outwards	35,193,296	11,523,740
Commission on sales	27,286,852	-
Support Charges	38,051,996	24,816,306
Auditors' Remuneration		
- For Audit fees	250,000	250,000
- For Taxation matters	50,000	50,000
- For Reimbursement of expenses	15,474	-
Advertisement and sales promotion	13,005,468	1,852,041
Directors' Commission and Sitting fees	340,000	346,000
Loss / (Profit) on disposal of assets	1,176,264	1,575,404
Travelling and Conveyance	17,866,201	3,593,239
Communications	14,046,137	4,712,550
Legal and Professional charges	7,837,805	2,059,179
Manpower support service charges	47,516,558	10,299,039
Office Maintenance	8,595,971	2,699,450
Provision for Bad debts / advances	9,142,169	7,315,502
Bad Debts Write off	3,416,207	-
Exchange Differences (Net)	13,790,777	1,984,076
Recruitment Expenses	2,486,585	798,027
Miscellaneous expenses	4,217,700	626,005
TOTAL	329,836,344	87,842,244

2.26 Details of disclosure as required by AS-29

Particulars	Warranty Provision
Opening Balance as on April 1,2012	-
Add: On transfer of business in the company	24,696,792
Additions during the year	24,184,269
Reversal	24,696,792
Closing Balance As On March 31,2013	24,184,269

2.27 Contingent liabilities in respect of:

a) Letters of Credits opened by Banks for purchases of Spares and Consumables ₹ 2,075,513 (Mar 2013), ₹ 19,278,624 (Mar 2012).



2.28 Segment reporting

The company's operation predominantly relate to Printer Business and Managed Printing Solutions (MPS) Business. Accordingly the revenue from the said business comprise the primary basis of segment information setout in this financial statement. The accounting principles consistently used for the preparation of financial statements are also applied to record income and expenditure in individual segment. These are setout on the note as significant accounting policies. Fixed Assets used in companies business and liabilities contracted have been identified to the reportable segments

Segment Reporting for the year ended 31st March, 2013

Particulars	Printer Business	MPS Business	Total
Revenue			
Net Sales / Income from Operations	1,184,220,270	356,806,026	1,541,026,296
Less: Intersegment Revenue	15,983,069	6,467,648	22,450,717
Segment Revenue	1,168,237,201	350,338,378	1,518,575,579
Segment Result			
Before Finance Cost and Tax	11,932,203	36,087,711	48,019,914
Less: Finance Cost			31,226,281
Profit Before tax			16,793,633
Tax Expenses			5,645,912
Profit After Tax			11,147,721
Other Information			
Segment Assets	527,911,796	329,775,447	857,687,243
Segment Liabilities	413,923,244	44,381,245	458,304,489
Capital Employed	113,988,552	285,394,202	399,382,754
Capital Expenditure	5,334,978	55,999,656	61,334,634
Depreciation & Amortisation	14,387,652	62,841,452	77,229,104

Note:

1. The previous year figures are not been given as the printer business is transferred to the company in the current financial year
2. There is no Secondary Segment reporting as the geographical segment has not been identified.

2.29 Related party transactions

2.29.1 List of related parties

Name of Related Party	Relationship
Mr. G H Visweswara	Key Management Personnel
Mr. Ram Narayan Agarwal	Promoter Director
WeP Peripherals Ltd.	Company in which Promoter Director have Significant Influence

2.29.2 Transactions with key management personnel

Particulars	For the year ended March 31, 2013	For the year ended March 31, 2012
Remuneration to Mr. G.H. Visweswara (Whole Time Director) *	571,200	190,400
Contribution to PF and other funds	28,800	9,600

* Whole Time Director till 31st March 2013.

2.29.3 Transaction with other related parties

Transactions	WeP Peripherals Ltd	
	For the year ended March 31, 2013	For the year ended March 31, 2012
Sale of Goods and Services	-	2,976,723
Purchase of Goods and Services	21,647,052	36,043,856

2.29.4 Amount due to related parties

Particulars	As at March 31, 2013	As at March 31, 2012
Amount due to WeP Peripherals Limited	-	4,649,554

2.29.5 Amount receivable from related parties

Particulars	As at March 31, 2013	As at March 31, 2012
Amount receivable from WeP Peripherals Limited*	76,167,468	-

*Represents balance receivable pursuant to a scheme of arrangement under section 391-394 of the Companies Act 1956 in respect of changes in the value of net assets after the Appointed date.

2.30 Employee benefit plans

The company provides to its employees following retirement benefits:

- i) Gratuity
- ii) Leave Accrual

Gratuity: The Company provides gratuity benefit to the employees which is the defined benefit plan and the obligation of the company is calculated on the basis of actuarial valuation. The company does not have any plan assets as the gratuity liability is not funded.

Leave Accrual: The company allows accumulation / encashment of leave. Such accumulation can be utilized by obtaining leave in the subsequent period employment or encashment at the time of separation. The obligation as on the balance sheet date is provided on the basis of actuarial valuation.

Disclosure envisaged in revised AS 15 in respect of gratuity are given below:

Principal Actuarial Assumptions

Particulars	As at March 31, 2013	As at March 31, 2012
Expected Rate of Return on Assets (p.a)	NA	NA
Salary Escalation	7.00%	7.00%
Discount Rate	8.05%	8.40%

Amount recognized in the Balance Sheet are as follows

Particulars	As at March 31, 2013	As at March 31, 2012
Present value of unfunded obligations	5,751,907	819,527
Net Liability	5,751,907	819,527

Amount reflected in the P&L account is as follows

Particulars	For the year ended March 31, 2013	For the year ended March 31, 2012
Current Service Cost	761,586	237,485
Interest on Defined Benefit Obligation	491,002	89,207
Expected returns on Plan Assets	(39,266)	-
Net Actuarial Losses / (Gains) Recognised in year	62,525	(17,112)
TOTAL	1,275,847	309,580



Reconciliation of Benefit Obligation & Plan Assets for the Period

Particulars	As at March 31, 2013	As at March 31, 2012
Change in Defined Benefit Obligation		
Opening Defined Benefit Obligation	819,527	892,846
Add: On transfer of business in the company	5,071,410	-
Current Service Cost	761,586	237,485
Interest Cost	491,002	89,207
Actuarial Losses / (Gain)	23,259	(17,112)
(Benefit Paid)	(1,414,877)	(382,899)
Closing Defined Benefit Obligation	5,751,907	819,527
Expected Employers Contribution Next Year	1,096,242	77,895

2.31 Employee Stock Option Plan [ESOP]

The Company had implemented Employee Stock Option Plans as detailed below:

Particulars	ESOP 2011
Options at the beginning of the period (1 st April 2012)	NIL
Options granted during the period	96,000
Price per share	10
Pricing Policy	Face Value
Options vested	NIL
Options Lapsed	NIL
Options available for exercise	NIL
Options exercised	NIL
Total number of shares arising as a result of exercise of options	NIL
Variations of terms of options	NIL
Money realised by exercise of options	NIL
Total number of options in force	96,000

2.32 Disclosures of dues / payments to Micro, Small and Medium enterprises to the extent such enterprises are identified by the company:

The company has not received any intimation from the suppliers regarding the status under the Micro, Small and Medium Enterprises Development Act 2006 (the Act) and hence disclosure regarding:

- Amount due an account of suppliers as at the end of the accounting year
- Interest Paid during the year
- Interest payable at the end of the year
- Interest accrued and unpaid at the end of the accounting year; has not been provided.

The Company is making efforts to get the confirmations from the suppliers as regarding their status under the Act.

2.33 Additional Information Pursuant to the Provisions of Part II of Schedule VI to the Companies Act 1956.

a. Value of Imports on CIF basis

Particulars	For the year ended March 31, 2013	For the year ended March 31, 2012
Raw Material, Stock-in-Trade and Spares & Consumables	444,582,750	62,982,221

b. Expenditure in Foreign Currency

Particulars	For the year ended March 31, 2013	For the year ended March 31, 2012
Travelling	359,116	55,075

C. Material consumption details

Particulars	For the year ended March 31, 2013	For the year ended March 31, 2012
Indigenous -		
Consumption during the year	211,430,802	98,095,991
% of total consumption	62%	65%
Imported -		
Consumption during the year	130,842,814	52,042,333
% of total consumption	38%	35%
TOTAL	342,273,616	150,138,324

D. Earning in Foreign Currency

	For the year ended March 31, 2013	For the year ended March 31, 2012
Export of Goods	20,084,281	-

2.34 Earning Per Share (EPS) computed in accordance with Accounting Standard 20.

Particulars	For the year ended March 31, 2013	For the year ended March 31, 2012
Basic and Diluted		
Profit/ (Loss) after tax as per accounts	11,147,721	(7,295,716)
Number of Shares issued (Weighted average no.)*	23,003,472	11,262,674
Earning Per Share (of nominal value of equity share of ₹ 10/- each)	0.48	(0.65)

* Number of Shares issued includes the 11,741,964 shares pending for allotment on the Balance Sheet date under a scheme of arrangement under Sec 391 – 394 of the Companies Act 1956

As per our report attached
For N M Rajji & Co
Chartered Accountants

J M Gandhi
Partner
Membership No. : 37924

Place: Bangalore
Date: May 29, 2013.

For and on behalf of the Board of Directors

H V Gowthama
Director

Sandeep Goyal
Chief Financial Officer

Ram N Agarwal
Chairman

S. Kannan
Company Secretary

Cash Flow Statement



WeP Solutions Limited

Cash Flow Statement for the year ended March 31, 2013

in ₹

Particulars		2013		2012	
A	Cash Flow From Operating Activities				
	Profit / (Loss) before tax		16,793,633		(12,215,737)
	Adjustment for:				
	Depreciation & Amortisation	77,229,104		70,184,169	
	Provision for doubtful debts	9,142,169		7,315,502	
	Loss / (Profit) on Sale of Fixed Assets	1,176,264		1,575,404	
	Interest Expense	31,226,281	118,773,818	14,153,153	93,228,228
	Operating profit before working capital changes		135,567,451		81,012,491
	Working Capital Changes				
	(Increase) / Decrease in Inventories	46,978,852		1,278,970	
	(Increase) / Decrease in Trade Receivables	(21,020,695)		(15,889,632)	
	(Increase) / Decrease in Other Current Assets	(66,242,658)		3,316,261	
	(Increase) / Decrease in Non Current Assets	(366,307)		849,297	
	Increase / (Decrease) in Trade Payables	67,419,924		(31,569,573)	
	Increase / (Decrease) in Other Current Liabilities	(5,190,351)		(3,928,814)	
	Increase / (Decrease) in Non Current Liabilities	(2,240,265)		(1,491,249)	
			19,338,500		(47,434,740)
	Cash Generated from Operations		154,905,951		33,577,751
	Direct taxes paid		(8,656,605)		(6,326,607)
	Net Cash From Operating Activities		146,249,346		27,251,144
B	Cash Flow From Investing Activities				
	Purchase of Fixed Assets including Capital work in progress	(61,334,634)		(82,700,860)	
	Proceeds from Sale of Fixed Assets	566,232		699,818	
			(60,768,402)		(82,001,042)
	Net Cash Used In Investing Activities		(60,768,402)		(82,001,042)
C	Cash Flow From Financing Activities				
	Share Issue Expenses	-		(825,000)	
	Interest paid	(31,226,281)		(14,153,153)	
	Proceeds from Borrowings	-		62,091,960	
	Repayment of Borrowings	(55,812,065)		-	
			(87,038,346)		47,113,807
	Net Cash From / (Used for) Financing Activities		(87,038,346)		47,113,807
	Net Increase / (Decrease) In Cash And Cash Equivalents - (A+B+C)		(1,557,402)		(7,636,091)
	Cash and cash equivalents at the beginning of the year		236,929		7,873,020
	Add: On transfer of business		2,173,125		-
	Cash and cash equivalents at the end of the year		852,652		236,929

Note: Assets and Liabilities other than cash and bank balances as on April 1, 2012, transferred on transfer of printer business are not considered for the above cash flow as they have been treated as a non cash item.

As per our report attached
For N M Raiji & Co
Chartered Accountants

J M Gandhi
Partner
Membership No. : 37924

Place: Bangalore
Date: May 29, 2013.

For and on behalf of the Board of Directors

H V Gowthama
Director

Sandeep Goyal
Chief Financial Officer

Ram N Agarwal
Chairman

S. Kannan
Company Secretary



Our Promises

We promise to be *consistently proactive* and perform with *integrity and speed* at the *cutting edge* of technology and innovation to deliver the **consumer's tech fantasy**.

Our Values



Attitude

Like a pilot braving turbulence of the weather, we proactively follow social and technological trends to innovate consumer needs & desires.



Behaviour

As the water lily blossom like clockwork in any environment, we leverage the strengths of our varied businesses into a converging focus through consistency with integrity, upholding human values.



Action

With the precision energy and speed of a laser beam, we innovate at the cutting-edge of technology to surprise customers with friendly products and services.



Delivery

Like the fantasy of enjoying a strawberry, we deliver tech fantasy into the customer's mind to make our business robust, sustainable and socially responsible.



WeP Solutions Limited

Regd. Office: 40/1-A, Basappa Complex, Lavelle Road, Bangalore 560 001

Tel.: +91 80 6611 2000 | Fax: +91 80 6611 2055 | www.wepsolutions.co.in



BSE

FORM A

SL. NO.	PARTICULARS	REMARKS
1	Name of the company	WEP SOLUTIONS LIMITED
2	Annual financial statements for the year ended	31 ST MARCH 2013
3	Type of Audit observation	UNQUALIFIED
4	Frequency of observation	NOT APPLICABLE

For WeP Solutions Limited

Chief Financial Officer

For WeP Solutions Limited

Managing director

WeP Solutions Limited

(formerly known as Datanet Systems Limited)

Regd. Office : Basappa Complex, 40/1A, Lavelle Road,
Bangalore - 560 001

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