

WeP Solutions Limited

[Formerly known as Datanet Systems Limited]

Seventeenth Annual Report 2011-12



WePeople

www.wepsolutions.com

Engaging vision... Nurturing growth...



Board of Directors

Mr. Ram N Agarwal	- Chairman & Non-Executive Director
Mr. G H Visweswara	- Whole-time 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
Mr. H K Nanjunda Swamy	- Independent Director

Management Team

Mr. Sanjeev Arora	- Business Head
Mr. Sandeep Goyal	- Chief Financial Officer
Mr. S Kannan	- Company Secretary & Compliance Officer
Ms. Smitha Swamy	- HR Head

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.com

Share Transfer Agents

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

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WePeople



People Power

- Our People are present pan India reaching out to diverse locations
- Our People have built enduring and thriving partnerships with global technology leaders as well as our prized partners enabling us to achieve more growth
- Our People across the country co-ordinate with several government agencies to achieve expansion of business
- Our talented leadership has rich experience and always guides us in right directions
- Our customer focused service chain, enriched by regular customer interactions provides customized and valuable business propositions for customers
- Our tech-savvy talent pool satiates the increasing demand by focusing on IT driven governance
- Our teams are always pro-actively looking for new initiatives (such as Go Green) and mechanisms to add new dimensions and values to the services offered.
- Our team's experience and business relationships across sectors enable us to design & deliver solutions to all types of enterprises to suit their MPS needs



Business Overview

1500+
Locations

600+
Customers

19000+
Devices

Managed Printing Solutions (MPS) in India

MPS being the next level opportunity of the printing, copying and scanning industry culminates the optimised management of the printing/copying /scanning requirements of organizations. The MPS market is still under explored in India despite India being one of the fastest growing world markets in the sector. The impact of economic downturn in India made most organizations to re-think their costs. MPS became an attractive proposal because it offers to lower costs while enabling businesses to focus on their core tasks. The majority of MPS commitments come from Mid market and Large Enterprise level of accounts. However Small and Medium Enterprises are also opening towards the innovative ideas of cost reduction and are now considered a potential market in India for MPS.

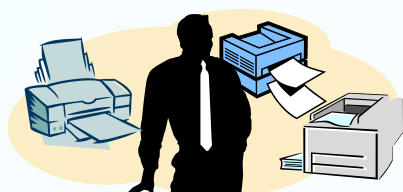
Some of the major sectors that understand the benefits of MPS are Education, BFSI, Manufacturing, Health Care and IT. Most of MPS tie-ups are with local branches of multinational organizations or rapidly emerging national firms. The future for MPS is promising with high prospects of this service getting assimilated with mainstream practices of most enterprises.

Our MPS Business

WeP started the MPS business in the year 2002, progressively growing to over 1500+ locations across India for 600+ customers with 19000+ devices. WeP offers the best answer for managed printing solutions providing more time for an organization to focus on their core business area. MPS not only helps in overcoming hassles of printing but also in reducing costs related to printing.

The current economic climate has awakened business leaders across the nation to the growing need of keeping costs in check while freeing the primary work force in their businesses to focus on mission-critical tasks and roping in experts for enhanced efficiency and end-user experience. WeP's MPS portfolio answers exactly these demands while incorporating increasingly optimal workflow processes into organizations.

Our offerings in MPS



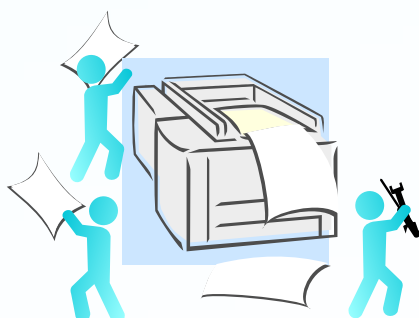
Asset Plus Solutions (APS)

We offer APS under MPS, giving customers an option of enjoying full benefits of printing with no capital investment from their side.



Full Service Solution (FSS)

We offer to influence with our MPS knowledge and embark on efficient administration of the customer's existing printer infrastructure with FSS modules.



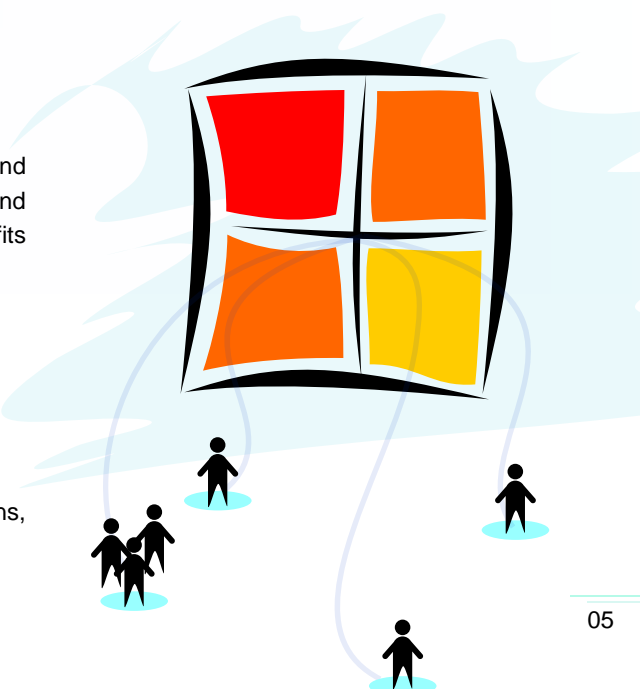
Bulk Printing Solutions (BPS)

We perform Bulk Printing Solutions (BPS) and large scale printing jobs for clients. Depending on the requirements of clients, we offer this both onsite and offsite.

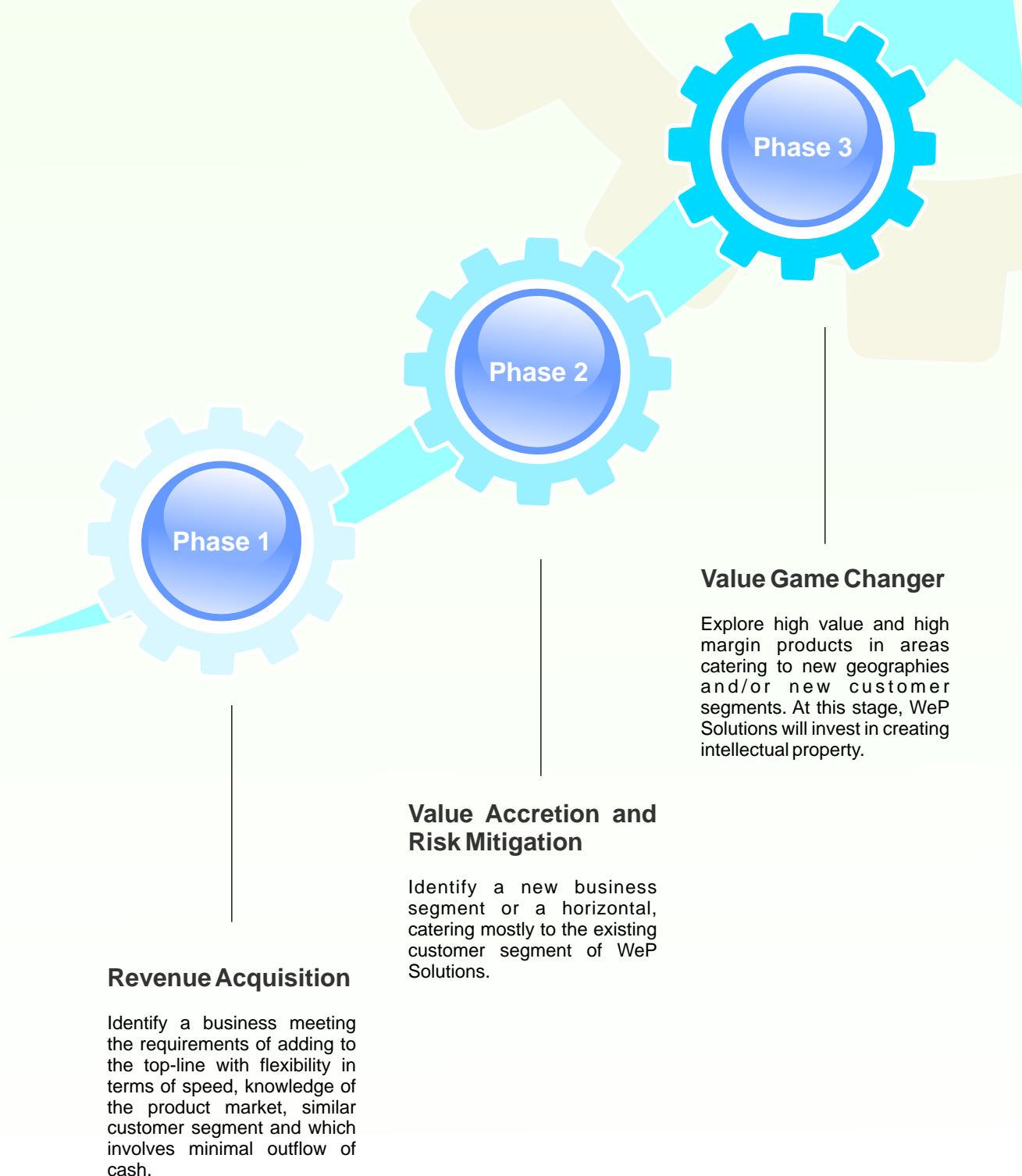
Customer Centric Operations Policy

As a pioneer in MPS business we have experience of close to a decade, skills and knowledge to understand and relieve the customer of the hassles in printing and imaging needs. Being our privileged customers, organizations enjoy the benefits of -

- A single window solution for multi-location support under a central contract
- Eliminating maintenance costs associated with printing and copying
- Reducing staff time related to support of the printing and imaging devices
- Controlling the overall cost of printing
- Various customized reports to optimize printing infrastructure
- Avail the next level solutions of MPS like Document Management Solutions, Secure printing, Follow me printing, Color printing.
- Secure destruction of e- waste with no hassles
- Choice from among many high value and popular brands of equipments.



Growth Strategy





Directors' Report

Your Directors present the 17th Annual Report and the audited accounts of your Company for the year ended 31st March 2012.

Financial Highlights

(₹. in lakhs)

Particulars	For the year ended 31st March 2012	For the year ended 31st March 2011
Revenue from Operations	3,716.86	3,340.65
Other Income	0.44	19.65
Total Revenue	3,717.30	3,360.30
Profit Before Depreciation, Interest & Tax	736.05	1,014.21
Finance Cost	141.53	54.92
Depreciation and Amortisation	701.84	594.71
Exceptional Items	14.83	35.00
Profit before Tax	(122.16)	329.59
Provision for Tax	(49.20)	(144.73)
Profit/ (loss) for the Year	(72.96)	474.32
Earnings Per Share (Equity shares, par value ₹ 10/-each)		
Basic/Diluted (₹. per share)	(0.65)	4.21

Performance

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

Directors

Based on the requisitions received from a majority of shareholders holding more than 51% of the equity shares, Mr. Ram N Agarwal was appointed as Additional Director of the company with effect from 12th November, 2011 subject to the confirmation by members at the General Meeting.

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 2012, 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 2012 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.

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. H V Gowthama, Mr. B R Ganesh and Mr. H K Nanjunda Swamy are due to retire by rotation.

Mr. H V Gowthama and Mr. B R Ganesh, being eligible for reappointment, offer themselves to be the Directors of the company. In view of their valuable contribution, your Board recommends their reappointment. Mr. H K Nanjunda Swamy has expressed his unwillingness to continue as a Director of the company. The Board places on record its appreciation for the services rendered during his tenure as a Director.

Public Deposits

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

Research & Development

Since your company is mainly a solution provider, your company has not so far invested in Research and Development. However, your Board is considering of setting up of an in-house research and innovation team to help the growth of the business in the years to come.

Subsidiary Company

As on 31st March 2012, 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 not granted any ESOP. There is an ESOP Scheme 2011, available with the company approved by the members at the 16th General Meeting held on 27th September 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 2012-13. Suitable resolution is proposed in the notice sent to shareholders for the 17th 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 1, 2012 by way of issue of equity shares of the Company. The Scheme has been approved by the Shareholders and the Creditors of the Company and approval is pending with the Hon'ble High Court of Karnataka.



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

G H VISWESWARA
WHOLE TIME DIRECTOR

Bangalore
Date: 11th August 2012

Annexure to Directors' Report

Information required under the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988

A. Conservation of Energy

The company's operations are not energy intensive. However, considering the fact that "Energy Saved is Energy Produced" your company and all the staff members avoid wastage of power usage wherever possible. Our expenditure on account of power consumption is reasonable.

B. Foreign Exchange Earnings and Outgo

During the year earning in foreign exchange is ` NIL (previous year Rs. Nil).
Outgo on account of foreign currency during the year was ` 63.04 Mn (previous year ` 73.82 Mn)

For and on Behalf of the Board of Directors

G H VISWESWARA
WHOLE TIME DIRECTOR

Bangalore
Date: 11th August 2012

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.

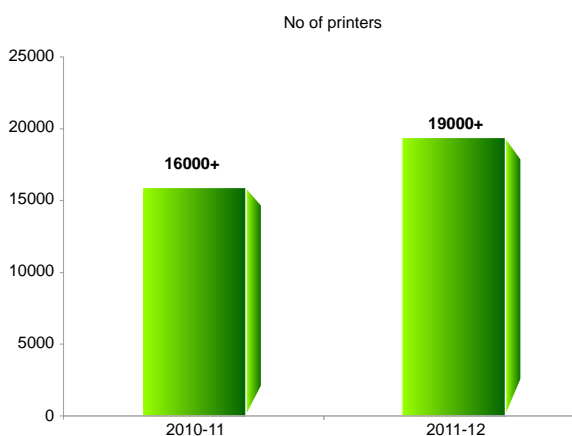
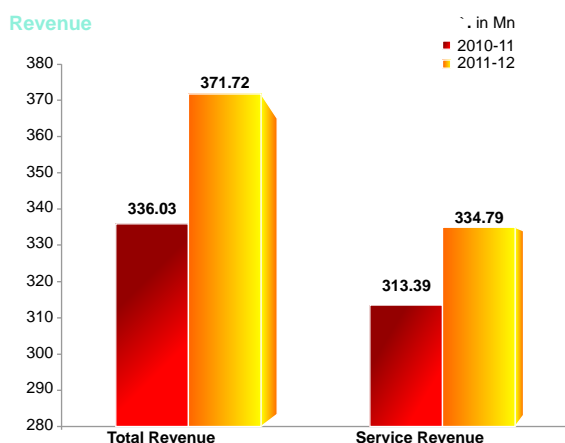
Business Performance

The global economy saw a slow recovery in the financial year 2011-12. The continued stress in the Euro zone made it difficult to post a decent comeback. The Indian economy was not untouched by those factors. Indian economy continued to face challenges of inflation, rising costs and sluggishness in Government sector. Added to that was the highly volatile currency which had its worst depreciation in the recent years affecting all sections of the economy.

WeP Solutions Limited (WeP) is in the business of providing pan India Managed Printing Solutions (MPS) to its customers. Over the years we have developed unique and customized solutions for our customers depending upon their needs while ensuring that we add value to their business.

WeP's Revenue for the year 2011-12 was ₹ 371.72Mn as against ₹ 336.03Mn in 2010-11 signifying a growth of 10.6%. Of this, the Services revenue grew only by 6.8% from ₹ 313.39Mn in 2010-11 to ₹ 334.79Mn in 2011-12.

The company's installed base increased to over 19000 spread across more than 1500 locations in India with more than 600 Corporate customers. Our focus continues to be on the Top 2000 corporate customers in India in order to grow in the MPS space.



Segment Wise Revenue 2011-12

