

WeP Solutions Limited





Board of Directors

Mr. Ram N Agarwal	- Chairman & Non-Executive Director
Mr. P K Gopalakrishnan	- Managing Director
Mr. G H Viswesewara	- 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 Raiji & 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

Contents

Letter to the Shareholders.....	03
Business Overview	04
Director's Report.....	08
Report on Corporate Governance.....	14
Auditor's Report	20
Financial Statements.....	22

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.

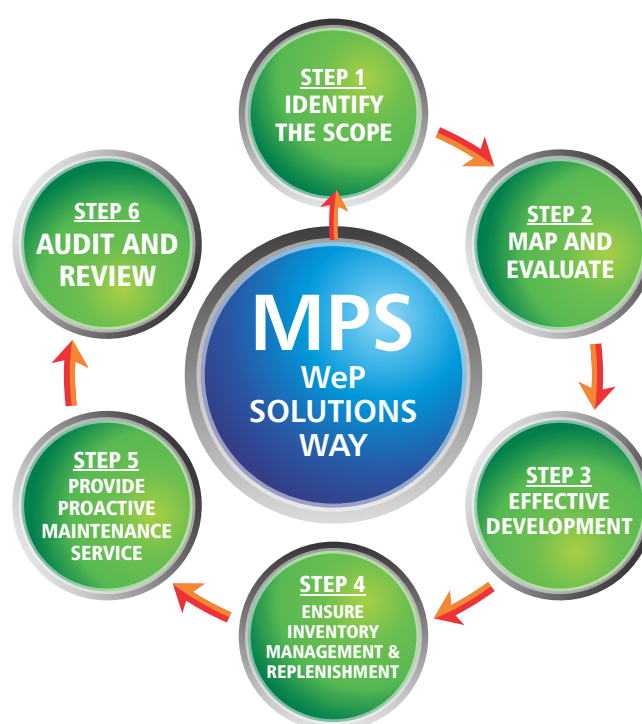
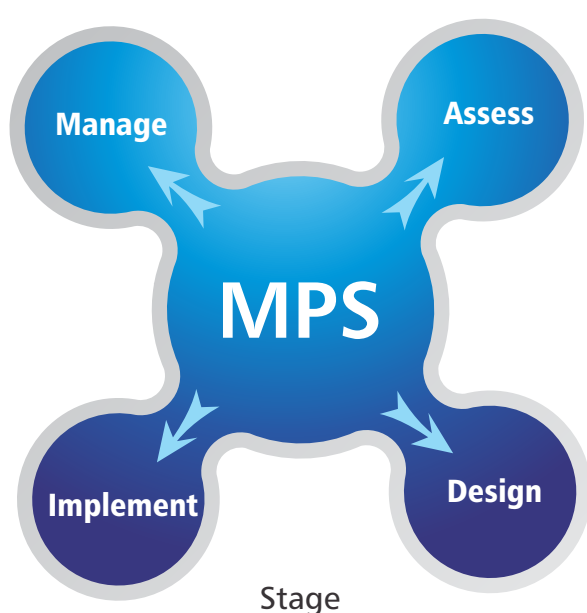
Onsite Printing: WeP takes up bulk printing by deploying its printers / copiers / scanners at customer's project site.

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)

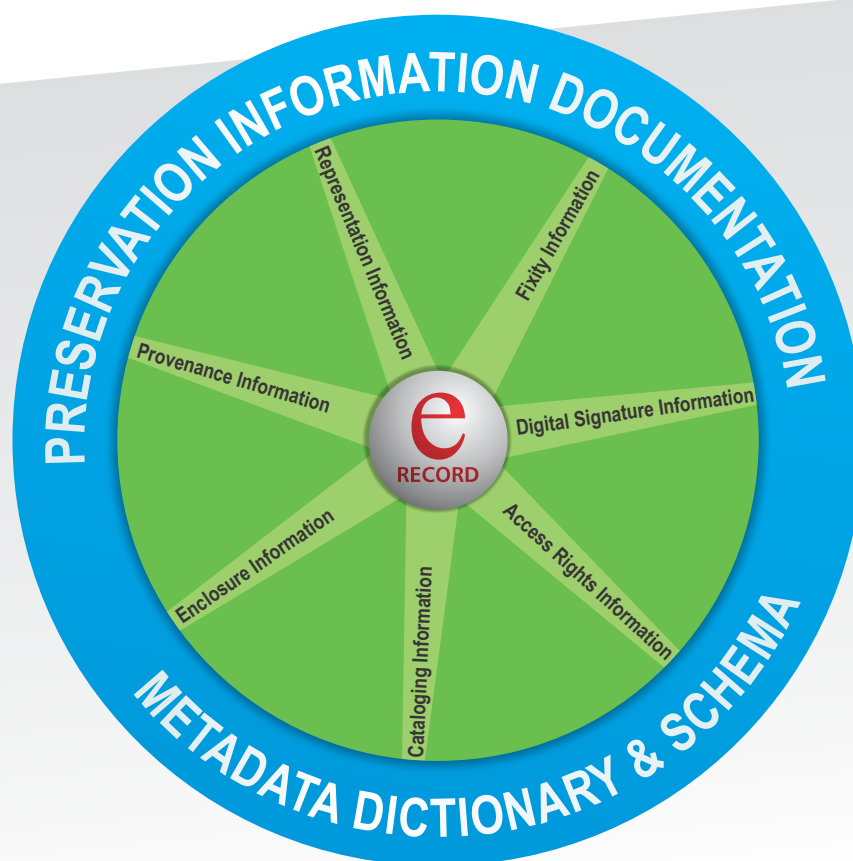
Corporate & Government organizations can now have a solid framework 'TO PRESERVE BOTH PAPER & e-RECORDS IN A LEGAL MANNER'. Millions of pages can now be scanned and secured as primary evidences in lieu of paper.

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

(₹ in lakhs)		
Particulars	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 an 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.