



# WeP Solutions Limited

Twenty Fourth Annual Report 2018-19



## Corporate Information

### Board of Directors

Ram N Agarwal	- Chairman and Managing Director
H V Gowthama	- Independent Director
Sudhir Prakash	- Independent Director
Shankar Jaganathan	- Independent Director
Mythily Ramesh	- Independent Director
G H Visweswara	- Independent Director
Dr. A L Rao	- Non – Executive Director
Prashee Agarwal	- Non – Executive Director (Resigned w.e.f 27 <sup>th</sup> July, 2018)

### Share Transfer Agent

Cameo Corporate Services Limited,  
#1, Subramanian Building,  
Club House Road, Chennai – 600 002  
Email: [investor@cameoindia.com](mailto:investor@cameoindia.com)

### Bankers

Axis Bank  
Corporation Bank  
HDFC Bank

### Statutory Auditors

M/s. N M Raiji & Co, Chartered Accountants, Mumbai

### Secretarial Auditor

S Kannan & Associates, Practicing Company Secretary,  
Bengaluru

### Internal Auditors

M/s. Gnanoba & Bhat, Chartered Accountants, Bengaluru

### Corporate Identity Number (CIN)

L72200KA1995PLC025617

### Listed on

Bombay Stock Exchange (BSE)  
Scrip Code: 532373  
Scrip Name: WEPSOLN

### Website

[www.wepsolutions.co.in](http://www.wepsolutions.co.in)

### Investor E-mail ID

[investor@wepsol.in](mailto:investor@wepsol.in)

### Registered Office

40/1 A, Basappa Complex, Lavelle Road, Bengaluru 560 001  
Tel.: +91 80 6611 2000 | Fax: +91 80 6611 2055  
E-mail: [info@wepsol.in](mailto:info@wepsol.in)

### Manufacturing Locations

Himachal Pradesh: Plot No. 87, EPIP, Phase I, Jharmajri,  
District: Solan, Himachal Pradesh 174 103.

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Dear Shareholders,

In last year Annual Report, I had talked about unleashing of reforms which are opening floodgates for adoption of Digital Technology across all business in India.

We are in the process of harnessing this opportunity. While we are still confident of our path, our efforts received certain setback when following events occurred last year:

1. Hon'ble Supreme Court have struck down Aadhar usage and authentication for private non-banking companies. We are restricted from using Aadhar from authentication and KYC.
2. GST implementation was relaxed substantially and now is in similar shape as was VAT by the states. Forms and processes were changed multiple times thereby creating challenges in building relevant technology platforms on time bound basis.
3. Unexpectedly, business environment turned negative due to severe liquidity crunch.
4. Additionally, one of our large customers, in airline industry filed for insolvency creating a one-time loss and recurring loss of a profitable revenue stream.

The combined effect of above adverse outcomes over a short span of time did create financial challenges for us.

However, our assessments got reinforced when one of the largest corporate houses in India, in their Annual address, outlined the importance and role of the unorganized retail industry in India. It has committed itself to invest in Digitization of this "bottom of India's commerce and retail pyramid".

Such large investments and excessive marketing efforts from large corporate giants further energize us and reaffirm belief in our path to success. Our retail customers will get enlightened about the effects of Digital technology in their businesses. We also have been assuring the neighbourhood kirana stores for last 6 years and will continue to carve set a 'niche' for our POS product & services. We believe that the "Small" must not only survive, but also thrive in new India. We will continue to contribute to their development and will get motivated with their success based on our offerings.

Downside of this is that we will have excessive competition in "modernizing even the smallest neighbourhood kirana shop to become a future-ready digitized store". However, we love competition and are confident the we will emerge as a key player.

The good news is that we have survived these life-threatening challenges and we have emerged relatively unaffected. Financial impact of all these challenges have largely been absorbed and we see ourselves moving in the right direction as can be seen from the following data

1. Our MPS business remains profitable and is expected to grow quarter on quarter hence forward.
2. We have increased our sale of Retail business Products through online channel. During 2019-20, we expect that a significant portion of this business will be done through online channel thereby improving our efficiency and margins.
3. We have redefined our strategy in WeP Digital business. We are now focusing only on Enterprise customers where we are getting some good traction. During the last year we have added many marquee names as WeP Digital customers. Good news is that enterprise customers are more and more preferring to use private ASP and GSP portals. During 2019-20, we should be able to turn around this business. However, revenue growth will depend on GST related policy decisions and processes.

We still believe that Indian business environment will get transformed and your company will get benefit from this transformation and will resume its growth. Quality of our revenue continued to improve as we can see from our value add moving up from Rs.432.3Million to Rs.457.6Million

We will continue to provide "WoW" to our customers by providing innovative and new age solutions coupled with long term return to our shareholders.

I convey my gratitude and place on record my appreciation to the WeP team for their hard work, solidarity, co-operation and dedication during the year. I sincerely convey their appreciation to Customers, Shareholders, Vendors, Bankers, Business Associates, Regulatory and Government authorities for their continued support and co-operation.

With Best Regards,

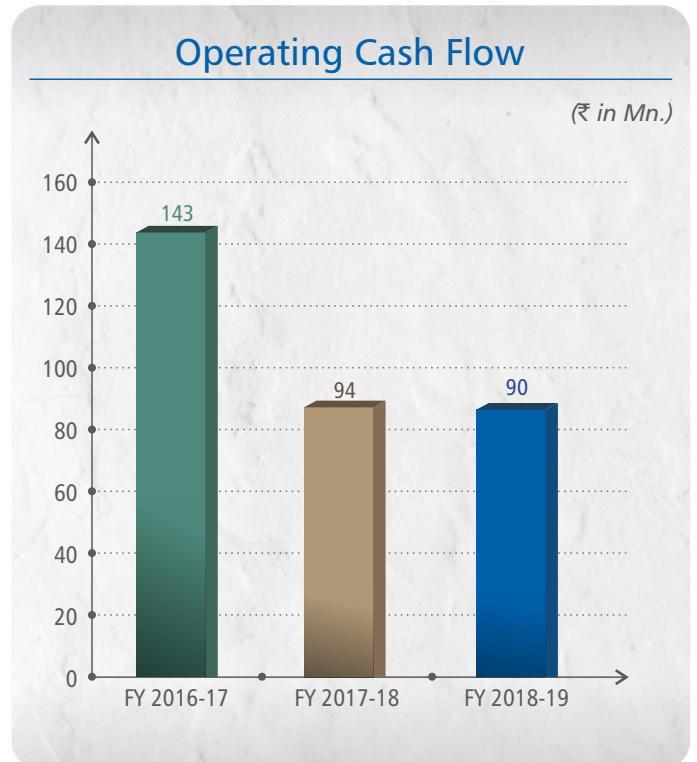
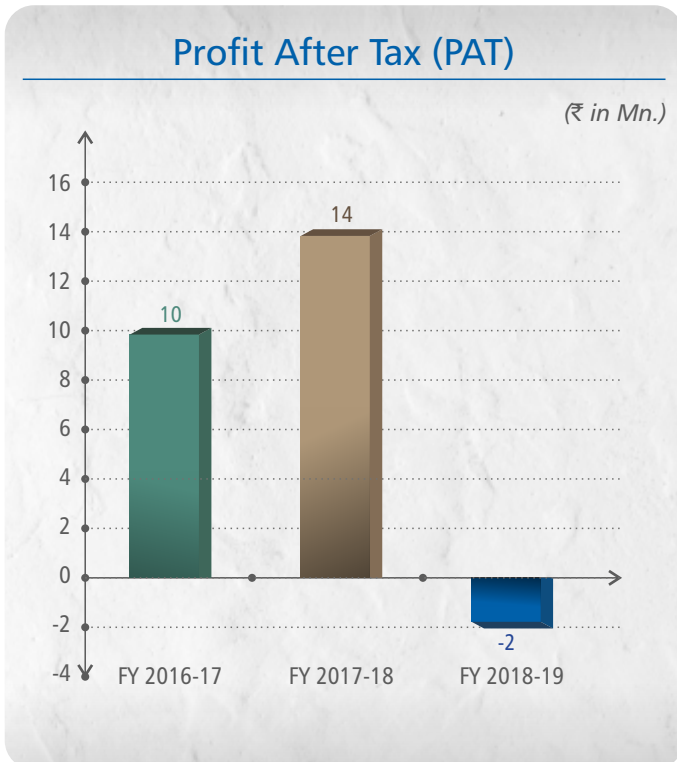
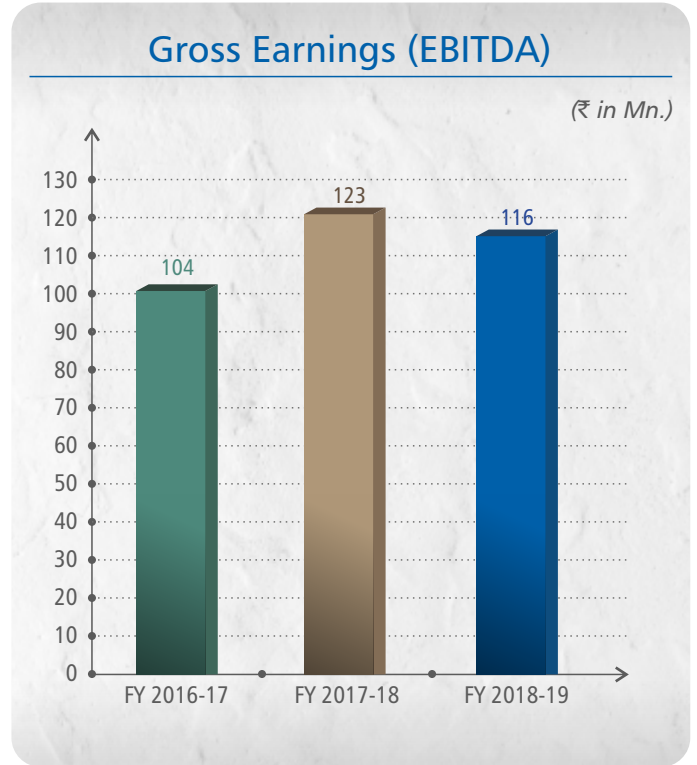
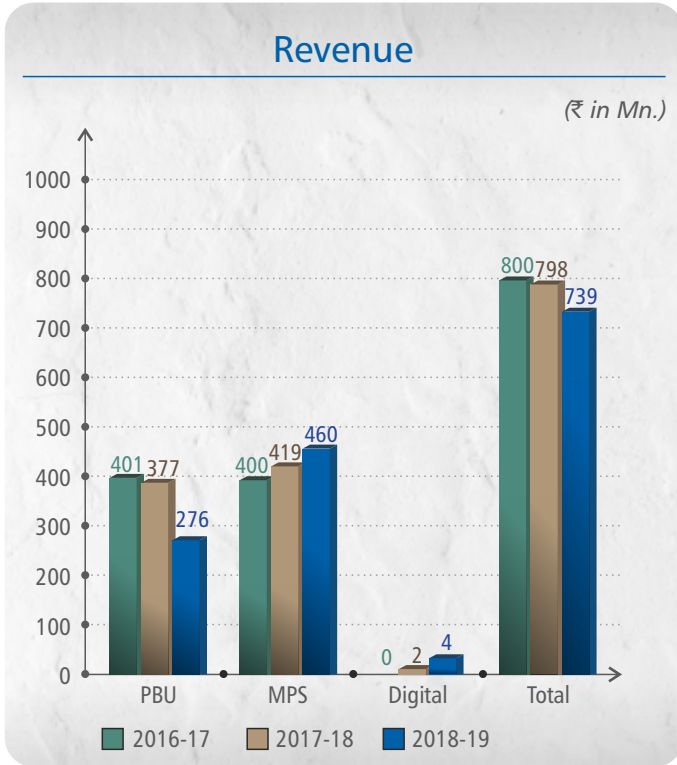


Ram N Agarwal

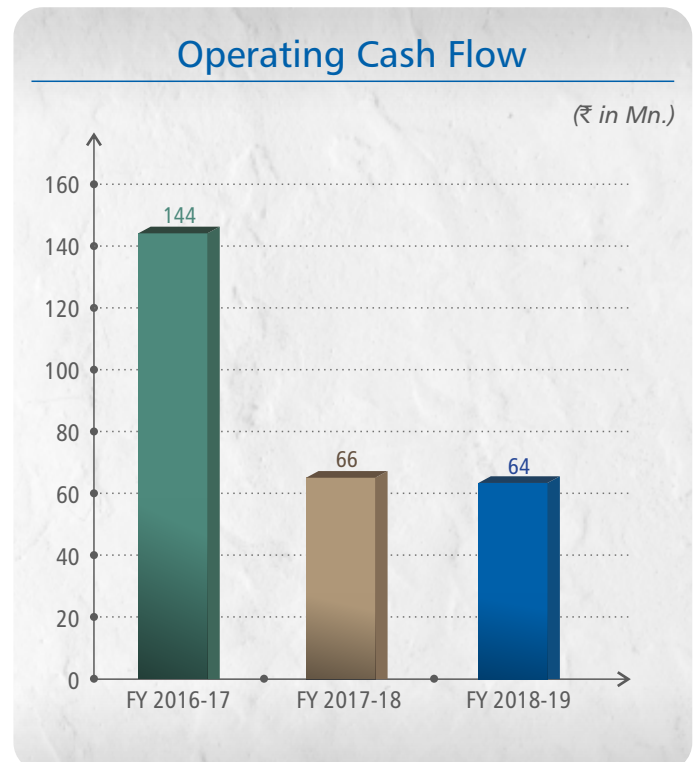
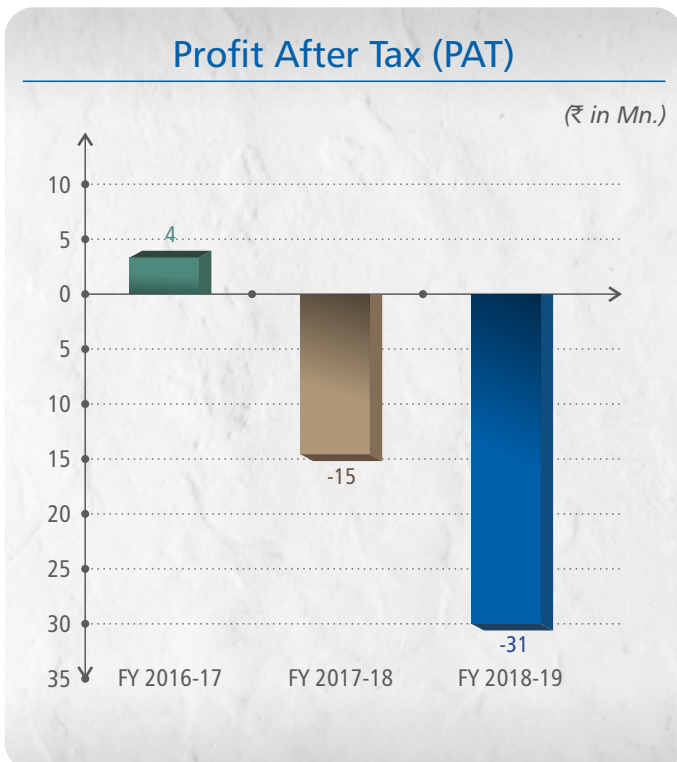
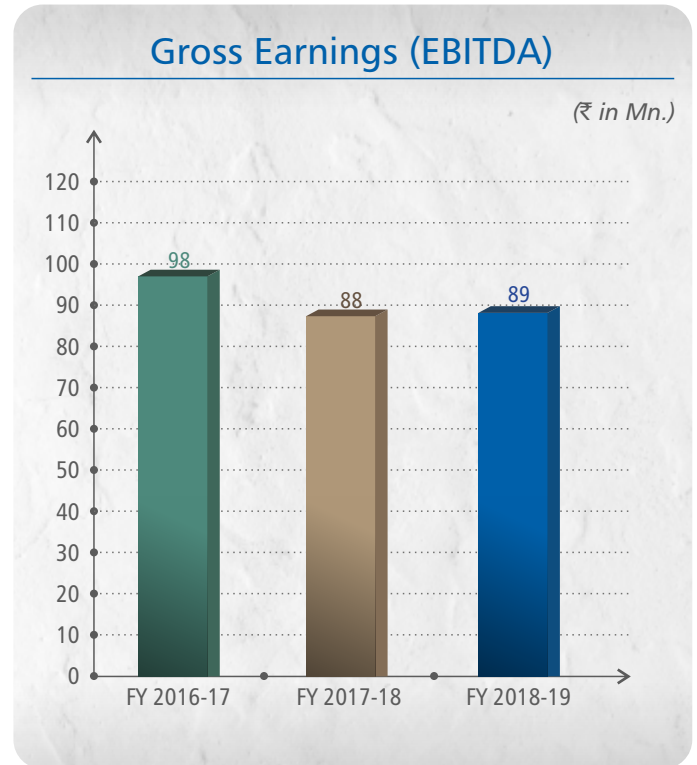
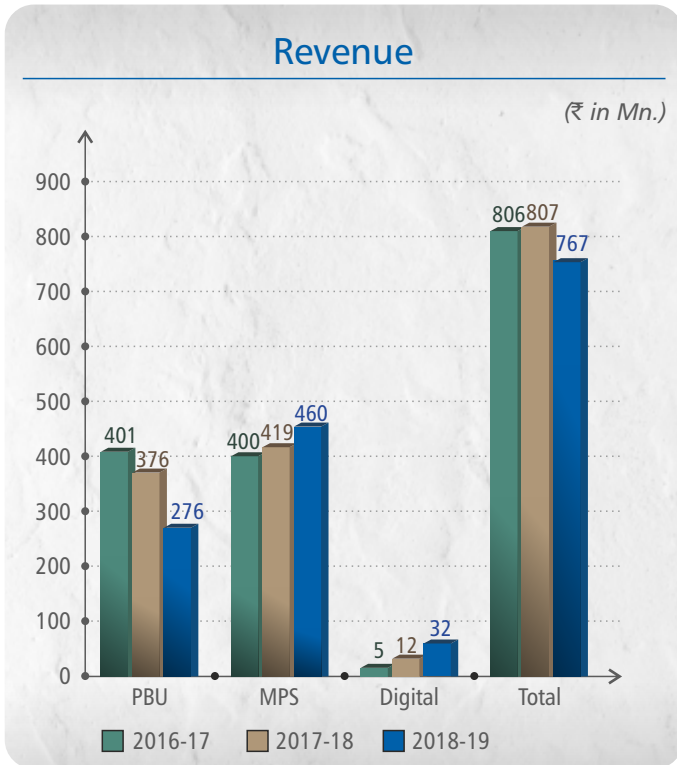


## Performance at a Glance

### Standalone Highlights

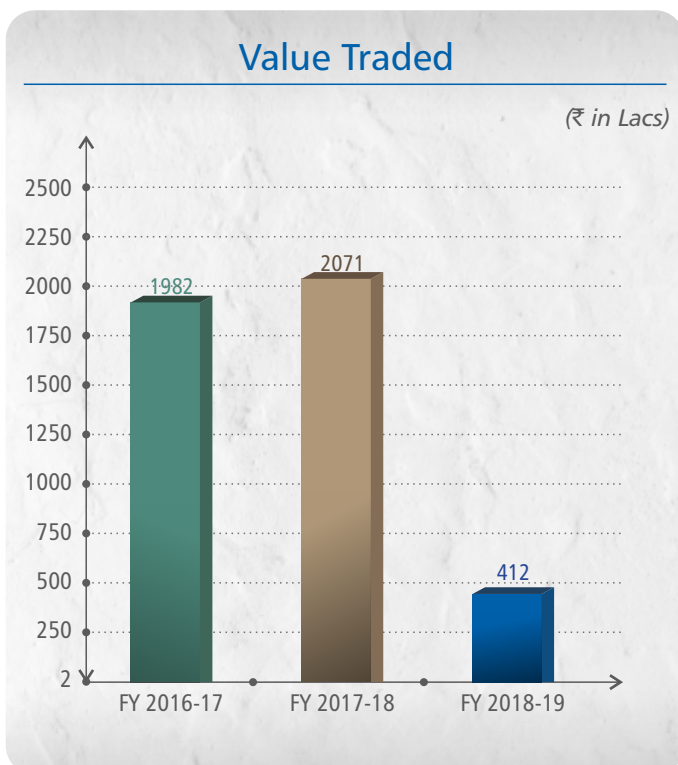
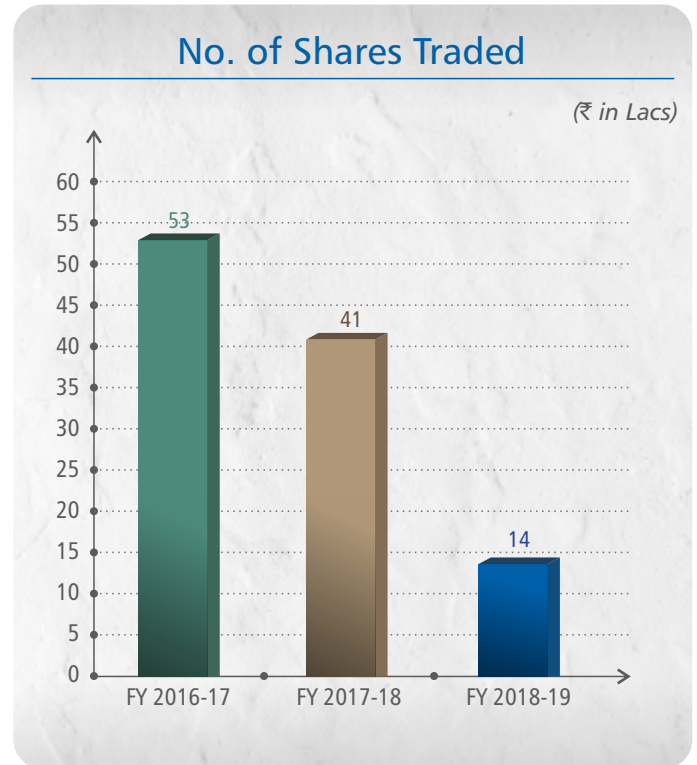
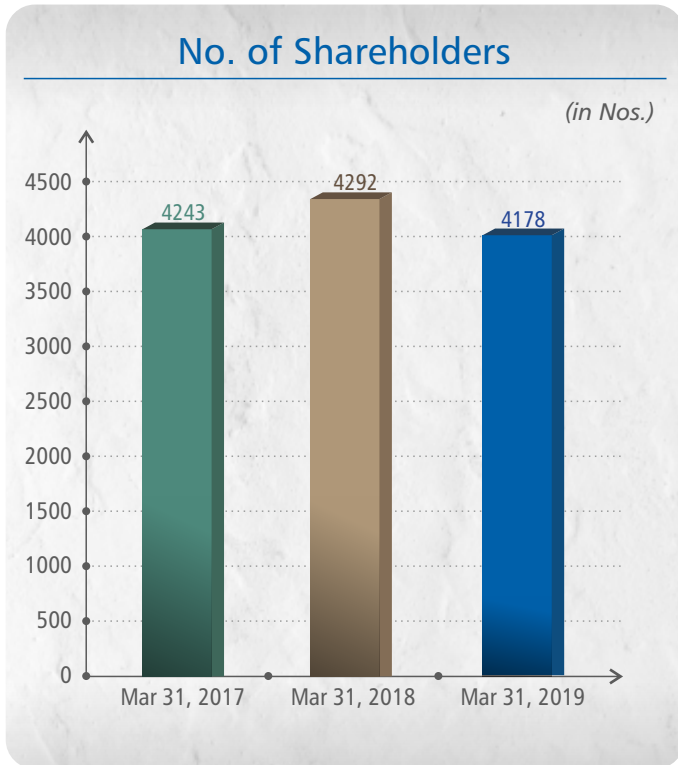


## Consolidated Highlights



## Shareholders Analytics

(Source: [www.bseindia.com](http://www.bseindia.com))



## Managed Printing Services

The past two decades witnessed a major shift in India's economic landscape. The gates opened for global players to invest in India. As a result, business started expanding, and so did the operations. Enterprises started realizing that printing not only dealt with procurement of printers and toners, but it also required security and process improvement as printer / MFP's have become network citizen. Hence, to manage the printing infrastructure one needed a domain expert.

That's when WeP stepped into action and launched Managed Print Services (MPS) in India. WeP understood that printing is a complete ecosystem and negligence in any one area can result in a tremendous rise in both operational costs and security threats.

WeP MPS transforms this process by managing the entire print infrastructure and establishing print policies. WeP is a one-stop solution for all printing needs. It helps identify business critical issues like user wise print consumption, toner consumption levels to reduce printer downtime, helping in up to 40% cost savings, optimizes print automation to reduce manpower and helps reduce the carbon footprint. With world class security solutions, WeP ensures a secured print environment. WeP has been awarded as India's No. 1 MPS company for its innovative services two times in a row by IBC, USA. WeP is supporting 500+ enterprise customers across 2000 locations in India.

### The key role of WeP MPS includes:

- Understanding the complete printing process of the organization and thereby catering to the needs by developing customized technological solutions.
- Catering to the needs of an organisation by providing customized solutions like specific types of printers, toners, management tools, security etc.
- Supplying printer spare consumables such as toners, standby printers and cartridges and ensuring no downtime in printing.
- Providing end-to-end support, print policies and services which includes providing onsite resource and support.
- Asset Management solutions wherein WeP manages printers of a customer without any initial investments.

### New Initiative at WeP MPS

- With the evolving era of automation, WeP has launched Device Management Tool wherein you get business solution at the cost of toner.
- WeP developed capabilities to secure any type of printer unique proposition in the industry.

### The Rise of Digital Printing

The digital printing market is expected to be valued at \$28.85 billion by 2023. Suffice to say that failure to adapt to this rising market could have a drastic impact on a business' bottom line. As a result, an increasing number of printing companies are making the switch.

Digital print is growing because it allows print suppliers to improve the levels of service they offer to customers, as well as opening new opportunities for business growth. Increasing versioning and personalisation helps make print more targeted to end users which is increasingly important as the digital world continues to become more and more connected.

Organizations are increasingly moving towards cloud-based deployment of all enterprise software due to the cost and management benefits. MPS too will go the cloud way with 40% of the businesses opting for that, apart from remote management and access for clients, cloud will also provide the benefit of faster service, reduced clutter and expansion to newer areas for service providers.

Observing the era of digitalisation and digital printing, WeP has launched a new initiative "WeP - CLOUD PRINTING SOLUTIONS". (WeP CPS)

Users can now upload print jobs anywhere, anytime and walk to WeP CPS to retrieve the print job.

WeP CPS will help reduce bottlenecks such as dependency on personnel to get prints done, or getting prints at odd hours, or chances of data leakage and security.

To print, a user just must upload files securely through the Cloud app, walk up to the closest CPS kiosk, select the desired file(s) to print, make payment via online wallet and collect the printouts. Printing has never been simpler.





## Benefits of WeP Cloud Printing Solutions

1. **Cost:** The use of cloud printing allows you to print on-demand from any public print station, saving you the cost of having to purchase a personal printer or re-purchase paper, ink, toner etc.
2. **Use your own device:** With cloud printing, you can use your mobile or any such device to print without having to worry about print driver or compatibility issues.
3. **Convenience:** The use of mobile cloud printing enables you the convenience and simplicity to print anything you want, whenever you want, wherever you are. No longer do you have to worry about installing print software, drivers, cables, paper, etc
4. **Document Security:** Enjoy secure file access and document printing! All documents are securely encrypted during both rest/transfer and are only released at the print station once you have been authenticated.

## Target Market

Based on the emerging printing requirement; our target audience includes the following:

1. Educational Institutes;
2. Apartments;
3. Co-working space;
4. IT parks;
5. Retail Printing shops;

Our aim is to fulfil 10 million pages per month in the coming three years.



## Retail Services



*“Redefining billing print solutions via simple to use, compact and affordable Billing machines”*

Having studied the unorganised retail industry deeply over a decade, WeP Retail is poised with solutions required for the unorganised retail shops. Our continuous endeavour is to move the shops from handwritten bills to Printed bills and help them to automate business more effectively and efficiently. We work closely with shops to ease out fear of technology adoptions and complexities with ready to use built in software billing machines.

As per our market estimates, there are about 13 million unorganised retail shops across the country. These outlets are largely dominated by small retailers such as local kirana shops; owner managed general stores; fast food restaurants; bakeries; chemists, footwear shops, apparel shops and other small and medium retail showrooms. These shops are now slowly adopting affordable billing solutions to be competitive in the market. This provides ample opportunities’ to WeP Retail.

WeP Retail billing printers empowers the shops with technological merits, cost benefits, stock keeping and error free reliable billing along with benefits of delegation and credit accounting systematically. WeP retail has been catalyst in curbing several challenges faced by the unorganised shops corresponding to space, daily accounting errors (lack of robust accounting manually and theft risks), expensive available solutions and extensive training requirements. WeP Retail offers error free working and processing, thus enabling small retailers to run their outlets without worrying about petty non-core issues.

The billing machines have become essential part for business to automate their day to day operations, keep track of sales transactions and print customer receipts.

During the last financial year, WeP Retail has taken many initiatives to meet the changing customer needs and aspirations. With high availability and accessibility of internet, the customers are adopting to highly informed and interactive purchase process.

**Digital marketing:** WeP Retail has rolled out “Digital marketing “initiatives last year. Based on customer survey, we have identified three key digital platforms – Facebook, YouTube and whatsapp for business. Our Facebook programs reach 600,000 people in 400 towns weekly.



Customer installation and product training videos are made available in YouTube. We have approximately 200 videos in YouTube with 5900 views weekly with cumulative viewership of 650,000

In addition to traditional channel, our products are sold in ecommerce platform Amazon, Flipkart and our own ecommerce platform (www.wepmyshop.com). Our ecommerce sites attract 4000 new visitors' everyweek. Last year we have generated approximately 4 % of revenue through ecommerce platform.

a) **New Products:** We have successfully rolled out 4 variants in BP Joy series

1. BP JOY with Battery
2. BP JOY Ultra
3. BP JOY Ultra with Battery
4. BP Joy Platina

BP JOY Platina provides high viewing area, larger storage and complete features required for super market and retail shops.

The Flagship Product "JOYPOS", Anroid POS system was introduced in quarter 4 of the financial year and it's getting good response and feedback from customers. We expect this product portfolio will add sizeable sales revenues in the coming years.

Our Product development and Manufacturing team based at Baddi are working cohesively in rolling out innovative billing solutions to the customers. We have reached milestone of rolling out 100,000<sup>th</sup> billing printer from our factory during the year.

b) **Sales Process:** We are retraining and realigning the sales team (WeP Sales employees, our Channel partners) towards the endcutomer sales. WeP Retail products sales are unique with high customer interaction and product experience during the purchase cycle. We have automated the lead generation process during the last year and approximately 2000 leads per week are generated through various initiatives.

*All our initiatives are focussed towards" "Be faster, be easier, be everywhere and be always on to customers"*

WeP Retail's continue its efforts in the coming years with segment specific product rollout and expand market through Omni channels to empower unorganised shops.



## Digital Services

The implementation of Goods and Services Tax in the year 2017 broke new ground in the way indirect taxes were being administered in India. While the year 2017 witnessed the pangs of birth, the second year saw the GST regime entering a phase of stabilisation and consolidation. Stabilisation meant significant changes both in the regulatory framework and implementation mechanism. The Law was amended to

- a) Ease the burden on small taxpayers by widening the composition scheme, enhancing the threshold limits and relaxing the reverse charge mechanism as well return filing requirement;
- b) Tighten the nuts and bolts of the enforcement mechanism by introducing the e-way bill system. Taxpayers were rewarded with lesser bottlenecks at Check-posts;
- c) Effect changes to ring in the new return filing system in the financial year 2019-20; and
- d) Bring in clarity for sectors like real-estate.



The year also saw several new functionalities being added by GST Network (GSTN) in the areas of registration, payment and return for the benefit of taxpayers with ASP-GSP serving as the pivotal frontal interface for the taxpayer.

The outlook for the ensuing years indicates that the enforcement machinery will be further strengthened. This would be through

- i) integrating e-way bill cum electronic invoicing and return filing process and
- ii) introducing a new return filing system that aligns and tracks the movement of goods and services and rewards genuine taxpayers.

Digitisation is the abiding mantra and this augurs expanding opportunities for the ASP-GSP interface going forward.

WeP Digital continues the journey of Digital transformation helping organizations realize the benefits of digitalization. Government of India's push for Digital economy is opening many new opportunities for service providers. Digital payments, automation in govt. services delivery, simplifying GST (good and services tax) compliance are amongst many areas which will motivate the service providers to continue innovating and launching newer solutions. The adoption of digital solutions still at a nascent stage in our country, the digital services will continue to grow at a rapid pace. In the last one year, WeP Digital launched very focussed solutions to solve the pain points of Indian organizations.

### Launched New Document Management Solutions (DMS)

It has been an exciting year for WeP Digital. Under the umbrella of Document Management Solutions, we have added various focussed solutions such as Employee Records Management, Procure to Pay and Vendor Onboarding.

- a) **Employee Records Management-** These services are primarily for the Human Resources department. The solution helps in entire employee lifecycle management by creating workflows for, Employee Hiring Process Automation, Employee Induction, Employee Records Management till the separation from the company. This helps in-
  1. Designing and performing records retention audit;
  2. Planning, developing, and implementation of a records management program, including periodic check-ins;
  3. Identifying the types of records, forms, and documents you should maintain access to, archive, or destroy;
  4. Assessing methods for storing and accessing sensitive documents and information, including security considerations;
- b) **Procure to Pay-** These services help in bringing procurement and accounts payables together in a single process and on a single platform to drive efficiencies and compliance, create value for organization, and become strategic partners to the business. Procure-To-Pay process or P2P helps by-
  1. Unlocking value through linking the 2 P's in P2P into a holistic process;
  2. Preparing for digital transformation by simplifying and paring down processes;
  3. Vendor Onboarding Process;
  4. Implementing a successful supplier enablement strategy;
  5. Defining and tracking relevant key performance metrics;
  6. Engaging key stakeholders early and help them drive effectiveness in P2P processes;



### Testimonials

A good benchmark of a company's performance can be measured by yearly revenue. But a more comprehensive way to understand the quality of service is through client feedback. We are happy to say that due to our great customer support, our customers vouch for our services. And this reflects in the testimonials given by them.

*Since the starting of association with WeP, we get timely response from your staff in filing GSTR-1 and GSTR-3B, GSTR-2A reconciliation. It has reduced 50 % our time in filing and preparing data for GST Returns."*

**Rajendra Thakur**  
Manager-Accounts & Costing,  
Group Pharma

*As a result of our association, its pleasure to share our extreme satisfaction, appreciation for WeP Digital Services Ltd for supporting to file GSTR1 on time. These services included preparation of GSTR3B & reconciliation data*

**Ch. V. Narsimha Rao**  
Head Taxation  
Metro Cash & Carry

*We have been using WeP's services for our Digitization/ Scanning Project and using WeP's Document Management Solution. We have always been completely satisfied with their performance. They do an excellent job and are always punctual. We are happy to recommend the services of WeP.*

**Lalitha M Shetty**  
Senior Director- Human Resources  
Omega Healthcare

We also helped India's leading tyre company through WeP Digital DMS to increase efficiency and document tracking for the material department. They are planning to implement more DMS workflows for the other departments as well.

Digital business crossed 100 enterprise customers milestone.

The last financial year was a great year for WeP Digital. We acquired our 100th customer which implemented our DMS solution to increase efficiency and digitize their business processes

## New Features launched in our GST platform last year

As per the customer requirements, feedback and government regulation changes, we keep updating our GST Filing Platform. Many new features have been added in the last financial year.

### a) Error Free Reconciliation:

Reconciliation between GSTR2A and Inward Register, GSTR 2 & GSTR 2A is possible thus eliminating possibility of loss of Input credit. Users can also export missing, mismatching & modified data.

Users can now reconcile GSTR 6 & GSTR 6A data all GSTINs under a login and under different buckets of missing & mismatch.

We also added feature to hold a particular invoice of GSTR 2 & GSTR2A to take an action later

We have also added Supplier wise trigger to send all missing & mismatch invoices to the selected suppliers at one go.

It is also possible to do Invoice data correction by matching and mismatching the invoice date, invoice no. and other parameters

### b) Reports

We understand the importance of analysis of data. To make this simple, we have added multiple reports which users can download and see for all GSTINs under a single login. There is a report on Reconciled data of GSTR 3B & GSTR 2A. Users can also see the report on Supplier wise ITC reconciliation between GSTR 2 & GSTR 2A and GSTR 3B report for Month wise outward tax liability, Month wise outward tax liability, Month wise ITC ledger, Month wise cash paid, Month wise cash paid (by ITC) available based on PAN wise and GSTN wise.

We have also added the latest GSTR 9 report with part 2, part 3 & part 4 data.

### c) E-Way bill features

We have also integrated E-Way Bill solution in the out GST Filing Platform itself. This makes it possible to transfer E-Way Bill data to GSTR1 & Vice-Versa. Reconciliation of GSTR1 and E-Way Bill is also possible.

Users can Seamless integrate to source system through API Integration, Connector integration and CSV options. There is a single login for multiple organizations, multiple states and multiple locations thus ensuring a centralized management of Bulk invoice upload for E-Way Bill generation. WeP GST Platform also allows Role Based Access controlled for E-Way bill generation, Accept & Reject and location level E-Way Bill download.

We have provided a comprehensive dashboard for GSTIN and other parties Outward / Inward E-Way bill generation, Cancel and Reject. There are plenty of reports like Summary Reports of outward and inward e-way bill generation, GSTR 1 & e-way bill reconciliation report and GSTR 2 & e-way bill reconciliation report.

All these features make WeP GST Filing Platform a true asset for any organisation looking to make GST and E-Way Bill simple, increase efficiency and save cost. Users can also update their company's Logo on WeP GST Filing Platform, making it a personalised experience.



# Directors' Report

Dear Members,

Your Directors are pleased to present 24<sup>th</sup> Annual Report and the Company's Audited Financial Statements for the Financial Year ended March 31<sup>st</sup>, 2019.

## Financial Performance

The Company's Financial Performance, both Standalone and Consolidated, for the year ended March 31<sup>st</sup>, 2019 is summarised below:

(₹ in lakhs)

Particulars	Standalone		Consolidated	
	2018-19	2017-18	2018-19	2017-18
Revenue from Operations	7,391.12	7,983.74	7,669.73	8,072.69
Other Income	91.32	88.89	85.80	57.32
<b>Total Revenue</b>	<b>7,482.45</b>	<b>8,072.63</b>	<b>7,755.53</b>	<b>8,130.01</b>
<b>Profit / Loss Before Depreciation, Interest and Taxes</b>	<b>1,162.92</b>	<b>1,233.38</b>	<b>891.33</b>	<b>879.56</b>
Finance Cost	106.76	94.36	107.22	94.61
Depreciation and Amortisation	1,075.19	936.76	1,106.47	962.68
<b>Profit/Loss Before Tax</b>	<b>(19.03)</b>	<b>202.25</b>	<b>(322.35)</b>	<b>(177.74)</b>
Provision for Tax	(1.89)	62.33	(8.58)	(30.48)
Other Comprehensive Income	(2.21)	0.89	(1.16)	0.57
<b>Profit / (Loss) for the Year</b>	<b>(21.41)</b>	<b>140.82</b>	<b>(314.94)</b>	<b>(146.69)</b>
Earnings Per Share (Equity share par value Rs. 10/-each) Basic / Diluted (Rs. per share)	(0.07)	0.56	(1.23)	(0.59)

## Consolidated Accounts

In accordance with the provisions of Companies Act, 2013 (hereinafter referred to as "the Act"), Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "Listing Regulations") and applicable Accounting Standards, your Company announces its consolidated financial statements on a quarterly basis. The Audited Consolidated Financial Statements of the Company for the Financial Year 2018-19, together with the Auditors' Report form part of this Annual Report

## Subsidiary Company

During Financial Year 2018-19, there has been no change in the Company's Subsidiary. During the year, the Board of Directors ("the Board") reviewed the affairs of the subsidiary. A statement containing the salient features of financial statements of the Subsidiary Company in the prescribed **Form AOC – 1** forms a part of Consolidated Financial Statements (CFS) in compliance with Section 129 (3) and other applicable provisions, if any, of the Act read with Rule 5 of the Companies (Accounts) Rules, 2014 is included in this report as **Annexure – III**.

In accordance with Section 136 of the Act, the Financial Statements of the subsidiary are available for inspection by the members at the Registered Office of the Company during business hours on all days except Saturdays, Sundays and public holidays upto the date of the Annual General Meeting. Any member desirous of obtaining a copy of the said Financial Statements may write to the Company Secretary at the Registered Office of the Company. The Financial Statements including the CFS, and all other documents required to be attached to this report have been uploaded on the website of the Company at [www.wepsolutions.co.in](http://www.wepsolutions.co.in).

The Company has in accordance with the amendments to Listing Regulations revised the Policy for determining material subsidiaries. The said policy may be accessed on the website of the Company at [www.wepsolutions.co.in](http://www.wepsolutions.co.in). As on 31<sup>st</sup> March, 2019 the Company has no material Subsidiary Company.

## Management Discussion and Analysis Report

Management Discussion and Analysis Report for the year under review as stipulated under Regulation 34(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 as amended is presented in a separate section forming integral part of this Annual Report.



## Dividend and Reserves

In order to conserve the available resources for future, the Board of Directors of the Company have not recommended any Dividend for the Financial Year 2018-19.

## Unpaid / Unclaimed Dividends

Pursuant to applicable provisions of the Companies Act, 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (Rules), all unpaid or unclaimed dividends are required to be transferred by the Company to the Investor Education and Protection Fund (IEPF) established by the Central Government, after completion of seven years from the date of transfer to Unclaimed Dividend Account on the Company.

Further, according to the Rules, the shares in respect of which dividend has not been paid or claimed by the shareholders for seven consecutive years or more shall also be transferred to the Demat Account of the IEPF Authority. The said requirement does not apply to the orders of Court, Tribunal or Statutory Authority, restraining transfer of the shares.

The due date for transfer of unpaid dividend to Investor Education and Protection Fund (IEPF) is given in the Corporate Governance Report. The shareholders are requested to verify their records and claim their unclaimed dividends for the past years, if not claimed.

The details of the consolidated unclaimed/unpaid dividend details as required by the Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, for all the unclaimed / unpaid dividend accounts outstanding (upto the date of 23<sup>rd</sup> Annual General Meeting on 20<sup>th</sup> September, 2018) in terms of the Ministry of Corporate Affairs Notification No.G.S.R 352(E) dated May 10, 2012 has been uploaded on the Company's website [www.wepsolutions.co.in](http://www.wepsolutions.co.in)

## Share Capital

During the year under review, the Company allotted 86,700 Equity Shares of ₹ 10/- each pursuant to exercise of stock options under the Employees Stock Option Plan 2011 and the Employees Stock Option Plan 2016.

Conversion of Warrants issued and allotted to M/s. WeP Peripherals Limited – Promoter on Preferential Basis under the provisions of Chapter VII of the SEBI (ICDR) Regulations, 2009, as amended and Section 62 and 42 of the Companies Act, 2013 (including the rules made thereunder.)

The Board had issued and approved the allotment of 10,00,000 Warrants Convertible into Equity to M/s. WeP Peripherals Limited – Promoter on 28<sup>th</sup> December, 2017 on Preferential Basis under the provisions of Chapter VII of the SEBI (ICDR) Regulations, 2009, as amended and Section 62 and 42 of the Companies Act, 2013 (including the rules made thereunder).

During the Financial Year 2018-19, the Board of Directors on 4<sup>th</sup> August, 2018 approved the allotment of 4,00,000 Equity Shares of ₹ 10/- each upon partial conversion of the Convertible Warrants into equity as earlier issued and allotted on 28<sup>th</sup> December, 2017. Further 6,00,000 Equity Shares of ₹ 10/- each were allotted on 14<sup>th</sup> March, 2019 upon balance conversion of the Convertible Warrants as earlier issued and allotted on 28<sup>th</sup> December, 2017.

Consequently the Paid up Equity Share Capital of the Company stood at ₹ 26,20,92,720 consisting of 2,62,09,272 Equity Shares of ₹ 10/- each.

## Public Deposit

During the year under review, your Company has not accepted any deposit within the meaning of Section 73 and 74 of the Companies Act 2013 read with the Companies (Acceptance of Deposit) Rules, 2014 (including any statutory modification(s) or re-enactment(s) for the time being in force.)

## Corporate Governance

Pursuant to Regulation 27 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 as amended, your company adheres to all the Corporate Governance Code as prescribed by the Bombay Stock Exchange and Securities and Exchange Board of India (SEBI).

A detailed Corporate Governance Report is made a part of this Annual Report. A certificate from Practicing Company Secretary regarding Compliance of the conditions of Corporate Governance as stipulated in Regulation 27 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 as amended is attached to this report.



## Board of Directors

Company's Policy relating to appointment / re-appointment of Directors, Payment of Managerial Remuneration, Induction, Performance Evaluation and other related matters are as mentioned below:

### A. Inductions

Pursuant to the provisions of Sections 149 and 152 read with Schedule IV and all other applicable provisions, if any, of the Companies Act, 2013 and the Rules made there under, H V Gowthama was appointed as an Independent Director in the Annual General Meeting held on 23<sup>rd</sup> September, 2014 to hold office for a term up to five consecutive years.

Subsequently H V Gowthama resigned from the Board and the Committees of the Board w.e.f 25<sup>th</sup> June, 2018. Further he was re-appointed on the Board w.e.f 14<sup>th</sup> November, 2018 as an Additional Director designated as Independent Director.

Based on his performance evaluation and recommendation of Nomination and Compensation Committee and in terms of the provisions of Sections 149, 150, 152 read with Schedule IV and all other applicable provisions of the Act and the Listing Regulations, and as per the Articles of Association of the Company, H V Gowthama is eligible for appointment as Independent Directors and has offered himself for the said appointment. The Board of Directors recommends the proposal to appointment of H V Gowthama as Independent Director for a term as mentioned in the respective special resolution.

Further as per the Regulation 17(1A) of the Listing Regulations, appointment or continuation of a Non- Executive Director after attaining age of 75 years also requires approval of Members of the Company by way of Special Resolution. H V Gowthama shall attain age of 75 (seventy five) years during the proposed second term and in view of the same, Board of Directors, recommends passing of Special Resolutions for his continuation as Director.

The Company has received notice under Section 160 of the Companies Act, 2013 from H V Gowthama signifying his candidature as an Independent Director of the Company. The Company has also received a declaration of Independence from him.

In the opinion of the Board, Independent Directors fulfills the conditions specified under the Act, the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 16(1)(b) of the Listing Regulations for re-appointment as an Independent Director of the Company and are independent of the management. A copy of the draft Letter of Appointment for Independent Directors is available for inspection at the Registered Office of the Company during business hours on any working day.

The Board considers that association of the Independent Director would be of immense benefit to the Company considering their expertise and experience and it is desirable to avail services of these Independent Director.

### B. Retirement by Rotation and Subsequent Re-appointment

Pursuant to Sections 149, 152 and other applicable provisions, if any, of the Companies Act 2013, one third of such of the Directors as are liable to retire by rotation, shall retire every year and, if eligible, offer themselves for re-appointment at every Annual General Meeting.

Dr. A. L Rao is liable to retire by rotation at the ensuing Annual General Meeting. Dr. A. L Rao has confirmed his eligibility and willingness to accept the office of the Director of your Company, if confirmed by the Members at the ensuing Annual General Meeting. In the opinion of your Directors, Dr. A L Rao has requisite qualifications and experience which would be useful for your Company and would enable him to contribute effectively to your Company in his capacity as the Director of your Company.

In accordance with the provisions of the Companies Act, 2013 read with the Rules issued thereunder, the Listing Regulations, as amended and the Articles of Association of the Company, the Independent Directors and the Managing Director of the Company are not liable to retire by rotation.

### C. Re-appointment

Pursuant to the provisions of Sections 149 and 152 read with Schedule IV and all other applicable provisions, if any, of the Companies Act, 2013 and the Rules made there under, Mythily Ramesh was appointed as an Independent Director in the Annual General Meeting held on 23<sup>rd</sup> September 2014 to hold office for a term up to five consecutive years.

As per Section 149(10) of the Act, an Independent Director shall hold office for a term of upto 5 (five) consecutive years on the Board of a Company but shall be eligible for re-appointment on passing a special resolution by the Company for another term of upto 5 (five) consecutive years on the Board of a Company.

Based on their performance evaluation and recommendation of Nomination and Compensation Committee and in terms of the provisions of Sections 149, 150, 152 read with Schedule IV and all other applicable provisions of the Act and the Listing Regulations, and as per the Articles of Association of the Company, Mythily Ramesh is eligible for re-appointment as Independent Directors and has offered herself for re-appointment. The Board of Directors recommends the proposal to re-appoint Mythily Ramesh as Independent Director for a term as mentioned in the respective special resolution.

The Company has received notice under Section 160 of the Companies Act, 2013 from Mythily Ramesh signifying her candidature as an Independent Director of the Company. The Company has also received a declaration of Independence from her.

The Board considers that association of the Independent Director would be of immense benefit to the Company considering their expertise and experience and it is desirable to avail services of these Independent Director.

#### **D. Resignation of Director**

Prashee Agarwal – Non Executive Director resigned from the Board with effect from 27<sup>th</sup> July, 2018, due to personal reasons. The Board placed on record its appreciation for the services rendered by Prashee Agarwal during her tenure as Director of the Company.

#### **E. Performance Evaluation of Director**

Pursuant to the provisions of the Companies Act, 2013 and Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, performance evaluation of the Board, its Committees and individual Directors was conducted.

A separate meeting of the Independent Directors was convened, which reviewed the performance of the Board as a whole, the Non-Independent Directors and the Chairman of the Company against the objectives set at the beginning of the year.

The Directors carried out the Annual Performance Evaluation of the Board, Committees of the Board and Individual Directors along with assessing the quality, quantity and timeliness of flow of information between the Company management and the Board to effectively and reasonably perform their duties.

#### **F. Committees of the Board**

The details of the powers, functions, composition and meetings of the Committees of the Board held during the year are given in the Report on Corporate Governance section forming part of this Annual Report.

#### **G. Independent Directors' Declaration**

Independent Directors have submitted a declaration that each of them meets the criteria of independence as provided in Section 149(6) of the Companies Act, 2013 and Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force).

Further, there has been no change in the circumstances which may affect their status as 'Independent Director' during the year under review.

#### **H. Familiarization Program for Independent Directors**

Pursuant to Regulation 25(7) and Regulation 46(2) (i) of Chapter IV of the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015, the Company conducts the 'Familiarization Program' when a new Independent Director joins the Board of the Company.

'Familiarization Program' provide an opportunity to the Independent Directors to interact with the senior leadership team of the Company and help them to understand their roles, rights and responsibilities, Company's strategy, business model, operations, service and product offerings, markets, organization structure, finance, human resources, technology, quality, facilities and risk management and such other areas as may arise from time to time. The details of the 'Familiarization Program' have also been uploaded on the website of the Company at [www.wepsolutions.co.in](http://www.wepsolutions.co.in).


#### **I. Statutory Disclosures**

As on 31<sup>st</sup> March, 2019 None of the Directors of your company are disqualified as per the provisions of section 164(2) of the Companies Act, 2013. Your Directors have made necessary disclosure as required under various provisions of section of the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

#### **Directors' Responsibility Statement**

Pursuant to the requirements under Section 134(5) of Companies Act 2013 with respect to the Directors' Responsibility Statement, it is hereby confirmed that:

- a) In the preparation of the annual accounts for the Financial Year 2018-19, the applicable accounting standards had been followed and there are no material departures;
- b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are 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 profit and loss of the company for that period;
- c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d) The Directors had prepared the annual accounts on a going concern basis;

- 
- e) The Directors have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and
  - f) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### **Material Changes and Commitments**

No material changes and commitments affecting the financial position of the Company occurred between the end of the financial statements to which this financial statements relate on the date of this report.

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

The information pertaining to conservation of energy, technology absorption, foreign exchange earnings and outgo as required under Section 134(3) (m) of the Companies Act 2013 read with rule 8(3) of the Companies (Accounts) Rules, 2014 is furnished in **Annexure I** and is attached to this report.

### **Number of Meetings of the Board**

The Board met Five times during the Financial Year 2018-19, the details of which are given in the Corporate Governance Report that forms part of this Annual Report. The intervening gap between any two meetings was within the period prescribed by the Companies Act 2013.

### **Extract of Annual Return**

The details forming part of the extract of the Annual Return in Form No. MGT-9 as per Sections 92(3) and 134(3) of the Act read with the Rules framed thereunder are given as **Annexure II**, which forms part of this Report. The Annual Return for Financial Year 2018-19 is also available on the Company's website at [www.wepsolutions.co.in](http://www.wepsolutions.co.in)

### **Credit Rating**

During the year under review the Company has sustained its Long Term Credit Rating of BWR BBB Minus (Stable). The moderate credit rating of Triple B Minus (BBB-) awarded by M/s. Brickwork Ratings India Private Limited reflects the moderate degree of safety regarding timely servicing of financial obligations. The Company's short term credit rated as BWR A 3 by M/s. Brickwork Ratings India Private Limited, has also been reaffirmed.

### **Corporate Social Responsibility Initiatives**

Company has not developed and implemented any Corporate Social Responsibility initiatives as the said provisions are not applicable to the Company.

### **Particulars of Loans, Guarantees and Investments**

Loans, guarantees and investments covered under Section 186 of the Companies Act, 2013 form part of the notes to the financial statements provided in this Annual Report.

### **Statutory Auditors and their Report**

Pursuant to the provisions of Section 139 of the Companies Act, 2013 and rules framed thereunder, M/s. N M Rajji & Co, Chartered Accountants, Mumbai (Firm Registration Number: 108296W) were appointed as the Statutory Auditors of the Company in the 21<sup>st</sup> Annual General Meeting of the Company until the conclusion of 26<sup>th</sup> Annual General Meeting.

M/s. N M Rajji & Co, Chartered Accountants, Mumbai has furnished a certificate of their eligibility and consent under Sections 139(1) and 141 of the Act and the Rules framed thereunder for their continuance as Statutory Auditors of the Company for Financial Year 2019-20. In accordance with the Companies Amendment Act, 2017, enforced on 7<sup>th</sup> May, 2018 by the Ministry of Corporate Affairs, the appointment of Statutory Auditors is not required to be ratified at every Annual General Meeting.

The Report given by the Auditors on the financial statement of the Company is part of this Report. There has been no qualification, reservation, adverse remark or disclaimer given by the Auditors in their Report.

The Statutory Auditors have not reported any incident of fraud to the Audit Committee of the Company in the year under review. The observations of the Auditor, together with notes to accounts referred to in the Auditors' Report are self explanatory and do not call any further explanation from the Directors.



## Secretarial Auditors

Pursuant to the provisions of the Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors had appointed S Kannan and Associates, Practising Company Secretary, Bengaluru (Firm Registration No.: S2017KR473100) to undertake the Secretarial Audit of your Company for the Financial Year 2018-19. The Secretarial Audit Report for the Financial Year ended 31<sup>st</sup> March, 2019 in *Form MR 3* is presented in **Annexure IV** attached to this report. The Report does not contain any qualifications, reservation or adverse remarks or disclaimers.

## Related Party Transactions

All transactions entered with Related Parties for the year under review were on arm's length basis and in the ordinary course of business and that the provision of Section 188(1) of the Companies Act, 2013 are not attracted.

During the year under review, the Company has not entered into any contract / arrangement / transactions with related parties will qualify as material in accordance with the policy of the Company on materiality of related party transactions.

Further, there are no material related party transactions during the year under review with the Promoters, Directors, and Key Managerial Personnel. Related Party Transactions are placed before the Audit Committee and the Board for review and approval on annual basis.

*Form AOC 2* pursuant to clause (h) of Section 134(3) of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014 is furnished in **Annexure V** attached to this report.

The Policy to determine materiality of related party transactions and dealing with related party transactions as approved by the Board of Directors is available on the Company's website [www.wepsolutions.co.in](http://www.wepsolutions.co.in).

## Risk Management

The Company has a well-defined process in place to ensure appropriate identification and treatment of risks. The identification of risks is done at strategic, business, operational and process level. While the mitigation plan and actions for risks belonging to strategic, business and key critical operational risks are driven by senior leadership, for rest of the risks, operating managers drive the conception and subsequent action and mitigation plan.

As per the requirements of Regulation 21 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 your company has constituted a Risk Management Committee to oversee the Risk Management efforts in your company. The details of Committee and its terms of reference including elements of risk as identified for the Company are set out in the Corporate Governance Report and Management Discussion and Analysis Report (MDA) forming part of this report.

The key strategic, business and operational risks which are significant in terms of their impact to the overall objectives of the Company along with status of the mitigation plans are periodically presented and discussed in the Risk Management Committee (RMC) meetings. Inputs from the Risk Management Committee are duly incorporated in the action plans. All significant risks are well integrated with functional and business plans and are reviewed on a regular basis by the senior leadership.

## Internal Financial Control System and Adequacy

According to Section 134(5)(e) of the Companies Act 2013, the term Internal Financial Control (IFC) means the policies and procedures adopted by the company for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, safeguarding of company's assets, the prevention and detection of frauds and errors, the accuracy and completeness of accounting records and timely preparation of reliable financial information.

The Company's internal control systems are commensurate with its size and the nature of its operations. The Company has well placed, proper and adequate Internal Financial Control (IFC) which ensures that all assets are safeguarded and protected and that the transactions are authorized, recorded and reported correctly. The Internal Auditors of the Company M/s. Gnanoba & Bhat, Chartered Accountants, Bengaluru independently evaluate the adequacy of internal controls and concurrently audit the majority of the transactions in value terms.

Independence of audit is ensured by direct reporting of the Internal Auditors to the Audit Committee of the Board.

During the year, the Internal Auditors have also been engaged for providing assistance in improving Internal Financial Control (IFC) framework.

## Significant and Material Orders Passed by the Regulators or Courts

During the year under review, no significant material orders were passed by the Regulators or Courts or Tribunals impacting the going concern status and your Company's operations.

## Employee Stock Option Plan

The Company has Employee Stock Option Plan 2011 and Employees Stock Option Plan 2016 which is administered by the Nomination and Compensation Committee for the benefit of employees. During the Financial Year 2018-19, there has been no change in the Employee Stock Option Plan 2011 and Employees Stock Option Plan 2016 of the Company.

During the Financial Year 2018-19; 86,700 Options were exercised by the employees after vesting. Accordingly the Company has made the allotment 36,000 Equity Shares on 19th May 2018; 29,400 Equity Shares on 4<sup>th</sup> August 2018 and 21,300 Equity Shares on 11<sup>th</sup> February, 2019.

The Company, from time to time, provides share based payments to its employees. These payments are provided in the form of stock options that can be exercised once the employee has completed specified service term with the Company. All share based employee payments will be settled in Equity Shares. Pursuant to Rule 12 of the Companies (Share Capital and Debentures) Rules, 2014 and as required under the Securities and Exchange Board of India Guidelines, the applicable disclosures as on 31<sup>st</sup> March, 2019 is as tabulated below:

	ESOP Plan 2011	ESOP Plan 2016
Date of Shareholders' Approval	27 <sup>th</sup> September 2011	22 <sup>nd</sup> September 2016
Total number of Options approved under the scheme	6,00,000	6,00,000
Vesting Schedule		
On Completion of 12 months from the date of Grant of Options	30%	30%
On Completion of 24 months from the date of Grant of Options	30%	30%
On Completion of 36 months from the date of Grant of Options	40%	40%
Exercise Price	₹ 10 per share	₹ 10 per share
Exercise Period	5 Years from the date of vesting	5 Years from the date of vesting
Option movements during the year		
Options outstanding at the beginning of the year	4,25,400	1,32,000
Options granted during the year	-	-
Options Lapsed and forfeited during the year	58,800	-
Options vested and available for exercise	3,49,700	39,600
Options exercised during the year	79,200	7,500
Variations of terms of Options	None	None
Money realised by exercise of Options (Rs.)	7,92,000	75,000
<b>Total number of Options in force as at the end of the year</b>	<b>2,87,400</b>	<b>1,24,500</b>
Vested and available for exercise	1,51,400	32,100
Unvested	1,36,000	92,400

## Vigil Mechanism / Whistle Blower Policy

Your Company's Vigil Mechanism provides a formal mechanism to the Directors and Employees to report their concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy. The Policy provides for adequate safeguards against victimization of Directors and Employees who avail of the mechanism and also have provided them direct access to the Chairman of the Audit Committee. It is affirmed that no personnel of the Company has been denied access to the Audit Committee.

During the year under review, no employee was denied access to the Audit Committee. During the Financial Year 2018-19, Company has received Nil complaint. Complaint received has been disposed off after taking appropriate action and no complaint remain pending as on 31<sup>st</sup> March, 2019. The Whistle Blower Policy as approved by the Board of Directors is available on the Company's website [www.wepsolutions.co.in](http://www.wepsolutions.co.in).

### Prevention of Sexual Harassment of Women at Workplace

The Company has in place a Prevention of Sexual Harassment Policy in line with requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. All employees (permanent, contractual, temporary, trainees) are covered under this policy. Internal Complaints Committee has been set up across locations in India to redress complaints received regarding sexual harassment. The cases reported to such Committee are investigated by the respective Committee members and the detailed report thereon is presented to the Board of Directors on a regular basis.

The Company has zero tolerance for sexual harassment at workplace and has adopted a policy on prevention, prohibition and redressal of sexual harassment of woman at workplace and to provide a platform for redressal of complaints and grievances against sexual harassment. During the Financial Year 2018-19, Company has not received any complaint on sexual harassment.

### Research and Development

WeP has dedicated Research & Development team focused on Retail, Printer and Application Specific Printer products solutions. WeP R&D has complete in-house facility for executing projects from concept to product involving various engineering domains like Electro-Magnetics, Power Electronics, Thermal and Vibration. WeP with rich experience in design and development of mechatronics products has delivered 320 varieties of products. WeP design team has delivered products that deal with dynamics of mechanical components and its behavioral study with electronics for all extreme conditions and adherence to the International Standards and Certifications. R&D team has executed several application specific printer projects for Voting Machine, Petrol Bunk, Retail Automation, Pharmacy and Dairy Segments.

### Policies of Company

Your Company has posted the below mentioned policies on its website [www.wepsolutions.co.in](http://www.wepsolutions.co.in) under the heading 'Investor Corner'.

- |   |  |
|---|--|
| a) Code of Conduct for Directors and Senior Management Personnel. | b) Whistle Blower's Policy.                      |
| c) Prevention of Sexual Harassment Policy.                        | d) Related Party Transaction Policy.             |
| e) Compensation Policy.   | f) Risk Management Policy.                       |
| g) Internal Code for Prevention of Insider Trading.               | h) Policy for Determining Material Subsidiaries. |
| i) Policy for Determining Materiality of Event or Information.    | j) Policy for Preservation of Documents.         |
| k) Familiarization Program for Independent Director.              |  |

### Particulars of Employees

The information required pursuant to Section 197 of Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company, shall be provided on request. The Company is not having any employee drawing remuneration exceeding the limits as specified under the Companies Act, 2013. The applicable disclosures as on 31<sup>st</sup> March, 2019 pursuant to the provisions of Companies Act, 2013 is furnished in **Annexure VI** and is attached to this report.

### Depository System

The Company's shares are tradable compulsorily in electronic mode. In India there are two depositories i.e. National Securities Depositories Limited (NSDL) and Central Depository Services (India) Limited (CDSL). To facilitate trading in DEMAT form; Company has established connectivity with both the depositories. Currently about 96.36% of the Issued Capital is held in electronic mode.

### Listing Fees

The Company confirms that it has paid the Annual Listing Fees for the Financial Year 2019-20 to the Bombay Stock Exchange Limited (BSE).

### Human Resources

As a part of company's drive to continue to nurture talent, your company has developed structured HR policies and programs in the area of resourcing, performance management system, and competency based training and development and talent management to support the current and future need of the organization. Your Directors take this opportunity to record their appreciation for the contribution of all employees of your company during the year.



## Industrial Relations

Your company has always considered its workforce as its valuable assets and continues to invest in their excellence and development programs. Your company has taken several initiatives for enhancing employee engagement and satisfaction. Your company maintains healthy, cordial and harmonious industrial relation at all levels. The industrial relation in all respect to all other manufacturing facilities and divisions of your company is normal.

## Green Initiative

Ministry of Corporate Affairs (“MCA”) has announced “Green Initiative in Corporate Governance” by allowing paperless compliances by companies vide circular dated April 21, 2011 stating that a Company is in compliance with Section 20 of the Companies Act 2013, if the service of documents has been made through electronic mode.

Electronic Copies of the Annual Report 2018-19 and the Notice of 24<sup>th</sup> Annual General Meeting are sent to the members whose e-mail addresses are registered with Company / Depository Participant(s). For members who have not registered their e-mail addresses, physical copy of the Annual Report 2018-19 and the Notice of 24<sup>th</sup> Annual General Meeting are sent in the permitted mode. Members requiring physical copy can send a request to the Company.

## Acknowledgments

Your Directors wish to convey their gratitude at place on record their appreciation for all the employees at all levels for their hard work, solidarity, cooperation and dedication during the year.

Your Directors sincerely convey their appreciation to Customers, Shareholders, Vendors, Bankers, Business Associates, Regulatory and Government authorities for their continued support and cooperation.

For and on Behalf of the Board of Directors

Date : 10<sup>th</sup> August, 2019

Place : Bengaluru

Ram N Agarwal

Chairman and Managing Director



## Annexure - I

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

The statement giving the particulars relating to conservation of energy, technology absorption and foreign exchange earnings and outgo, as required in terms of Section 134(3)(m) of the Act read with Rule 8(3) of the Companies (Accounts) Rules, 2014, is given below and forms part of the Directors' Report.

### Disclosure of Particulars with respect to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo, as prescribed under Rule 8(3) of the Companies (Accounts) Rules, 2014

#### 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:

- Localized lighting in place of community lighting.
- Employees are habituated to switch off fans, lights during the lunch break and at close of office hours.
- Energy efficient and battery operated product releases.
- New design mandatory compliance for low power and energy star compliance.

#### B. Technology Absorption

Efforts made in Technology absorption is stated as per **Form B** is given below:

##### 1. Research and Development (R&D)

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

- a) Cloud design patterns for asynchronous messaging, availability, resiliency and data consistency.
- b) Database design patterns Elastic pools, Partitioning and Data warehouse for large data processing.
- c) Design and development of custom pipeline for multi system integration.
- d) Design for dynamic scaling and highly available Infrastructure.
- e) Security Design for Application, Network, Storage, Compute and identity.
- f) Identity Management.
- g) Networking Topologies.
- h) Cloud Infrastructure Monitoring and Automation.
- i) Machine learning and Cognitive services API.
- j) Mobile Device Management.
- k) Android POS Application development.
- l) Mobile Application for Retail
- m) Design & Development of Printers and Retail Billing Solutions.
- n) Product Engineering Services for Application specific printers and electromechanical systems.
- o) Wi-Fi, Ethernet, GSM/GPRS for remote management of billing devices.
- p) Design & Development of ASIC/FPGA/SOC based systems.
- q) Design compliance for EMI-EMC, ROHS & Energy Star.

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

- a) API gateway platform release for enterprise application integration.
- b) Digital Platform release for GST Tax Compliance, Ewaybill and Document Management Solutions.
- c) Asynchronous Messaging platform for large data processing.
- d) Infrastructure Monitoring and Automation integration for dynamic scaling and security.
- e) First in India to launch POS connected device for GST compliance.
- f) POS product release with UPI, Wallets and Card payment modes.
- g) Retail Central Server and Client product solutions for multiple location chain shops.

- h) Retail and F&B software release for Android OS
- i) Retail product variants design and development based on thermal and impact platform.
- j) Retail Solutions for Application specific requirements like Dairy society, Pharmacy and F&B.
- k) Application specific printers design and manufacturing for voting machine and Petrol dispenser Retail automation.
- l) Self-reliance in print head design and development for Dot Matrix Printers. All in-house captive requirements are met with our own Print Heads.
- m) High Speed printer release with Ethernet, Parallel and USB interfaces.

**c. Future Plan of action:**

- a) Expansion of digital products portfolio for tax compliance, E-way bill, E-invoicing, Document Management and payment solutions.
- b) Mobile device management platform applications.
- c) Enterprise and mobile application for connected devices.
- d) Expansion of Retail Products range and solutions with augmentation of features.
- e) Expansion of GPRS, Ethernet connectivity application devices.
- f) Retail Solutions for Billing machine and Smart phone connectivity.
- g) Retail Smart solutions for service application model.
- h) POS System development for Micro ATM and UID applications.

## 2. 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.

- a) Cloud design patterns for big data processing, Asynchronous messaging and data management.
- b) API Gateway Platform.
- c) Payment Solutions integration.
- d) Applications for Connected device.
- e) Ethernet, GSM/GPRS Communication for remote management of printers.
- f) Thermal Printer technology absorption for retail applications.
- g) Retail Product Solutions for F&B, Wholesale, Pharmacy and Dairy Societies
- h) Embedded system optimization for easy configurability and usability of retail products.
- i) Adoption of variability and tolerance analysis for high precision parts design.

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

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 focusing on Digital Platform for tax compliance, Document Management, E-way bill, Invoicing and Payment solutions, Retail product solutions and Application Specific Printers. R&D team is equipped to meet the challenging demands, dynamic change requirements for developing customer centric technical solutions to deliver our customer promise of "TECH FANTASY".

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

## 3. Foreign Exchange Earnings and Outgo:

The Foreign Exchange earned in terms of actual inflows during the year and the Foreign Exchange outgo during the year in terms of actual outflow: (₹ in '000)

Particulars	Year ended 31 <sup>st</sup> March 2019	Year ended 31 <sup>st</sup> March 2018
Foreign Exchange Earnings	2,964.48	3,513.50
Foreign Exchange Outgo	1,01,773.20	1,59,472.56

## Annexure - II

### Form MGT – 9

Extract of Annual Return as on the Financial Year ended on 31<sup>st</sup> March, 2019

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

#### I. REGISTRATION AND OTHER DETAILS:

1	CIN	L72200KA1995PLC025617
2	Registration Date	1 <sup>st</sup> March, 1995
3	Name of the Company	WeP Solutions Limited
4	Category / Sub-Category of the Company	<b>Category:</b> Company Limited by Shares <b>Sub-Category:</b> Indian Non – Government Company.
5	Address of the Registered Office and Contact Details	<b>Address:</b> 40/1A, Basappa Complex, Lavelle Road, Bengaluru 560 001, Karnataka State <b>Contact Details:</b> a) Telephone : 080 - 66112000 b) Email : investor@wepsol.in
6	Whether Listed Company (Yes / No)	Yes, Listed on Bombay Stock Exchange (BSE)
7	Name, Address and Contact Details of Registrar and Transfer Agent, if any	<b>Name:</b> Cameo Corporate Services Limited <b>Address:</b> #1, Subramanian Building, Club House Road, Anna Salai, Chennai – 600 002. Tamil Nadu State <b>Contact Details:</b> a) Telephone : 044 - 28460390 b) Email : investor@cameoindia.com

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

(All the business activities contributing 10% or more of the turnover of the Company shall be stated)

Sl. No.	Name and Description of Main Product / Services	NIC Code of the Product / Services	% to total turnover of the Company
1	Manufacturing and Distribution of Computer Peripherals	3670	37.28
2	Managed Printing and Document Services	3670	62.21

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sl. No.	Name and Address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of Shares held	Applicable Section
1	<b>Name:</b> M/s. WeP Digital Services Limited (Formerly known as eRM Solutions Private Limited) <b>Address:</b> 40/1 A, Basappa Complex, Lavelle Road, First Floor, Bengaluru 560 001	U74900KA2015PLC080570	Subsidiary	100	Section 2 (87) of the Companies Act, 2013

#### IV. SHAREHOLDING PATTERN:

(Equity Share Capital breakup as percentage of Total Equity)

##### i. Category-wise Shareholding:

Category of Shareholders	No. of Shares held at the beginning of the year (01.04.2018)				No. of Shares held at the end of the year (31.03.2019)				% Change during the year
	DEMAT	Physical	Total	% of Total Shares	DEMAT	Physical	Total	% of Total Shares	
<b>A</b>									
<b>1 Promoters</b>									
<b>1 Indian</b>									
a) Individual / HUF	34,67,149	0	34,67,149	13.80	34,67,149	0	34,67,149	13.54	(0.26)
b) Central Government	0	0	0	0	0	0	0	0	0.00
c) State Government(s)	0	0	0	0	0	0	0	0	0.00
d) Bodies Corporate	63,35,861	0	63,35,861	25.22	67,69,186	0	67,69,186	26.43	1.21
e) Banks / FI	0	0	0	0	0	0	0	0	0.00
f) Others (specify)	0	0	0	0	0	0	0	0	0.00
<b>Sub-total (A) (1)</b>	<b>98,03,010</b>	<b>0</b>	<b>98,03,010</b>	<b>39.02</b>	<b>1,02,36,335</b>	<b>0</b>	<b>1,02,36,335</b>	<b>39.97</b>	<b>0.95</b>
<b>2 Foreign</b>									
a) NRI- Individuals	0	0	0	0	0	0	0	0	0.00
b) Other - Individuals	0	0	0	0	0	0	0	0	0.00
c) Bodies Corporates	0	0	0	0	0	0	0	0	0.00
d) Banks/FI	0	0	0	0	0	0	0	0	0.00
e) Any Other	0	0	0	0	0	0	0	0	0.00
<b>Sub-total (A) (2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>
<b>Total Shareholding of Promoter (A)= (A)(1)+(A)(2)</b>	<b>98,03,010</b>	<b>0</b>	<b>98,03,010</b>	<b>39.02</b>	<b>1,02,36,335</b>	<b>0</b>	<b>1,02,36,335</b>	<b>39.97</b>	<b>0.95</b>
<b>B</b>									
<b>1 Public Shareholding</b>									
<b>1 Institutions</b>									
a) Mutual Funds	0	0	0	0	0	0	0	0	0.00
b) Banks / FI	0	0	0	0	0	0	0	0	0.00
c) Central Government	0	0	0	0	0	0	0	0	0.00
d) State Government(s)	0	0	0	0	0	0	0	0	0.00
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0.00
f) Insurance Companies	0	0	0	0	0	0	0	0	0.00
g) FIs	0	0	0	0	0	0	0	0	0.00
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0.00
i) Others (specify)	0	0	0	0	0	0	0	0	0.00
<b>Sub-total (B) (1)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>



Category of Shareholders	No. of Shares held at the beginning of the year (01.04.2018)				No. of Shares held at the end of the year (31.03.2019)				% Change during the year
	DEMAT	Physical	Total	% of Total Shares	DEMAT	Physical	Total	% of Total Shares	
<b>2 Non - Institutions</b>									
<b>a) Bodies Corporate</b>									
(i) Indian	25,60,327	40,000	26,00,327	10.35	25,53,857	40,000	25,93,857	10.13	(0.22)
(ii) Overseas	0	0	0	0	0	0	0	0	0.00
<b>b) Individuals</b>									
(i) Individual Shareholders holding nominal share capital upto Rs. 1 Lakh	33,36,697	6,32,901	39,69,598	15.80	32,05,662	6,28,895	38,34,557	14.97	(0.83)
(ii) Individual Shareholders holding nominal share capital in excess of Rs. 1 Lakh	75,34,917	1,42,292	76,77,209	30.56	77,62,114	1,42,292	79,04,406	30.86	0.30
<b>c) Others (specify)</b>									
(i) Clearing Members	4,521	0	4,521	0.02	226	0	226	0.00	0.00
(ii) Hindu Undivided Families	2,63,386	100	2,63,486	1.05	2,67,522	100	2,67,622	1.04	(0.01)
(iii) Non Resident Indians	6,84,238	1,20,082	8,04,320	3.20	6,52,086	1,20,082	7,72,168	3.01	(0.19)
(iv) Trusts	0	101	101	0.00	0	101	101	0.00	0.00
<b>Sub-total (B) (2)</b>	<b>1,43,84,086</b>	<b>9,35,476</b>	<b>1,53,19,562</b>	<b>60.98</b>	<b>1,44,41,467</b>	<b>9,31,470</b>	<b>1,53,72,937</b>	<b>60.03</b>	<b>(0.95)</b>
<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	<b>1,43,84,086</b>	<b>9,35,476</b>	<b>1,53,19,562</b>	<b>60.98</b>	<b>1,44,41,467</b>	<b>9,31,470</b>	<b>1,53,72,937</b>	<b>60.03</b>	<b>(0.95)</b>
<b>C Shares held by Custodian for GDRs and ADRs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
<b>Grand Total (A+B+C)</b>	<b>2,41,87,096</b>	<b>9,35,476</b>	<b>2,51,22,572</b>	<b>100.00</b>	<b>2,46,77,802</b>	<b>9,31,470</b>	<b>2,56,09,272<sup>#</sup></b>	<b>100.00</b>	<b>0.00</b>

Note: #The Total Number of Shares as on 31<sup>st</sup> March, 2019 as per the Shareholding Pattern is 2,56,09,272. Whereas as per the financial statement it is 2,62,09,272. The reason for this difference is the Conversion of 6,00,000 Warrants as earlier issued and allotted on 28<sup>th</sup> December, 2017 on Preferential Basis to WeP Peripherals Limited - Promoter under the provisions of Chapter VII of the SEBI (ICDR) Regulations, 2009, converted into Equity on 14<sup>th</sup> March, 2019. As on 31<sup>st</sup> March, 2019 trading approval was pending from the Bombay Stock Exchange (BSE). Trading approval was granted by the Bombay Stock Exchange on May 3, 2019.

## ii. Promoters Shareholding:

Sl. No.	Shareholders Name	Shareholding at the beginning of the year (01.04.2018)			Shareholding at the end of the year (31.03.2019)			% Change in Shareholding during the year
		Number of Shares	% of Total Shares of the Company	% of Shares Pledged/ Encumbered to Total Shares	Number of Shares	% of Total Shares of the Company*	% of Shares Pledged/ Encumbered to Total Shares	
1	RNAWEP Investments Private Limited	32,60,403	12.98	0.00	32,60,403	12.73	0.00	(0.25)
2	WeP Peripherals Limited	20,24,994	8.06	0.00	24,58,319	9.60	0.00	1.54
3	wep solutions india limited	10,50,464	4.18	0.00	10,50,464	4.10	0.00	(0.08)
4	Ram N Agarwal	30,05,056	11.96	0.00	30,05,056	11.73	0.00	(0.23)
5	Sarita Agarwal	1,21,568	0.48	0.00	1,21,568	0.48	0.00	(0.01)
6	Suman Jain	3,40,525	1.36	0.00	3,40,525	1.33	0.00	(0.03)
	<b>Total</b>	<b>98,03,010</b>	<b>39.02</b>	<b>0.00</b>	<b>1,02,36,335</b>	<b>39.97</b>	<b>0.00</b>	<b>0.95</b>

Note: \*% of total shares of the Company under Shareholding at the end of the year is based on the Paid Up Capital as on 31<sup>st</sup> March, 2019 i.e. 2,56,09,272.

iii. Change in Promoters' Shareholding:

Sl. No.	Particulars	Shareholding at the beginning of the year (01.04.2018)		Cumulative Shareholding during the year	
		Number of Shares	% of Total Shares of the Company	Number of Shares	% of Total Shares of the Company*
1	<b>RNAWEP Investments Private Limited</b>				
	At the beginning of the year	32,60,403	12.98	32,60,403	12.73
	At the end of the year			32,60,403	12.73
2	<b>WeP Peripherals Limited</b>				
	At the beginning of the year	20,24,994	8.06	20,24,994	8.06
	Partial Conversion of Warrants to Equity (Board Meeting date 4 <sup>th</sup> August 2018) Trading approval dated 24 <sup>th</sup> October 2018	4,00,000	1.59	24,24,994	9.65
	Purchased on 18 <sup>th</sup> Feb 2019 - Market Purchase	6,250	0.03	24,31,244	9.49
	Purchased on 19 <sup>th</sup> Feb 2019 - Market Purchase	13,750	0.06	24,44,994	9.55
	Purchased on 20 <sup>th</sup> Feb 2019 - Market Purchase	3,000	0.01	24,47,994	9.56
	Purchased on 21 <sup>st</sup> Feb 2019 - Market Purchase	5,875	0.02	24,53,869	9.58
	Purchased on 22 <sup>nd</sup> Feb 2019 - Market Purchase	4,450	0.02	24,58,319	9.60
	At the end of the year			24,58,319	9.60
3	<b>wep solutions india limited</b>				
	At the beginning of the year	10,50,464	4.18	10,50,464	4.10
	At the end of the year			10,50,464	4.10
4	<b>Ram N Agarwal</b>				
	At the beginning of the year	30,05,056	11.96	30,05,056	11.73
	At the end of the year			30,05,056	11.73
5	<b>Sarita Agarwal</b>				
	At the beginning of the year	1,21,568	0.48	1,21,568	0.47
	At the end of the year			1,21,568	0.47
6	<b>Suman Jain</b>				
	At the beginning of the year	3,40,525	1.36	3,40,525	1.33
	At the end of the year			3,40,525	1.33

Note: \*% of total shares of the Company under Shareholding at the end of the year is based on the Paid Up Capital as on 31<sup>st</sup> March 2019 i.e. 2,56,09,272.

iv. Shareholding Pattern of top ten Shareholders:

(Other than Directors, Promoters and Holders of GDRs and ADRs)

Sl. No.	Name of Shareholders	Shareholding at the beginning of the year (01.04.2018)		Cumulative Shareholding during the year	
		Number of Shares	% of Total Shares of the Company	Number of Shares	% of Total Shares of the Company*
<b>1</b>	<b>Wipro Limited</b>				
	At the beginning of the year	18,36,000	7.31	18,36,000	7.17
	At the end of the year			<b>18,36,000</b>	<b>7.17</b>
<b>2</b>	<b>Sharad Kanayalal Shah</b>				
	At the beginning of the year	14,12,035	5.62	14,12,035	5.62
	Purchased on 25-May-2018	11,000	0.04	14,23,035	5.66
	Purchased on 08-Jun-2018	8,500	0.03	14,31,535	5.69
	Purchased on 20-Jul-2018	750	0.00	14,32,285	5.69
	Purchased on 17-Aug-2018	1,000	0.00	14,33,285	5.71
	At the end of the year			<b>14,33,285</b>	<b>5.60</b>
<b>3</b>	<b>Dipak Kanayalal Shah</b>				
	Purchased on 27-Apr-2018	10,19,450	4.06	10,19,450	4.06
	Purchased on 08-Jun-2018	6,575	0.02	10,26,025	4.08
	Purchased on 22-Jun-2018	1,154	0.00	10,27,179	4.08
	Purchased on 06-Jul-2018	711	0.00	10,27,890	4.08
	Purchased on 20-Jul-2018	2,000	0.01	10,29,890	4.09
	Purchased on 10-Aug-2018	2,000	0.01	10,31,890	4.10
	Purchased on 24-Aug-2018	2,000	0.01	10,33,890	4.11
	Purchased on 4-Sep-2018	3,000	0.01	10,36,890	4.12
	Sold on 28-Sep-2018	110	0.00	10,37,000	4.12
	Purchased on 05-Oct-2018	-29,500	-0.12	10,07,500	4.00
	Purchased on 16-Nov-2018	8,000	0.03	10,15,500	3.98
	Purchased on 23-Nov-2018	1,750	0.01	10,17,250	3.99
	At the end of the year			<b>10,17,250</b>	<b>3.97</b>
<b>4</b>	<b>Rakesh M Bohra</b>				
	At the beginning of the year	3,37,305	1.34	3,37,305	1.32
	At the end of the year			<b>3,37,305</b>	<b>1.32</b>
<b>5</b>	<b>Deepak A Chari</b>				
	At the beginning of the year	2,92,898	1.17	2,92,898	1.14
	At the end of the year			<b>2,92,898</b>	<b>1.14</b>
<b>6</b>	<b>Jigna Kanayalal Shah</b>				
	At the beginning of the year	2,72,061	1.08	2,72,061	1.08
	Purchased on 06-Apr-2018	60	0.00	2,72,121	1.08
	Purchased on 27-Apr-2018	4,100	0.02	2,76,221	1.10
	Purchased on 08-Jun-2018	2,500	0.01	2,78,721	1.11
	Purchased on 03-Aug-2018	2,200	0.01	2,80,921	1.12
	Purchased on 05-Oct-2018	1,500	0.01	2,82,421	1.13
	Purchased on 12-Oct-2018	400	0.00	2,82,821	1.13
	Purchased on 26-Oct-2018	1,719	0.01	2,84,540	1.11
	At the end of the year			<b>2,84,540</b>	<b>1.11</b>

Sl. No.	Name of Shareholders	Shareholding at the beginning of the year (01.04.2018)		Cumulative Shareholding during the year	
		Number of Shares	% of Total Shares of the Company	Number of Shares	% of Total Shares of the Company*
<b>7</b>	<b>Sattva Developers Pvt. Ltd.</b>				
	At the beginning of the year	2,21,774	0.88	2,21,774	0.87
	At the end of the year			<b>2,21,774</b>	<b>0.87</b>
<b>8</b>	<b>Kewal Kumar Vohra</b>				
	At the beginning of the year	1,22,371	0.49	1,22,371	0.49
	Purchased on 27-Apr-2018	2,201	0.01	1,24,572	0.50
	Purchased on 25-May-2018	10,500	0.04	1,35,072	0.54
	Purchased on 01-Jun-2018	6,900	0.02	1,41,972	0.56
	Purchased on 08-Jun-2018	8,875	0.04	1,50,847	0.60
	Purchased on 22-Jun-2018	5,333	0.02	1,56,180	0.62
	Purchased on 29-Jun-2018	3,568	0.01	1,59,748	0.64
	Purchased on 30-Jun-2018	490	0.00	1,60,238	0.64
	Purchased on 06-Jul-2018	7,269	0.03	1,67,507	0.67
	Purchased on 13-Jul-2018	10,583	0.04	1,78,090	0.71
	Purchased on 20-Jul-2018	13,555	0.05	1,91,645	0.76
	Purchased on 03-Aug-2018	10,200	0.04	2,01,845	0.80
	Purchased on 07-Sep-2018	6,435	0.03	2,08,280	0.83
	Purchased on 13-Sep-2018	4,408	0.02	2,12,688	0.85
	Purchased on 16-Nov-2018	1,000	0.00	2,13,688	0.84
	Purchased on 28-Dec-2018	1,738	0.01	2,15,426	0.85
	At the end of the year			<b>2,15,426</b>	<b>0.84</b>
<b>9</b>	<b>P K Gopalkrishnan</b>				
	At the beginning of the year	1,89,260	0.75	1,89,260	0.74
	At the end of the year			<b>1,89,260</b>	<b>0.74</b>
<b>10</b>	<b>Sridhar Mitta</b>				
	At the beginning of the year	1,58,897	0.63	1,58,897	0.62
	At the end of the year			<b>1,58,897</b>	<b>0.62</b>



v. Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Name of Director / Key Managerial Personnel (KMP)	Shareholding at the beginning of the year (01.04.2018)		Cumulative Shareholding during the year*	
		Number of Shares	% of Total Shares of the Company	Number of Shares	% of Total Shares of the Company
1	Ram N Agarwal - Chairman and Managing Director				
	At the beginning of the year	30,05,056	11.96	30,05,056	11.73
	At the end of the year			30,05,056	11.73
2	Shankar Jaganathan - Independent Director				
	At the beginning of the year	2,228	0.01	2,228	0.01
	At the end of the year			2,228	0.01
3	Mythily Ramesh - Independent Director				
	At the beginning of the year	14,040	0.06	14,040	0.05
	At the end of the year			14,040	0.05
4	Dr. A L Rao - Non Executive Director				
	At the beginning of the year	3,85,542	1.53	3,85,542	1.51
	At the end of the year			3,85,542	1.51
5	Sandeep Kumar Goyal - Chief Financial Officer (KMP)				
	At the beginning of the year	44,628	0.18	44,628	0.18
	ESOP Allotment on 19 <sup>th</sup> May, 2018	14,400	0.05	59,028	0.23
	ESOP Allotment on 4 <sup>th</sup> August, 2018	15,000	0.06	74,028	0.29
	At the end of the year			74,028	0.29
6	Sujata Pratik Shaha – Company Secretary (KMP)				
	At the beginning of the year	0	0.00	0	0.00
	ESOP Allotment on 19 <sup>th</sup> May, 2018	1,500	0.01	1,500	0.01
	ESOP Allotment on 11 <sup>th</sup> February, 2019	2,700	0.01	4,200	0.02
	At the end of the year			4,200	0.02

Note:

- \*% of total shares of the Company under Shareholding at the end of the year is based on the Paid Up Capital as on 31<sup>st</sup> March, 2019 i.e. 2,56,09,272
- The following Directors / Key Managerial Personnel (KMP) did not hold any Share during the Financial Year 2018-19.  
H V Gowthama - Independent Director, Sudhir Prakash - Independent Director, G H Visweswara - Independent Director

## V. INDEBTNESS

(in ₹)

Particulars	Secured Loans excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the Financial Year</b>				
i) Principal Amount	7,65,83,473	NIL	NIL	7,65,83,473
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
<b>Total (i+ii+iii)</b>	<b>7,65,83,473</b>	<b>NIL</b>	<b>NIL</b>	<b>7,65,83,473</b>
<b>Change in indebtedness during the Financial Year</b>				
Addition	1,23,57,641	NIL	NIL	1,23,57,641
Reduction	NIL	NIL	NIL	NIL
<b>Net Change</b>	<b>1,23,57,641</b>	<b>NIL</b>	<b>NIL</b>	<b>1,23,57,641</b>
<b>Indebtedness at the end of the Financial Year</b>				
i) Principal Amount	8,89,41,114	NIL	NIL	8,89,41,114
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	NIL	NIL	NIL	NIL

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

### A. Remuneration to Managing Director, Whole Time Director and/or Manager

Name of Managing Director: RAM N AGARWAL

(in ₹)

Sl. No.	Particulars of Remuneration		Amount
1		Gross Salary	
	a	Salary as per provisions contained in section 17(1) of the Income - Tax Act, 1961	NIL
	b	Value of perquisites u/s 17(2) of the Income - Tax Act, 1961	NIL
	c	Profit in lieu of Salary u/s 17(3) of the Income - Tax Act, 1961	NIL
2		Stock Option	NIL
3		Sweat Equity	NIL
4		Commission	
	a	As a % of Profit	NIL
	b	Others, specify	NIL
5		Others, specify	NIL
		<b>Total (A)</b>	<b>NIL</b>

### B. Remuneration to Other Directors

(in ₹)

Sl. No.	Particulars of Remuneration	H V Gowthama	Sudhir Prakash	Shankar Jaganathan	Mythily Ramesh	G H Visweswara	Total
<b>1) Non Executive Director (Independent)</b>							
1	Fees for attending Board / Committee Meetings	1,00,000	70,000	1,60,000	60,000	1,30,000	5,20,000
2	Commission	0	0	0	0	0	0
3	Others (specify)	0	0	0	0	0	0
<b>Total (1)</b>		<b>1,00,000</b>	<b>70,000</b>	<b>1,60,000</b>	<b>60,000</b>	<b>1,30,000</b>	<b>5,20,000</b>

Sl. No.	Particulars of Remuneration	Dr A L Rao	Prashee Agarwal <sup>@</sup>	Total
<b>2) Non Executive Director</b>				
1	Fees for attending Board / Committee Meetings	1,20,000	0	1,20,000
2	Commission	0	0	0
3	Others (specify)	0	0	0
<b>Total (2)</b>		<b>1,20,000</b>	<b>0</b>	<b>1,20,000</b>
<b>Total (B) = (1)+(2)</b>				<b>6,40,000</b>

Note: @ Cessation w.e.f 27<sup>th</sup> July, 2018

C. Remuneration to Key Managerial Personnel other than Managing Director / Manager / Whole Time Director

(₹ in Lakhs)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel	
		Sandeep Kumar Goyal	Sujata Pratik Shaha
		Chief Financial Officer	Company Secretary
1	Gross Salary		
	a Salary as per provisions contained in section 17(1) of the Income-Tax Act, 1961	45.08	6.25
	b Value of perquisites u/s 17(2) of the Income - Tax Act, 1961	7.44	0.75
	c Profit in lieu of Salary u/s 17(3) of the Income - Tax Act, 1961	-	-
2	Stock Option (Granted during the year)	-	-
3	Sweat Equity	-	-
4	Commission		
	a As a % of Profit	-	-
	b Others, specify	-	-
5	Others, specify	-	-

VII. Penalties / Punishment / Compounding of Offences:

Sl. No.	Type	Section of the Companies Act 2013	Brief Description	Details of Penalty / Punishment / Compounding Fees imposed	Authority (RD / NCLT / Court)	Appeal made, if any (give details)
A	COMPANY					
	Penalty	NIL	<b>Bombay Stock Exchange</b> Delay in compliance with Reg 108(2) of SEBI-ICDR Regulations, 2009 i.e. Delay in approaching the Stock Exchange for Listing of Equity Shares	<b>Fine Amount:</b> Rs. 2,37,600/- paid to Bombay Stock Exchange on 14 <sup>th</sup> September 2018	NIL	NIL
			<b>Bombay Stock Exchange</b> Delay in Compliance with Regulation 108(3) of SEBI (ICDR) Regulations, 2009	The Company has paid penal interest to WeP Peripherals Limited amounting to Rs. 2,17,000/-		
	Punishment	NIL	NIL	NIL	NIL	NIL
	Compounding	NIL	NIL	NIL	NIL	NIL
B	DIRECTORS					
	Penalty	NIL	NIL	NIL	NIL	NIL
	Punishment	NIL	NIL	NIL	NIL	NIL
	Compounding	NIL	NIL	NIL	NIL	NIL
C	OTHER OFFICERS IN DEFAULT					
	Penalty	NIL	NIL	NIL	NIL	NIL
	Punishment	NIL	NIL	NIL	NIL	NIL
	Compounding	NIL	NIL	NIL	NIL	NIL



## Annexure - III

### FORM AOC – 1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the Financial Statement of Subsidiaries / Associate Companies / Joint Ventures

#### Part "A": Subsidiaries

1	Name of the Subsidiary	WeP Digital Services Limited (Formerly known as eRM Solutions Private Limited)
2	Reporting period for the Subsidiary concerned, if different from the Holding Company's reporting period	1 <sup>st</sup> April to 31 <sup>st</sup> March
3	Reporting Currency and Exchange rate as on the last date of the relevant Financial Year in the case of Foreign Subsidiaries	INR
4	Share Capital	6,81,00,000
5	Reserves & Surplus	(6,51,64,606)
6	Total Assets	2,68,01,528
7	Total Liabilities	2,68,01,528
8	Investments	Nil
9	Turnover	3,05,90,989
10	Profit/ Loss before Taxation	(3,03,37,925)
11	Provision for Taxation	(8,75,014)
12	Profit/ Loss after Taxation	(2,94,62,911)
13	Proposed Dividend	Nil
14	% of Shareholding	100%

#### Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

1	Name of Associates / Joint Ventures	Not Applicable
2	Latest Audited Balance Sheet Date	Not Applicable
3	Shares of Associate / Joint Ventures held by the company on the year end	Not Applicable
	Number of Shares	Not Applicable
	Amount of Investment in Associates / Joint Venture	Not Applicable
	Extend of Holding %	Not Applicable
4	Description of how there is significant influence	Not Applicable
5	Reason why the associate / joint venture is not consolidated	Not Applicable
6	Networth Attributable to Shareholding as per latest Audited Balance Sheet	Not Applicable
7	Profit / Loss for the year	Not Applicable
	i. Considered in Consolidation	Not Applicable
	ii. Not Considered in Consolidation	Not Applicable

For and on behalf of the Board of Directors

H V Gowthama  
Director

Ram N Agarwal  
Chairman and Managing Director

Place: Bengaluru  
Date: 10th August, 2019

Sandeep Kumar Goyal  
Chief Financial Officer

Sujata Pratik Shaha  
Company Secretary

## Annexure - IV - Secretarial Audit Report

### Form No. MR-3 For the financial year ended 31<sup>st</sup> March, 2019

*[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9  
of the Companies (Appointment and remuneration of Managerial Personnel) Rules, 2014]*

To,

The Members,  
WeP Solutions Limited  
40/1A, Basappa Complex  
Lavelle Road,  
Bangalore.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and adherence to good corporate practices by WeP Solutions Limited (herein after referred to as "Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March 2019 complied with the statutory provisions listed hereunder and also that the Company has proper Board- processes and compliance- mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2019 according to the provisions of:

1. The Companies Act, 2013, (the Act) and the Rules made there under;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made there under;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
4. Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (SEBI Act) as amended up to the date of audit:
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosures Requirements) Regulations, 2009;
  - d) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.
  - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993; regarding the Companies Act and dealing with client;
  - g) The Securities and Exchange Board Of India (Delisting of Equity Shares) Regulations, 2009; and
  - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
6. The Company has identified the following laws as applicable to them:
  - a) Employees Provident Fund and Miscellaneous Provisions Act, 1952
  - b) Employees State Insurance Act, 1948
  - c) Environment Protection Act, 1986 and other applicable environmental laws
  - d) Indian Contract Act, 1872
  - e) Income Tax Act, 1961 and other related laws
  - f) Payment of Bonus Act, 1965
  - g) Payment of Gratuity Act, 1972 and such other applicable labour laws.

- h) The Information Technology Act, 2000
- i) The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013
- j) The Central Goods and Service Tax Act, 2017.

I have relied on the representation made by the Company and its Officers for systems and mechanism formed by the Company for compliances under other applicable Acts, Laws, Rules and Regulations to the Company. I have also examined compliance with the applicable clauses of the following:

- a) Secretarial Standards issued by The Institute of Company Secretaries of India to the extent applicable as on the date of my audit
- b) The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The company has listed its securities with Bombay Stock Exchange (BSE) and the shares of the company are traded regularly. Company has paid the Listing fee applicable within the time limit allowed.

During the period under the review the Company has largely complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I further report that:

- i) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors.
- ii) Adequate notice is given to all directors to schedule the Board and other Committee meetings. Agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- iii) Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.
- iv) There are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.
- v) During the audit period the company has no major decisions taken by the members in pursuance to section 180 of the Companies Act, 2013, having major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc.
- vi) During the audit period, the Company has allotted 10,00,000 equity shares upon conversion of Convertible Warrants issued to the Promoter/Promoter Group and the same are listed in BSE.
  - a. There was a delay in filing necessary papers with the BSE for Listing of Equity Shares issued upon conversion of warrants amounting to non-compliance of Regulation 108 (2) of SEBI-ICDR Regulations, 2009. The Company has paid a fine amounting to Rs. 2,37,600/- to Bombay Stock Exchange on 14th September 2018.
  - b. In view of the above and in Compliance with Regulation 108(3) of SEBI (ICDR) Regulations, 2009, the Company has paid a penal interest to WeP Peripherals Limited amounting to Rs. 2,17,000/-
- vii) During the audit period the Company has issued 86,700 equity shares under the ESOP Scheme and the same are listed in BSE.
- viii) During the period under review, there were no instances of:
  - a) Public/Rights/debentures/sweat equity.
  - b) Redemption buy back of securities
  - c) Merger/amalgamation/reconstruction etc.,
  - d) Foreign technical collaborations.

This report has to be read with our letter of even date which is annexed as Annexure -A and forms an integral part of this report.

For S. Kannan And Associates

S Kannan  
FCS No. 6261 / C P No.: 13016  
Firm No. S2017KR473100

Place: Bengaluru  
Date: 8<sup>th</sup> August, 2019



## Annexure A

To,

The Members,  
WeP Solutions Limited  
40/1A, Basappa Complex  
Lavelle Road,  
Bangalore.

Our report of even date is to be read along with this letter.

- a. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express as opinion on these secretarial records based on our audit.
- b. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
- c. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
- d. The compliance of the provisions of Corporate and other applicable laws, Rules, Regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
- e. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.
- f. We further report that, based on the information provided by the Company its officers, authorised representatives during the conduct of the audit, in our opinion adequate systems and process and control mechanism exist in the Company to monitor compliance with applicable general laws like Labour laws & Environment laws and Data protection policy.
- g. We further report that the Compliance by the Company of applicable financial laws like Direct & Indirect tax laws, the correctness and appropriateness of financial records and Books of Accounts of the Company have not been reviewed in this audit since the same has been subject to review by the statutory financial audit and other designated professionals.

For S. Kannan And Associates

S Kannan  
FCS No. 6261 / C P No.: 13016  
Firm No. S2017KR473100

Place: Bengaluru  
Date: 8<sup>th</sup> August, 2019



## Annexure - V

### FORM AOC – 2

(Pursuant to clause (h) of Section 134(3) of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014)

This Form pertains to the disclosure of particulars of contract / arrangements entered into by the Company with related parties referred to in Section 188(1) of the Companies Act, 2013 including certain arms length transactions under third proviso thereto.

#### 1. Details of contracts and arrangements or transactions not at arm's length basis:

1	Name(s) of the related party	NIL
2	Nature of Relationship	NIL
3	Nature of contract / arrangements / transactions	NIL
4	Duration of the contracts / arrangements / transactions	NIL
5	Salient terms of the contracts / arrangement / transactions including the value, if any	NIL
6	Justification for entering into such contracts or arrangements or transactions	NIL
7	Date of approval by the Board, if any	NIL
8	Amount paid as advances, if any	NIL
9	Date on which the special resolution was passed in general meeting as required under first proviso to Section 188	NIL

#### 2. Details of material contracts or arrangement or transaction at arm's length basis:

1	Name(s) of the related party	WeP Peripherals Limited	WeP Digital Services Limited (Formerly known as eRM Solutions Private Limited)	Cimplifyfive Corporate Secretarial Services Private Limited
2	Nature of Relationship	Promoter Company	Subsidiary Company	Company in which Director is interested
3	Nature of contract / arrangements / transactions	Purchase and Sale of Goods and Services.	1. Purchase and Sale of Goods 2. Interest received on loan	Purchase and Sale of Services
4	Duration of the contracts / arrangements / transactions	1 <sup>st</sup> April, 2018 to 31 <sup>st</sup> March, 2019	1 <sup>st</sup> April, 2018 to 31 <sup>st</sup> March, 2019	1 <sup>st</sup> April, 2018 to 31 <sup>st</sup> March, 2019
5	Salient terms of the contracts / arrangement / transactions including the value, if any	a. Purchase of Goods and Services (excluding taxes) – ₹ 75,92,090/- b. Interest paid – ₹ 2,17,000/- c. Amount received for allotment of Equity Shares / Warrants – ₹ 4,50,00,000/-	a. Purchase of Goods and Services – ₹ 7,94,254/- b. Sale of Goods and Services – ₹ 21,81,139/- c. Interest received on Loan (Gross of TDS) - ₹ 6,64,759/- d. Investment made – ₹ 2,18,17,935/-	a. Purchase of Services ₹ 1,50,000/- b. Sale of Services ₹ 3,55,405/-
6	Justification for entering into such contracts or arrangements or transactions	Sale and Purchase of Goods and Services	1. Purchase and Sale of Goods 2. Interest received on loan	Purchase and Sale of Services.
7	Date of approval by the Board, if any	19 <sup>th</sup> May, 2018	11 <sup>th</sup> May, 2018	19 <sup>th</sup> May, 2018
8	Amount paid as advances, if any	NIL	NIL	NIL

Note: Appropriate approvals have been taken from Audit Committee for related party transactions.

For and on Behalf of the Board of Directors

Place: Bengaluru

Date: 10<sup>th</sup> August, 2019

Ram N Agarwal

Chairman and Managing Director

## Annexure - VI

### Details pertaining to remuneration as required under section 197(12) of the companies act, 2013 read with rule 5(1) of the companies (appointment and remuneration of managerial personnel) rules, 2014

The information required under Section 197 of the Companies Act, 2013 and the Rules made there-under, in respect of the employees of the company are as mentioned below:

- a) The ratio of the remuneration of each Director to the median remuneration of the employees of the company for the Financial Year 2018-19:

Name of Director	Title	Ratio of Median Remuneration
Ram N Agarwal	Chairman and Managing Director	Nil
H V Gowthama	Independent Director	0.24
Sudhir Prakash	Independent Director	0.22
Shankar Jaganathan	Independent Director	0.36
Mythily Ramesh	Independent Director	0.14
G H Visweswara	Independent Director	0.31
Dr. A L Rao	Non – Executive Director	0.27
Prashee Agarwal*	Non – Executive Director	Nil

\*Resigned w.e.f. 27th July 2018

- b) The percentage increase in remuneration of each Director, Chief Executive Officer, Chief Financial Officer, Company Secretary or Manager, if any in the Financial Year 2018-19:

Name of Director / Key Managerial Personnel	Title	Percentage Increase in Remuneration
Ram N Agarwal	Chairman and Managing Director	Not Applicable
H V Gowthama	Independent Director	Not Applicable
Sudhir Prakash	Independent Director	Not Applicable
Shankar Jaganathan	Independent Director	Not Applicable
Mythily Ramesh	Independent Director	Not Applicable
G H Visweswara	Independent Director	Not Applicable
Dr. A L Rao	Non – Executive Director	Not Applicable
Sandeep Kumar Goyal	Chief Financial Officer	0.00%
Sujata Pratik Shaha	Company Secretary	7.90%

- c) The percentage increase in the median remuneration of employees in the Financial Year 2018-19: NIL
- d) The number of permanent employees on the rolls of company in the Financial Year 2018-19: 171
- e) The explanation on the relationship between average increase in remuneration and company performance:  
On an average, employees received an increase of 3.90%.  
The average increase was low keeping in line the performance of the Company.
- f) Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company:

(₹ in Lakhs)

Remuneration of Key Managerial Personnel (KMP) during the Financial Year 2018-19 (aggregated)	65.92
Revenue from Operations	7391.13
Remuneration (as % of Revenue)	0.89
Profit Before Tax (PBT)	-19.03
Remuneration (as % of PBT)	NA

- g) Variation in the market capitalization of the Company, Price Earning Ratio as at the closing date of the current Financial Year and previous Financial Year and percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which company came out with the last public offer in case of listed companies, and in case of unlisted companies, the variations in the net worth of the company as at the close of the current financial year and previous financial year:

Particulars	Unit	As on 31 <sup>st</sup> March 2019	As on 31 <sup>st</sup> March 2018	Variation
Closing rate of Shares at Bombay Stock Exchange (BSE)	₹	21.70	40.20	-46.02
EPS (Consolidated)	₹	-1.23	-0.59	-108.47
Market Capitalization	₹	5,557.21	10,099.27	-44.97
Price Earning Ratio	Ratio	NA	NA	NA

- h) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last Financial Year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

The average increase in Salaries of employees other than Managerial Personnel in 2018-19 was 3.90%. There was no increase in the Managerial Remuneration during the year.

- i) Comparison of each remuneration of Key Managerial Personnel against the performance of the Company:

(₹ in Lakhs)

Particulars	Managing Director	Chief Financial Officer	Company Secretary
Remuneration	Nil	52.52	7.00
Revenue	7391.13	7391.13	7391.13
Remuneration (as % of revenue)	Nil	0.71	0.09
Profit Before Tax (PBT)	-19.03	-19.03	-19.03
Remuneration (as % of PBT)	NA	NA	NA

- j) The key parameters for any variable component of remuneration availed by the Director:

The remuneration payable to the Chairman and Managing Director is based on a percentage share of profit made by the Company.

- k) The ratio of the remuneration of the highest paid Director to that of the employees who are not Directors but receive remuneration in excess of the highest paid Director during the year: NA

- l) Affirmation that the remuneration is as per the remuneration policy of the Company:

The Company affirms remuneration is as per the remuneration policy of the Company.

## 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. Overview

During 2018-19 India continued to remain the fastest growing major economy despite a slight moderation in its GDP growth from 7.2% in 2017-28 to 6.8% in FY 2018-19. The slowdown in the world economy and emerging markets and developing economies in 2018 followed the escalation of trade wars, tighter credit policies across major economies. The Indian economy growth experienced moderation mainly on account of lower growth in Agriculture and allied activities and due to decline in growth of government final consumption.

Consumer sentiments remained suppressed for a major part of the year. Impact was felt significantly in urban consumers on account of inadequate income/job growth. In addition to this the credit growth was severely affected in the second half of the financial year with the NBFC sector under stress from defaults by a few large players in the sector. Indian banking sector has been dealing already with stressed twin balance sheet problem, which refers to stressed, corporate and bank balance sheets. The increase in NPA's of banks led to stress thereby curtailing credit growth.

The Indian Rupee depreciated by 7.8% vis-à-vis US Dollar. During 2018-19, Indian rupee traded with a depreciating trend against USD and touched Rs.74.4 in Oct 2018 before recovering to Rs.69.2 per USD at end March 2019.

#### Outlook

FY 2019-20 is likely to start on a weak note. There is concern across industry segments with severe moderation in growth for major industry sectors. The slowdown in automobile industry, uncertainty in Airline sector, continued stress on NBFC and weak monsoon does not give high confidence for FY 19-20. On the other hand, the historic mandate in general elections, policy rate cuts by Reserve bank of India to alleviate the tight credit conditions give hope of a revival. The government estimates that the GDP will grow at 7% in FY 19-20. The revival of consumption in both private and public space is crucial for the economy to be back on track in this phase of global economic slowdown.

### 2. Business & Industry Overview

WeP is a unique organization wherein on one side it has a set of marquee enterprise customers and on the other side it has the customers at the lowest end of the retail pyramid who are looking for an automation solution for their business. The Managed Printing Solutions and Digital Services focus on both Large enterprises and MSME's.

#### Managed Printing Solutions

The Indian office printing sector is undergoing a transformational change. Corporates no longer want a printing partner but a total printing solution expert for their offices.

Companies are focused on achieving cost reductions in every element of their expenses by focusing on driving efficiency of process. There is also a conscious effort in the last few years by the corporates to "reduce" printing and opt for digitizing processes. WeP MPS helps enterprises to optimize their print infrastructure and with the latest technological tools also help them to reduce wastage thereby reducing printing. Over the last few years there is an increased adoption of MPS services by corporates, both large and small, given the significant benefits it offers. The trend is far more encouraging in public sector enterprises which is one of the largest printing segment but have adopted MPS very late. With the growing digitization push overall office printing might not grow significantly but the penetration of MPS services, which is estimated to be around 20% currently in India, provides enough scope for growth and expansion.

#### Digital Services

While the MPS business is focusing on providing seamless and efficient printing solution, the Digital services business is focused on providing digital solutions to the customers. With the enterprises opting for digitization of many routine processes the demand for a "total" digital solution provider for an enterprise is bound to grow multifold. The space provides enough scope for an Digital Services provider right from the digitization of records, record management, Process workflow automation, integration of processes, payment solutions, compliance management solution, tax filing etc. The list of opportunities is endless and there is an urgent need for a comprehensive digital solutions provider. WeP Digital has begun its journey on this path to be the one stop and go-to digital solutions provider for any enterprise irrespective of its size, industry or environment it operates.

## Retail Solutions

The traditional retail business model in India has been the local kirana and general store, small restaurants, bakery etc. With the advent of the multi chain super stores and e-commerce, one tends to believe that this traditional retail model may not survive for long. However, this is not true. With 90% of the Indian retail market being unorganized it is virtually impossible to replace the footprint of this business model. The reach, cost effectiveness and the direct touch factor makes this model immortal. It is however, essential that these stores / outlets adopt the new age technology to keep them relevant in this space. There is an enormous transformation taking place in these places. On one side these stores are modernizing themselves, using technology to drive efficiencies and tactics of modern retail and on the other side these stores are sweetly poised to be center of e-commerce and digital payments revolution by virtue of them being hubs of demand, supply chain and transactions. WeP's endeavor has been to become a partner of these unorganized players by digitizing their supply chain, billing, payments through its retail products and services. The adoption of technology is fast changing their landscape and they no longer remain a mere spectator in this journey of retail growth in India. The digitization and technology transformation will see this sector generating significant growth opportunities and thereby generate more employment in the coming years.

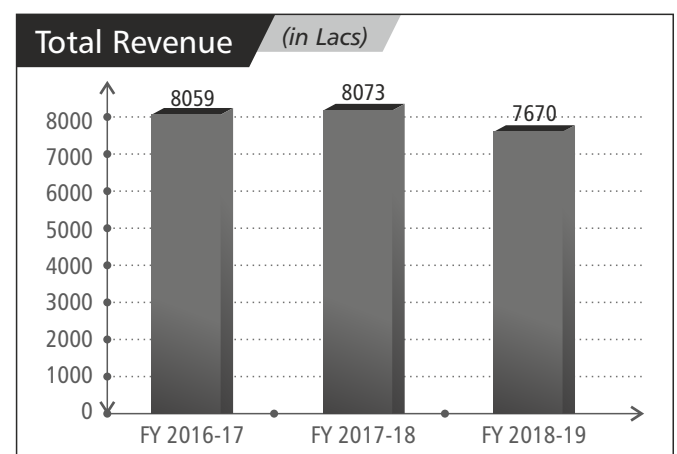
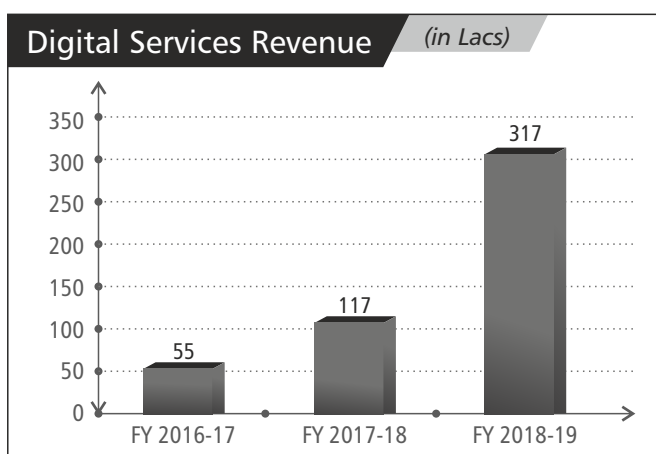
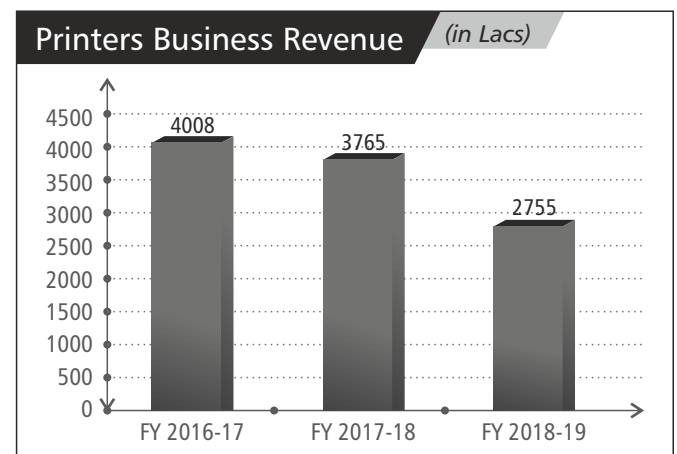
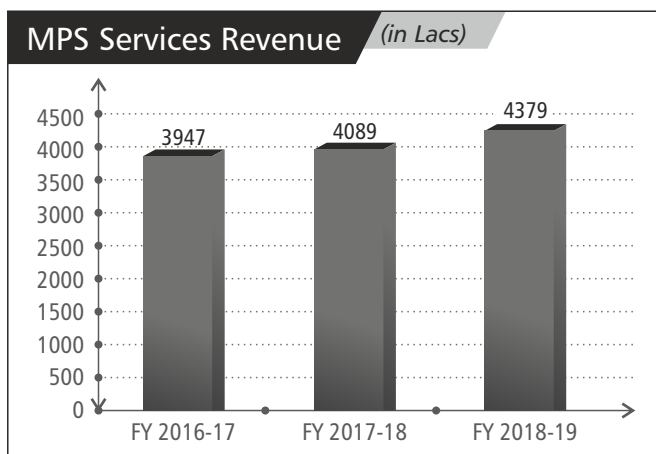
## 3. Financial Performance

### Revenue

Your company has three revenues streams; Managed Printing Solutions (MPS) Service business, Digital Services business and the Manufacturing, Design and Distribution of Computer Peripherals business (Printers business).

The MPS business logged a growth of 6% again in its services revenue. The revenues grew from Rs. 409Mn in FY 18 to Rs. 438Mn in FY 19. Revenues in the Printers business declined during this year due to drop in the Dot Matrix Printers revenue. The revenues dipped to Rs. 276mn in FY 19 from Rs. 376Mn in FY 18. The Printers business has the Retail Billing Printers and the traditional Dot Matrix printer business. The journey of transforming from the traditional dot matrix business is complete with this line contributing only 15% of the total company revenues in FY 2018-19.

The company started a new segment of Digital Services during second half of FY 2016-17. Revenue for FY 2018-19 was Rs. 32Mn as against Rs. 12Mn in FY 18. Though the revenues from Digital business were not in line with expectations, WeP Digital has grown steadily and currently serves more than 100 customers. The business is focused on providing GST services and Document management solutions enterprise customers. A major portion of the business is operated through the wholly owned subsidiary WeP Digital Services Limited. The GST business was impacted due to continued relaxations in the tax regime and frequent changes due to which the customers have postponed their decision to opt for a technology-based compliance solution.



## Operating Profit

During the year the Consolidated Earnings before Interest, Depreciation and Tax (EBITDA) of the company marginally improved from Rs. 88Mn in FY 18 to Rs. 89Mn in FY 19. The EBIT declined from Rs. (8.3)Mn in FY 18 to Rs. (21.5) Mn in FY 19. While the Digital business reduced its losses from Rs. 62Mn in FY 18 to Rs. 43Mn in FY 19, both MPS and Printers business profitability also reduced during FY 19.

During the year, the company has invested Rs. 89Mn in asset deployment for MPS business in addition to the Rs. 240Mn invested in the previous two years. This has resulted in an increase in Depreciation of Rs. 13Mn alone. In addition to this, the investments made in FY 18 for developing resources and technical capability for providing solution centric printing services continued during the FY 19 also, and the investments in the new initiative of Cloud printing also impacted the profitability. In addition to this, the company provided a sum of Rs. 6Mn against receivables from a large customer in the airline industry which has been declared bankrupt in Q4 FY 19. This resulted in a drop in EBIT of this business from Rs. 38Mn in FY 18 to Rs. 22Mn in FY 19.

The Printers business profitability got impacted due to drop in revenues. As explained earlier, during the year, the revenues from traditional dot matrix business were reduced further which has resulted in a drop in profitability. The cost structure alignment done to bring it in line with the revenue drop ensured that the business remained breakeven during the FY 19 as compared to a EBIT of Rs. 15Mn in FY 18.

The company is confident that the investments made will result in much improved performance in the coming years.

## Net Working Capital

The MPS operations are working capital intensive as it has to maintain supplies of spare parts and consumables across India for meeting customer service commitments. Further, since the customers are usually large corporates, public sector banks etc, there are receivables for the products supplied and services rendered. The company has made conscious efforts to reduce the capital deployment in the printers' business. The overall working capital cycle increased from 73 days in FY 18 to 106 days in FY 19. While the receivables days remained constant at 61 days, there was an increase in year end inventory for devices which increased the inventory days from 115 days in FY 18 to 151 days in FY 19. The Net Operating Cash flows in FY 19 were Rs. 63.6Mn as against Rs. 65.9Mn in FY 18.

## Ratios

Particulars	FY 2018-19	FY 2017-18
Debtors Turnover Ratio	5.93	6.09
Inventory Turnover Ratio (on Cost of Goods sold)	3.05	3.42
Interest Coverage Ratio	(2.21)	(1.10)
Current Ratio	1.23	1.04
Debt Equity Ratio	0.21	0.18
Operating Margin Ratio	-2.8%	-1.0%
Net Profit Margin Ratio	-4.1%	-1.8%
Return on New Worth	-7.2%	-3.5%

### Notes

- Interest Coverage ratio has reduced due to increased loss during the year
- The Profit related ratios viz, Operating Margin, Net Profit Margin and Return on Network were deteriorated due to increase in loss during the year
- The Current Ratio improved on account of reduction in current liabilities and infusion of long term funds

## 4. Internal Control Systems and their adequacy

The Company has in place adequate internal control systems commensurate with its size and nature of its operations. The IFC framework devised by the company have been designed to provide reasonable assurance with regard to recording and providing reliable financial and operational information, safeguarding Company's assets, promoting operational efficiencies and ensuring compliance with various statutory provisions.

The company has appointed M/s. Gnanoba & Bhat, Chartered Accountants to oversee and carry out the internal audit of its activities. The Audit Committee reviews the adequacy of internal control systems, audit findings and suggestions. The Company's statutory auditors regularly interacts with the Audit Committee to share their findings and the status of further improvement actions under implementation.



## 5. Human resource development/ Industrial relations

WeP's people centric focus providing an open work environment and fostering continuous learning, improvement and development helped its employees to facilitate delivery of excellence for its customers. 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.

Talent Transformation and Leadership development have been the key focus areas over the last few years. Company believes in nurturing internal talent to leadership positions and provides an environment of adequate training, cross functional team assignments to aid them.

WeP continued its focus on fresh campus hires and has developed an exhaustive internal training module involving mentoring programmes, live case studies, on field training modules in addition to class room training. Quarterly Reward & Recognitions for best performers and Annual Recognition awards are given in order to promote a culture of competition and performance driven by WeP Values.

### SWOT ANALYSIS

We appreciate the market realities, stiff competition faced by your company mostly from the unorganized and local service providers. And your Board acknowledges the following major **SWOT** analysis more specific to your company.

#### Strengths:

1. Large base on Enterprise Customers using the Managed Printing Solutions and services.
2. Comprehensive Digital Services Provider with variety of Digital Solutions like GST Services, Document Management Solutions etc
3. Ability to develop customized printing and billing solutions for various applications both on device and non-device based platforms.
4. Scalable infrastructure with pan India presence, wide geographical reach and strong operational expertise.
5. Long standing relationships with Customers and Technology partners.

#### Weaknesses:

1. Dependency on products manufactured by other OEM's for providing solutions in MPS business.
2. Inability to develop in-house technical expertise quickly to move up the value chain in MPS business.
3. Inability to retain key resources and attract talent due to lack of substantial revenue growth.

#### Opportunities:

1. Cross selling of Digital services in large base of Enterprise Customers of MPS.
2. Uniquely positioned to provide one stop source of Digital Services.
3. Changes in regulatory and economic environment fuelling the need for printing and document management solutions.
4. Increasing number of customers looking for expert partners to manage their non-core needs vis a vis their core business.

#### Threats:

1. Customer concentration in MPS business. Any impact due to these customers can adversely impact the company.
2. Constant regulatory changes in the GST landscape can impact the potential of the Digital business.
3. Assets under deployment in MPS business are reaching their cycle of replacement, thereby creating a pressure on the Investment plans of the company.
4. 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.
5. As the company is largely dependent on imports for its supply of printers, consumables and spares, rupee depreciation impacts the margin of the company significantly.

### Risk Management Process

The company has an established sound risk management process which is overseen by the Risk Management Committee of the Board through a structured framework. Strategic, Operational and Business risks are identified and appropriate mitigating action plans are put in place by the company. They are reviewed periodically.

The following risks are identified as key risks by the company. The mitigating steps taken to counter them are also outlined below.



## Revenue Concentration

The company has concentration of revenue coming in from industry segments like Banking, Financial services and Insurance. Further, a few customers also contribute to a fair share of the revenue for the company. Such concentration exposes the company to a risk inherent in that segment or for a particular customer.

### Mitigants

We have adopted prudent norms based on which we monitor and prevent undesirable concentration in geography, industry or customer. The quest for diversified activities within the existing realm of overall management after due consideration of the advantages and disadvantages of each activity in consistent with company policy of increasing business volumes with minimum exposure to undue risks. Concentration of revenue from any particular segment of the industry is sought to be minimized over the long term by careful extension into other activities, particularly in areas the company has some basic advantage such as availability of land, technical or manpower resources.

## 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.

## Industry Risk

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

### Mitigants:

Your company has put in a focused approach towards monitoring all such competitive activities. Your company reviews its customer relationship strategy periodically and keeps providing innovative and new solutions. Your company is also focusing on moving up the value chain at the customer by providing Document Management solutions. Your company believes in providing value to the customers and has put in a dedicated team to manage the existing and new customers.

## Foreign Exchange Risks:

A good amount of import of stock is done in order to meet the consumables, spares and printer requirement. The time involved from the date of order, receipt of the stock from the vendor, supply to the customer has remained in the range of 30 to 45 days. Further, the credit period from the vendor is an average period of 45 to 60 days. This time lag is potential enough to affect the profitability of company due to fluctuation in the currency exchange rate.

### Mitigants:

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.

## System Risks

These risks relate broadly to System capability, System reliability, Data integrity risks, coordinating and interfacing risks.

### Mitigants:

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

# Report on Corporate Governance

(Pursuant to Regulation 27(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

## Company's Philosophy on Corporate Governance

Corporate Governance refers to a combination of laws, regulations, procedures, implicit rules and good corporate practices which ensure 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.

The Company has established systems and procedures to ensure that its Board of Directors are well informed and well equipped to discharge its overall responsibilities and to provide the management with the strategic direction catering to exigency of long term shareholders value.

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.

A report on Compliance with the principles of Corporate Governance as prescribed by SEBI in Chapter IV read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended is as mentioned below:

## Board of Directors

Over a period of time, the Board has fostered a culture of leadership to sustain your Company's growth with a long term vision and ingenious policy to improve the degree of Corporate Governance. A strong Corporate Governance is the key to business sustainability. The Board, inter alia, focuses on strategic planning, risk management, compliance, corporate governance to maintain high standards of ethical conduct and integrity and succession planning for the Directors.

## Composition of the Board as on 31<sup>st</sup> March 2019

As on 31<sup>st</sup> March, 2019 the Board consists of Seven Directors. Besides the Chairman and Managing Director, the Board comprises of five Independent Directors including one Woman Independent Director, one Non-Executive Director. The composition of the Board as on 31<sup>st</sup> March 2019 is in conformity with Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended as well as the Companies Act, 2013 read with the Rules issued thereunder. This appropriate composition of the Board of Directors enables in maintaining the Independence of the Board and separates its functions of governance and management. Detailed profile of each Director is available on the website of the Company at [www.wepsolutions.co.in](http://www.wepsolutions.co.in) in the 'Investor Corner' section.

## Composition of the Committees as on 31<sup>st</sup> March 2019

The Board has constituted various committees with an optimum representation of its members and has assigned them specific terms of reference in accordance with the Companies Act 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended. These committees hold meetings at such frequency as is deemed necessary by them to effectively undertake and deliver upon the responsibilities and tasks assigned to them.

As on 31<sup>st</sup> March 2019, the Company has four Board Level Committees viz., Audit Committee, Nomination and Compensation Committee, Risk Management Committee, and Shareholders/ Investors' Grievance cum Share Transfer Committee.

The Board along with its Committees provides leadership and guidance to the Company's Management and directs, supervises and controls the performance of the Company.

## Number of Meetings

### a. Board Meeting:

During the Financial Year 2018-19, Five Meetings of the Board of Directors were held on 19<sup>th</sup> May 2018, 4<sup>th</sup> August 2018, 14<sup>th</sup> November 2018, 11<sup>th</sup> February 2019 and 14<sup>th</sup> March 2019 and the maximum gap between two meetings did not exceed four months as stipulated in Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended. The Board meets at least once in a quarter to review the quarterly financial results and other items on the Agenda. Additional meetings are held to address specific needs of the Company. In case of any exigency / emergency, resolutions are passed by circulation. The agenda papers along with notes and other supporting(s) were circulated in advance of the Board Meeting with sufficient information.

## b. Annual General Meeting:

The last Annual General Meeting (AGM) of the Company was held on 20<sup>th</sup> September, 2018, Five Directors including the Chairman of the Audit Committee and Statutory Auditor - Vinay D Balse attended the 23<sup>rd</sup> Annual General Meeting held on 20<sup>th</sup> September, 2018.

## Directors' Attendance Record and their Other Directorships/ Committee Memberships

As mandated by Regulation 26 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended, none of the Director is a member of more than ten Board level committees or Chairman of more than five committees across all companies in which he is a Director. Composition of the Board of Directors of the Company and other Directorship(s) / Committee Membership(s) / Chairmanship(s) as on 31<sup>st</sup> March, 2019 and number of meetings held during their tenure and attended by them is as mentioned below:

The attendance of Directors at the Board Meetings held during the period under review and at the last Annual General Meeting and the Directorship, Chairmanship and Membership in Committees of the Directors in other companies as on March 31, 2019:

Name of the Director	Category	No of Board Meetings during the year 2018-19		Whether attend the last AGM	Number of other Directorship and Committee Membership / Chairmanship		
		Held	Attended		Committee Membership	Committee Chairmanship	Other Directorships
Ram N Agarwal	Chairman and Managing Director	5	5	Yes	3	0	5
H V Gowthama* ^	Independent Director	3	3	NA	1	1	1
Sudhir Prakash	Independent Director	5	2	No	1	-	9
Shankar Jaganathan	Independent Director	5	5	Yes	2	1	3
Mythily Ramesh	Independent Director	5	1	Yes	2	1	2
Dr. A L Rao	Non-Executive Director	5	5	Yes	2	-	7
G H Visweswara	Independent Director	5	4	Yes	3	1	1
Prashee Agarwal <sup>#</sup>	Non-Executive Director	1	0	NA	-	-	-

Note:

1. Video/Tele-conferencing facilities are used for the Board Meetings.
2. <sup>#</sup>Prashee Agarwal (Non -Executive Director) resigned from the Board w.e.f 27<sup>th</sup> July, 2018.
3. <sup>\*</sup>Resigned from the Board and Committee of Board w.e.f 25<sup>th</sup> June, 2018. <sup>^</sup> Appointed w.e.f 14<sup>th</sup> November, 2018.

Every Director has personally attended at least one Board / Committee of Directors' Meeting in the Financial Year 2018-19.

Certificates have also been obtained from the Independent Directors confirming their position as Independent Directors on the Board of the Company in accordance with Section 149 of the Companies Act, 2013 read with Regulations 16(1)(b) and 25(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended.

## Board Procedures

The dates for meetings of the Board of Directors and its Committees are scheduled in advance. Board Members are given agenda papers along with necessary documents and information in advance of each meeting of the Board and Committee(s). However in exigencies or urgencies, few resolutions are passed by way of circulation. The Board periodically reviews the compliance report with respect to laws and regulations applicable to the Company. The recommendations of the Committees are placed before the Board for necessary approvals. The information as enumerated in Regulation 17 and Part A of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended is made available to the Board of Directors for discussion and consideration.

## Evaluation of the Board Effectiveness

In terms of applicable provisions of the Companies Act 2013 read with rules framed thereunder and Part D of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended and on the recommendations of the Nomination and Compensation Committee, the Board of Directors have put in place a process to formally evaluate the effectiveness of the Board, its Committees along with the performance evaluation of each Director to be carried out on an annual basis. Accordingly, the Annual Performance Evaluation of the Board, its Committee and each Director was carried out for the Financial Year 2018-19.

## Selection / Appointment of Directors

The Board is responsible for selection of new directors. The Board delegates the screening and selection process involved in selecting new directors to the Nomination and Compensation Committee. The Nomination and Compensation Committee in turn makes recommendations to the Board on the inclusion of any new director.

The Committee inter-alia, considers qualification, positive attributes, area of expertise and number of directorships and memberships held in various committees of other companies by such person. The Board considers the Committee's recommendation, and takes appropriate decision.

## Independent Directors

The Company has on its Board, Independent Directors who have brought in independent judgment to Board's deliberations including issues of strategy, risk management and overall governance. They have played a pivotal role in safeguarding the interests of all stakeholders. Every Independent Director, at the first meeting of the Board in which he/she participates as a Director and thereafter at the first meeting of the Board in every financial year, gives a declaration that he/she meets the criteria of independence as provided in Companies Act 2013, Schedule V and SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 as amended.

## Tenure of Independent Director

The tenure of the Independent Directors is fixed in accordance with the requirements laid down in the Companies Act 2013 and clarifications/circulars issued by the Ministry of Corporate Affairs, in this regard, from time to time.

## Formal Letter of appointment to Independent Directors

In line with requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 as amended, the Company has issued formal letters of appointment to all the Independent Directors. A sample letter of appointment is available on the website [www.wepsolutions.co.in](http://www.wepsolutions.co.in).

## Performance Evaluation of Independent Directors

Pursuant to the provisions of the Companies Act, 2013 and Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 as amended, performance evaluation has been done of the Board, its Committees and individual Board members, including Independent Directors excluding the Director being evaluated. On the basis of the performance evaluation done by the Board, it shall be determined whether to extend or continue their term of appointment, whenever their respective term expires.

## Separate Meeting of the Independent Directors

The Independent Directors of the Company met separately without the presence of Non-Independent Directors and the members of Management. The meeting was conducted to enable the Independent Directors to discuss matters pertaining to the Company's affairs and put forth their combined views to the Board of Directors of the Company.

In accordance with Regulation 25(4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, following matters were, inter-alia, discussed in the meeting:

- a) Performance Evaluation of Non-Independent Directors and Board as a whole against a set of pre-defined norms.
- b) Performance Evaluation of the Chairperson of the Company against the objectives set at the beginning of the year.
- c) Assessment of the quality, quantity and timeliness of flow of information between the Company's Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

## Familiarization Programme for the Independent Directors

Pursuant to Regulation 25(7) and Regulation 46(2) (i) of Chapter IV of the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 as amended, the Company conducts the 'Familiarization Program' when a new Independent Director joins the Board of the Company.

The Company conducts 'Familiarization Programme' for the Independent Directors to provide them an opportunity to familiarize with the Company, its management and its operations so as to gain a clear understanding of their roles and responsibilities and contribute significantly towards the growth of the Company. They have full opportunity to interact with Senior Management Personnel and are provided all the documents required and sought by them for enabling them to have a good understanding of the Company, its various operations and the industry of which it is a part. The details of the 'Familiarization Program' have also been uploaded on the website of the Company at [www.wepsolutions.co.in](http://www.wepsolutions.co.in).

## Materially Significant Related Party Transaction:

During the year, 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.

All the mandatory requirements specified in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended have been complied with.

## Committees of the Board

As on 31<sup>st</sup> March, 2019, the Company has four Board Level Committees:

- A. Audit Committee
- B. Nomination and Compensation Committee
- C. Risk Management Committee
- D. Shareholders/ Investors' Grievance cum Share Transfer Committee

The Board is responsible for constituting, assigning, co-opting and fixing the terms of reference for members of various committees. To align with the requirements prescribed for such Board Committees under the provisions of Companies Act 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended, the Board of Directors amended the terms of references; wherever required of the Audit Committee, Nomination and Compensation Committee, Risk Management Committee and Shareholders/ Investors' Grievance cum Share Transfer Committee.

**Details on the roles and composition of these committees, including the number of meetings held during the financial year and the related attendance are mentioned below:**

The Board committees are set up to carry out clearly defined roles which are considered to be performed by members of the Board, as a part of good governance practice. Minutes of proceedings of committee meetings are circulated to the directors and placed before Board meetings for noting. The Board has currently established the following Committees:

### A. Audit Committee:

The role of the Audit Committee is governed by its Charter and its composition is in Compliance with the provisions of Section 177 of the Companies Act 2013 and Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended.

#### Composition of the Committee

As on 31<sup>st</sup> March, 2019, the Audit Committee comprises of Four Directors. Chairman of the Audit Committee is an Independent Director. During the Financial Year 2018-19, the Audit Committee meetings were held on 19<sup>th</sup> May, 2018, 4<sup>th</sup> August, 2018, 14<sup>th</sup> November, 2018 and 11<sup>th</sup> February, 2019. The gap between any two meetings did not exceed four months. The Composition of the Audit Committee of the Board of Directors of the Company along with the details of the meetings held and attended by the members of the Committee during the Financial Year 2018-19 is as mentioned below:

Name of the Member	Category	No. of Meetings	
		Held	Attended
H V Gowthama – Chairperson <sup>*##</sup>	Independent Director	2	2
Sudhir Prakash – Member	Independent Director	4	2
Shankar Jaganathan – Member <sup>**</sup>	Independent Director	4	4
G H Visweswara – Member <sup>§</sup>	Independent Director	4	3

<sup>\*</sup>Resigned from the Committees of the Board w.e.f 25<sup>th</sup> June, 2018

<sup>\*\*</sup>Appointed as the Chairperson of the Committee w.e.f 29<sup>th</sup> June, 2018

<sup>##</sup>Appointed as the Chairperson of the Committee w.e.f 14<sup>th</sup> November, 2018

<sup>§</sup>Appointed as the Member w.e.f. 29<sup>th</sup> June, 2018



Members of Audit Committee possess financial, accounting expertise and exposure. The Committee invites the CFO, Company Secretary, Statutory Auditor and the Internal Auditor to attend the meetings of the Committee. The Chairman of the Audit Committee was present at the 23<sup>rd</sup> Annual General Meeting (AGM) held on 20<sup>th</sup> September, 2018 to answer shareholders queries.

### Powers of Audit Committee

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.
5. The Audit Committee is empowered, pursuant to its terms of reference and its role, inter-alia includes the following:
  1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
  2. Recommending to the Board, the appointment, re-appointment and if required the replacement or removal of the Statutory Auditor and the fixation of Audit Fees.
  3. Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors.
  4. Reviewing with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
    - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013.
    - b. Changes, if any, in accounting policies and practices and reasons for the same.
    - c. Major accounting entries involving estimates based on the exercise of judgment by management.
    - d. Significant adjustments made in the financial statements arising out of audit findings.
    - e. Compliance with listing and other legal requirements relating to financial statements.
    - f. Disclosure of any related party transactions.
    - g. Qualifications in the draft audit report.
6. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
7. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
8. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
9. Approval or any subsequent modification of transactions of the company with related parties;
10. Scrutiny of inter-corporate loans and investments, if any;
11. Valuation of undertakings or assets of the company, wherever it is necessary;
12. Evaluation of internal financial controls and risk management systems;
13. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
14. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
15. Discussion with internal auditors of any significant findings and follow up there on;
16. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
17. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
18. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

19. To review the functioning of the Whistle Blower mechanism;
20. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
21. Reviewing the utilization of loans and/or advances from / investment by the holding company in the subsidiary exceeding ₹ 100 Crores or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision; and carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
22. Mandatory review the following information:
  1. Management discussion and analysis of financial condition and results of operations;
  2. Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
  3. Management letters / letters of internal control weaknesses issued by the statutory auditors;
  4. Internal audit reports relating to internal control weaknesses; and
  5. The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.
23. Such other terms as may be prescribed under the Companies Act, 2013 or The SEBI (LODR) Regulations, 2015 as amended.

### Nomination and Compensation Committee

The role of the Nomination and Compensation Committee is governed by its Charter and its composition is in Compliance with the provisions of Section 178 of the Companies Act 2013 and Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended.

### Composition of the Committee

As on 31<sup>st</sup> March, 2019, Nomination and Compensation Committee comprises of Four Directors. During the Financial Year 2018-19, the Nomination and Compensation Committee meetings were held on 15<sup>th</sup> June, 2018 and 14<sup>th</sup> November, 2018. The Composition of the Nomination and Compensation Committee of the Board of Directors of the Company along with the details of the meetings held and attended by the members of the Committee during the Financial Year 2018-19 is as mentioned below:

Name of the Member	Category	No. of Meetings	
		Held	Attended
H V Gowthama – Chairperson*	Independent Director	1	1
Ram N Agarwal - Member	Chairman and Managing Director	2	2
Mythily Ramesh – Chairperson#	Independent Director	2	2
G H Visweswara - Member	Independent Director	2	2
Dr. A L Rao ^ - Member	Non-Executive Director	1	1

\*Resigned from the Committees of the Board w.e.f 25<sup>th</sup> June, 2018

^ Appointed as the Member w.e.f 29<sup>th</sup> June, 2018

#Appointed as the Chairperson w.e.f 29<sup>th</sup> June, 2018

The Nomination and Compensation Committee of the Company, inter – alia, evaluates, recommends to the Board and approves the Executive Directors compensation plans, policies and programmes of the Company. Nomination and Compensation Committee also has the responsibility for administering Employees Stock Option Plan 2011 (ESOP – 2011) and WeP Solutions Limited - Employees Stock Option Plan 2016 (ESOP-2016) of the Company.

The Nomination and Compensation Committee is empowered with the following terms of reference and responsibilities in accordance with the provisions of law and the Nomination and Compensation Policy:

1. To formulate the criteria for determining qualifications, positive attributes and Independence of a Director, and recommend to the Board a policy relating to the remuneration for the Directors, Key Managerial Personnel and other employees.

2. Deciding the terms and conditions of Employees Stock Option Plan (ESOP) which inter-alia, include the following:
  - a) Quantum of options to be granted under the Scheme per employee and in aggregate;
  - b) Vesting Period;
  - c) Conditions under which options vested in employees may lapse in case of termination of employment for misconduct;
  - d) Exercise period within which the employee should exercise the option and that option would lapse on failure to exercise the option within the exercise period;
  - e) Specified time period within which the employee shall exercise the vested options in the event of termination or resignation of an employee;
  - f) The right of an employee to exercise all options vested in him at one time or various points within the exercise period;
  - g) Forfeiture/ Cancellation of options granted;
  - h) All other issues incidental to the implementation of Employees Stock Option Plan.
  - i) To issue grant letters
  - j) To allot shares upon exercise of vested options.

### Compensation Policy

The compensation paid to Executive Director of the Company is approved by the Board of Directors on the recommendations of the Nomination and Compensation Committee.

#### a) Non Executive Directors (including Independent Directors)

Non Executive Directors (including Independent Directors) receives compensation by way of sitting fees for attending meeting of Board or Committee thereof. Independent Directors are not entitled to stock option of the Company.

#### b) Executive Director

Remuneration to Executive Director consists of Profit Linked Commission in accordance with the provisions of Section 197 of the Companies Act 2013, as approved by the Board and within the overall limits prescribed by the Companies Act 2013.

### Compensation paid to Directors

During the Financial Year 2018-19 your Company has paid ₹ 6,40,000 as Sitting Fees for attending the Board and Committee Meetings to the Non-Executive and Independent Directors of your Company.

Details of Compensation paid to Directors for the Financial Year 2018-19 are as under:

(in ₹)

Name of the Director	Sitting Fees	Salary and Perquisites	Commission	Total	No of Equity Shares held as on 31.3.2019
<b>Chairman and Managing Director</b>					
Ram N Agarwal	0	0	0	0	30,05,056
<b>Independent Directors</b>					
H V Gowthama <sup>#</sup>	1,00,000	0	0	1,00,000	-
Sudhir Prakash	70,000	0	0	70,000	-
Shankar Jaganathan	1,60,000	0	0	1,60,000	2,228
Mythily Ramesh	60,000	0	0	60,000	14,040
G H Visweswara	1,30,000	0	0	1,30,000	-
<b>Non – Executive Directors</b>					
Dr. A L Rao	1,20,000	0	0	1,20,000	3,85,542
Prashee Agarwal <sup>^</sup>	0	0	0	0	5,181

Notes:

1. None of the above directors is eligible for any severance pay, and none of them hold any stock option as on 31<sup>st</sup> March, 2019.
2. The notice period for Directors is such period as is mutually agreed between Director and the Board.
3. During the Financial Year 2018-19, the Company did not advance any loan to any of its Directors.
4. <sup>^</sup> Resigned w.e.f. 27<sup>th</sup> July, 2018
5. <sup>#</sup> Resigned w.e.f. 25<sup>th</sup> June, 2018; Re-appointed w.e.f. 14<sup>th</sup> November, 2018

## Risk Management Committee

The Board of Directors have constituted a Risk Management Committee and defined its roles and responsibilities in accordance with the provisions of Regulation 21 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended.

### Composition of the Committee

The Company has a comprehensive Risk Management Framework and the same is periodically reviewed by the Board of Directors of the Company. A Risk Management Committee has been constituted by the Board to monitor and review the Risk Management Framework of the Company.

As on 31<sup>st</sup> March, 2019, Risk Management Committee comprises of three Directors. The composition of the Risk Management Committee of the Board of Directors of your Company is as mentioned below:

Name of the Member	Category	No. of Meetings	
		Held	Attended
Shankar Jaganathan - Chairperson	Independent Director	1	1
Mythily Ramesh - Member	Independent Director	1	1
Ram N Agarwal - Member	Chairman and Managing Director	1	1

The Committee's terms of reference, includes identifying Company's risk appetite set for various elements of risk, review the risk management practices and structures and recommend changes to ensure their adequacy of risk management practices in the Company. The risk management policy approved by the Board states the Company's approach to address uncertainties in its endeavors to achieve its stated and implicit objectives. Risk Management Policy and the Internal Financial Controls comprehensively address the key strategic / business risk and operational risks respectively. Risk Management Policy is uploaded on the website of the Company at [www.wepsolutions.co.in](http://www.wepsolutions.co.in).

## Shareholders / Investors' Grievance cum Share Transfer Committee

The Composition of the Shareholders / Investors' Grievance cum Share Transfer Committee is in Compliance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 20 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended.

### Terms of Reference

In accordance with the provisions of the Companies Act, 2013 and Listing Regulations, the terms of reference for the Shareholders / Investors' Grievance cum Share Transfer Committee of Directors are as under:

- Resolving the grievances of the security holders of the listed entity including complaints related to transfer / transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new / duplicate certificates, general meetings etc.;
- Review of measures taken for effective exercise of voting rights by shareholders;
- Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent;
- Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports / statutory notices by the shareholders of the company; and
- Such other terms as may be required under the Companies Act, 2013 or Listing Regulations.

### Composition of the Committee

As on 31<sup>st</sup> March, 2019, the Shareholders / Investors' Grievance cum Share Transfer Committee comprises of Three Directors. The composition of the Shareholders / Investors' Grievance cum Share Transfer Committee of the Board of Directors of your Company is as mentioned below:

Name of the Member	Category	Status
G H Visweswara	Chairperson	Independent Director
Dr. A L Rao	Member	Independent Director
Ram N Agarwal	Member	Chairman and Managing Director

## Investor Grievance

Continuous efforts are being made to ensure that investor's grievances are expeditiously redressed to the satisfaction of the investors. The Company and Cameo Corporate Services Limited (Registrar and Share Transfer Agent) attend to all the grievances of the investors promptly on their receipt, whether received directly or through SEBI, Stock Exchanges, Ministry of Corporate Affairs etc.

- a. Details pertaining to the number of Complaints received and responded and the status thereof during the Financial Year 2018-19 are given below:

Number of Investors Complaints pending at the beginning of the Financial Year i.e. 1 <sup>st</sup> April 2018	Number of Investors Complaint received during the year	Number of Complaints disposed off during the year	Number of Investors Complaints remaining unresolved at the end of the Financial Year i.e 31 <sup>st</sup> March 2019
NIL	NIL	NIL	NIL

- b. Details of the queries received and resolved to the satisfaction of investors during the year under review and their break up are as under:

Nature of Query	Received during the Financial Year 2018-19	Disposed of during the Financial Year 2018-19	Pending as on 31 <sup>st</sup> March 2019
Non-Receipt of Annual Report	5	5	0
Non-Receipt of Dividend Warrant	3	3	0
Dematerialization/ Rematerialization of shares	6	6	0
Others (Change in correspondence address, mailing id, contact details etc	6	6	0

The Committee meets as and when required. The Company obtains Certificate from Share Transfer Agent on quarterly basis about the pending complaints against the company. As on 31<sup>st</sup> March 2019 there were no complaints pending against the company.

## Subsidiary Company – Monitoring Framework

As per Regulation 16(1)(c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended 'Material Subsidiary' shall mean a subsidiary, whose income or net worth exceeds 10% of the Consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

As on 31<sup>st</sup> March 2019 there is no material unlisted subsidiary of the Company. M/s. WeP Digital Services Limited (Formerly known as eRM Solutions Private Limited) – 100% Subsidiary is managed by its separate Board of Directors, who are empowered to exercise all the duties and rights for efficient monitoring and management of the Company. The Company monitors performance of its subsidiary companies, inter-alia, by the following means:

- The Audit Committee reviews financial statements of the subsidiary companies, along with investments made by them, on a quarterly basis.
- The Board of Directors reviews the Board Meeting minutes and statements of all significant transactions and arrangements, if any, of subsidiary companies.

The Company has formulated a policy for determining its 'Material' Subsidiaries and the same is available on the website of the Company [www.wepsolutions.co.in](http://www.wepsolutions.co.in).

## Related Party Transactions

All transactions entered into by the Company with related parties as defined under the Companies Act, 2013 and the Listing Regulations, during the Financial Year 2018-19 were in the ordinary course of business and on arm's length pricing basis. There were no materially significant transactions with the related parties during the Financial Year which were in conflict with the interest of Company.

All Related Party Transactions are approved by the Audit Committee prior to the transaction. The Board of Directors of the Company has on the recommendation of the Audit Committee, adopted a policy to regulate transactions between the Company and its related parties in compliance with applicable provisions of the Companies Act 2013, rules thereunder and Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Necessary disclosures as required under the Accounting Standards have been made in the Financial Statements. The Board has approved a policy on materiality of related party transactions and on dealing with related party transactions and the same is disclosed on the website of the Company at the link [www.wepsolutions.co.in](http://www.wepsolutions.co.in).

### CFO Certification

In compliance with the Regulation 17(8) of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015, the CFO Certification for the Financial Year 2018-19 was placed before the Board of Directors at their meeting held on 25<sup>th</sup> May 2019. The CFO Certification on the financial statements and the cash flow statement for the year is placed at the end of Corporate Governance Report.

### Certificate from Company Secretary in Practice

The following certificates from S Kannan, Practicing Company Secretary, Bangalore, are enclosed to this Report:

- Compliance Certificate regarding compliance of conditions of Corporate Governance; and
- Certificate that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by SEBI / Ministry of Corporate Affairs or any such statutory authority.

### Shareholders Meeting

#### a) General Body Meeting

The location, date and time of the Annual General Meeting held during the last three years and special resolutions passed therein are as mentioned below:

Financial Year	Category	Location of the meeting	Date	Time	Special Resolution
2017-18	Annual General Meeting	Rotary Club, Lavelle Road, Bangalore 560 001	20 <sup>th</sup> September, 2018	3.00 PM	Appointment of Ram N Agarwal as Managing Director for a period of three years w.e.f 16 <sup>th</sup> February, 2018.
2016-17	Annual General Meeting	Rotary Club, Lavelle Road, Bangalore 560 001	3 <sup>rd</sup> August, 2017	3.00 PM	To Approve ESOP-2016 for Subsidiary Company
2015-16	Annual General Meeting	Rotary Club, Lavelle Road, Bangalore 560 001	22 <sup>nd</sup> September, 2016	3.00 PM	To Approve ESOP-2016

All the Special Resolution set out in the notice of the Annual General Meeting were passed by the Shareholders at the respective meetings with requisite majority.

#### b) Extra Ordinary General Meeting

No Extraordinary General Meeting of Members was held during the year under review.

#### c) Postal Ballot

No Postal Ballot was held during the year under review.

### Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

Particulars	Status of Compliants
Number of complaints filed during the Financial Year 2018-19	0
Number of complaints disposed off during the Financial Year 2018-19	0
Number of complaints pending as at the end of the Financial Year 2018-19	0

### Disclosures:

#### Ind AS Applicability

In accordance with the notification issued by the Ministry of Corporate Affairs, the Company has adopted Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015 w.e.f. 1<sup>st</sup> April 2017. The Financial Statements as on 31<sup>st</sup> March 2019 have been prepared in accordance with the Indian Accounting Standards (referred to as "Ind AS") as prescribed under section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules as amended from time to time.



## Whistle Blower Policy

The Company promotes ethical behavior in all its business activities and has put in place a mechanism for reporting illegal or unethical behavior including actual or suspected leak of unpublished price sensitive information. The Company has established a vigil mechanism for Directors and employees to report concern about unethical behavior, actual or suspected fraud or violation of the Company's code of conduct or ethics policy and also actual or suspected leak of unpublished price sensitive information. The Whistle Blower Policy is placed on the website of the Company [www.wepsolutions.co.in](http://www.wepsolutions.co.in)

## Prevention of Sexual Harassment at Workplace (POSH)

The Company is committed to provide a protective environment at workplace for all its women employees. We recognize the rights of our employees and provide forums, support group and policies to hear and address their concerns, and resolve issues and conflicts in a fair and transparent manner. To ensure that every woman employee is treated with dignity and respect and as mandated under 'The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013' the Company has in place a formal policy for prevention of sexual harassment of its women employees. Our Prevention of Sexual Harassment Policy allows employees to report sexual harassment cases at the workplace. These cases are heard and resolved by an unbiased group. An Internal Committee looks into all the complaints of sexual harassment. The policy has also been uploaded on the website of the Company at [www.wepsolutions.co.in](http://www.wepsolutions.co.in).

## Code of Prevention of Insider Trading Practices

In Compliance with the SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018 and Companies Act, 2013 as amended, the Company has in place a comprehensive 'Internal Code for Prevention of Insider Trading' for the Company's Directors and designated employees. The Code lays down guidelines advising them on procedures to be followed and disclosures to be made while dealing / transacting in the securities of the Company.

## Code of Conduct

The Company has framed and adopted a Code of Conduct for the members of the Board and the Senior Management ("the Code") in terms of requirements of the Listing Regulations. The Code has been circulated to all the members of the Board and Senior Management and the same is also posted on the Company's website at [www.wepsolutions.co.in](http://www.wepsolutions.co.in). The Code lays the general principles designed to guide all Directors and members of the Senior Management for ethical conduct of business and compliance of laws. All Directors and Members of the Senior Management have affirmed their adherence to the provisions of the Code as on 31st March 2019.

## Means of Communication with Shareholders

### Financial Results

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 on which the company's shares are listed. The quarterly results of the Company are published in the newspaper immediately on the approval by the Board and also uploaded on the Company's website [www.wepsolutions.co.in](http://www.wepsolutions.co.in). The financial results are published in "Business Standard" and "Hosa Digantha" in vernacular (Kannada) newspaper. The results are not sent to the shareholders individually. 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](http://www.wepsolutions.co.in).

### Annual Report

The Annual Report containing inter alia, Audited Annual Accounts, Directors' Report, Auditor's Report and other important information is circulated to members and others entitled thereto. In terms of provisions of the Companies Act 2013, service of documents on members by a company is allowed through electronic mode. Further, SEBI vide its Circular Ref.No. CIR/CFD/2011 dated 5<sup>th</sup> October 2011, has also directed listed companies to supply soft copies of full Annual Reports to all those shareholders who have registered their e-mail addresses for the purpose. Accordingly, the Company proposes to send documents like Shareholders meeting notice/other notices, Audited Financial Statements, Directors' Report, Auditors Report or any other document, to its member in electronic form at the email address as registered with the Share Transfer Agent. This will definitely help in prompt receipt of communication, reduce paper consumption and save trees as well as avoid loss of documents in transit.

Members who have not yet registered their e-mail (including those who wish to change their already registered e-mail id) may get the same registered / updated with the Share Transfer Agent of the Company. 24<sup>th</sup> Annual Report for the Financial Year 2018-19 has also been uploaded on the website of the Company at [www.wepsolutions.co.in](http://www.wepsolutions.co.in).

## Website

In compliance with the Regulation 46 of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 as amended a functional website of the Company is maintained. The Company's website [www.wepsolutions.co.in](http://www.wepsolutions.co.in) contains a separate section 'Investor Corner' for use of investors. The quarterly, half yearly and annual financial results, official news releases are promptly and prominently displayed on the website. Annual Reports, Quarterly Corporate Governance Report, Shareholding Pattern and other Corporate Communications made to the Stock Exchanges are also available on the website.

## BSE Corporate Compliance and Listing Centre (the 'Listing Centre')

BSE's Listing Centre is a web-based application designed for corporates. All periodical compliance filings like Shareholding Pattern, Corporate Governance Report, Media releases among others are also filed electronically on the Listing Centre.

## SEBI Complaints Redress System (SCORES)

The investor complaints are processed in a centralized web-based complaints redress system. The salient features of this system are centralized database of all complaints, online upload of Action Taken Reports (ATRs) by concerned companies and online viewing by investors of actions taken on the complaint and its current status. During the year under review, no complaints were registered through SCORES.

## Details of Non-Compliance

The following are the details of actions taken against the listed entity / its promoters / directors / material subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under the aforesaid Acts/Regulations and circulars/ guidelines issued thereunder during the last three years.

Sl. No.	Action taken by	Details of Violation	Details of action taken e.g. fines, warning letter, debarment etc.
1	Bombay Stock Exchange (BSE)	Delay in compliance with Reg 108(2) of SEBI-ICDR Regulations, 2009 i.e. Delay in approaching the Stock Exchange for Listing of Equity Shares.	Fine Amount: ₹ 2,37,600/- paid to Bombay Stock Exchange on 14th September 2018
2	Bombay Stock Exchange (BSE)	Delay in Compliance with Regulation 108(3) of SEBI (ICDR) Regulations, 2009	The Company has paid penal interest to WeP Peripherals Limited amounting to ₹ 2,17,000/-

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

Auditor's Certificate on compliance of provisions of Corporate Governance forms part of this Annual Report.

## Dividend Payment

In order to conserve the available resources for future, the Board of Directors of the Company have not recommended any Dividend for the Financial Year 2018-19.

## Fees paid to Statutory Auditor

Details relating to fees paid to the Statutory Auditor is given in notes to the Financial Statements.

## Dates of Transfer of Unclaimed Dividend

In terms of the provisions of Section 124 and other applicable provisions of the Companies Act, 2013 as amended, the amount of Dividend remaining unpaid / unclaimed for the period of seven years from the date of its transfer to the Unpaid Dividend Account of the Company shall be required to be transferred to the Investor Education and Protection Fund (IEPF) administered by the Central Government. Given below is the date of declaration of Dividend and corresponding date when unpaid / unclaimed dividend are due for transfer to the IEPF. The details of the Dividend declared and paid by the Company in past are as mentioned below:

Financial Year	Type of Dividend	Dividend Rate	Date of Declaration	Due Date for transfer to IEPF
2014-15	Final Dividend	5%	27 <sup>th</sup> August, 2015	26 <sup>th</sup> August, 2022
2013-14	Final Dividend	5%	23 <sup>rd</sup> September, 2014	22 <sup>nd</sup> September, 2021

Members who have not encashed their Dividend Warrants are requested to have them revalidated and encashed to avoid transfer to IEPF.

## Employees Stock Option Plan

The Company has Employee Stock Option Plan 2011 and Employees Stock Option Plan 2016 which is administered by the Nomination and Compensation Committee for the benefit of employees. During the Financial Year 2018-19, there has been no change in the Employee Stock Option Plan 2011 and Employees Stock Option Plan 2016 of the Company.

During the Financial Year 2018-19; 86,700 Options were exercised by the employees after vesting. Accordingly the Company has made the allotment 36,000 Equity Shares on 19<sup>th</sup> May, 2018; 29,400 Equity Shares on 4<sup>th</sup> August, 2018 and 21,300 Equity Shares on 11<sup>th</sup> February, 2019.

The Company, from time to time, provides share based payments to its employees. These payments are provided in the form of stock options that can be exercised once the employee has completed specified service term with the Company. All share based employee payments will be settled in Equity Shares. Pursuant to Rule 12 of the Companies (Share Capital and Debentures) Rules, 2014 and as required under the Securities and Exchange Board of India Guidelines, the applicable disclosures as on 31<sup>st</sup> March, 2019 is as tabulated below:

	ESOP Plan 2011	ESOP Plan 2016
Date of Shareholders' Approval	27 <sup>th</sup> September, 2011	22 <sup>nd</sup> September, 2016
Total number of Options approved under the scheme	600,000	600,000
Vesting Schedule		
On Completion of 12 months from the date of Grant of Options	30% vesting	30% vesting
On Completion of 24 months from the date of Grant of Options	30% vesting	30% vesting
On Completion of 36 months from the date of Grant of Options	40% vesting	40% vesting
Exercise Price	₹ 10 per share	₹ 10 per share
Exercise Period	5 Years from the date of vesting	5 Years from the date of vesting
Option movements during the year		
Options outstanding at the beginning of the year	4,25,400	1,32,000
Options granted during the year	-	-
Options Lapsed during the year	58,800	-
Options vested and available for exercise	3,49,700	39,600
Options exercised during the year	79,200	7,500
Variations of terms of Options	None	None
Money realised by exercise of Options (₹)	7,92,000	75,000
Total number of Options in force as at the end of the year	2,87,400	1,24,500
Vested and available for exercise	1,51,400	32,100
Unvested	1,36,000	92,400

## Listing

At present, the equity shares of the Company are listed at Bombay Stock Exchange (BSE), Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400001. In Compliance with Regulation 14 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended the Annual Listing Fees for the Financial Year 2019-20 has been paid to Bombay Stock Exchange Limited (BSE).

## General Shareholder Information:

Annual General Meeting	Thursday, 26 <sup>th</sup> September, 2019
Time and Venue	3.00 pm, Rotary Club, Lavelle Road, Bengaluru 560 001
Book Closure Dates	20 <sup>th</sup> September, 2019 to 26 <sup>th</sup> September, 2019 (Both days inclusive)
Listing Details	Company's shares are listed at Bombay Stock Exchange (BSE). Scrip Code : 532373 Scrip Name: WEPSOLN ISIN Code : INE434B01029
Corporate Identity Number (CIN) of the Company	L72200KA1995PLC025617

## Market Price Data

(Source: [www.bseindia.com](http://www.bseindia.com))

Month	Open	High	Low	Close	No. of Shares
April, 2018	42.85	45.00	40.00	40.75	91,912
May, 2018	40.30	43.40	37.00	39.20	1,14,788
June, 2018	39.05	39.95	31.95	35.00	88,859
July, 2018	34.05	39.85	28.00	34.05	1,85,721
August, 2018	35.60	37.00	30.40	35.30	66,225
September, 2018	35.00	39.45	28.30	29.65	1,60,132
October, 2018	31.85	31.85	25.00	26.10	83,819
November, 2018	27.10	32.05	25.60	28.50	1,00,273
December, 2018	26.40	31.20	23.05	26.40	48,552
January, 2019	28.80	30.50	21.05	22.50	86,798
February, 2019	24.60	26.00	18.55	22.95	1,15,688
March, 2019	23.80	25.00	20.25	21.70	2,08,678

## Distribution of Shareholding according to number of shares held as on 31<sup>st</sup> March, 2019.

Values of Shares held (₹)	No. of Shareholders	% of Shareholders	Values of Shares held	% to the total paid up capital
0 - 5000	2341	56.03	31,92,210	1.22
5001 - 10000	385	9.21	31,28,900	1.19
10001 - 20000	605	14.48	80,89,730	3.09
20001 - 30000	289	6.92	65,36,890	2.49
30001 - 40000	92	2.20	31,94,860	1.22
40001 - 50000	84	2.01	38,18,820	1.46
50001 - 100000	195	4.67	136,65,390	5.21
100001 - And Above	187	4.48	21,44,65,920	81.83
<b>TOTAL</b>	<b>4,178</b>	<b>100</b>	<b>25,60,92,720</b>	<b>97.71</b>

Note: \* Total Shareholders as on 31<sup>st</sup> March, 2019 are 4,177 after merging of First holder PAN

## Shareholding Pattern as at March 31, 2019

Category of Shareholder	No. of Shareholders	Total No. of Shares	Total Shareholding as a percentage of total number of shares
<b>A. Shareholding of Promoter and Promoter Group</b>			
1. Individuals*	3	34,67,149	13.54
2. Bodies Corporate	3	67,69,186	26.43
<b>Total Promoters' Holding (A)</b>	<b>6</b>	<b>1,02,36,335</b>	<b>39.97</b>
<b>B. Public Shareholding</b>			
1. Bodies Corporate	72	25,93,857	10.13
2. Individuals			
a. Individuals Shareholders Holding Nominal Share Capital upto ₹ 2 lakh	3,842	47,85,812	18.69
b. Individual Shareholders Holding Nominal Share Capital in excess of ₹ 2 lakh	82	69,53,151	27.15
3. Clearing Members	2	226	0.00
4. Hindu Undivided Families	110	2,67,622	1.05
5. Non Residents Indians			
a. NRI - Non-Repatriation	33	2,07,450	0.81
b. NRI - Repatriation	28	5,64,718	2.20
6. Trusts	2	101	0.00
<b>Total Public Shareholding (B)</b>	<b>4,171</b>	<b>1,53,72,937</b>	<b>60.03</b>
<b>Total (A)+(B)</b>	<b>4,177</b>	<b>2,56,09,272</b>	<b>100.00</b>

### Note:

- \*With reference to the SEBI Circular dated 30<sup>th</sup> November, 2015 (CIR/CFD/CMD/13/2015) the Shareholding of the Promoter and Promoter Group is to be consolidated on the basis of the PAN and Folio Number to avoid multiple disclosure of Shareholding of the same person.
- Total number of shares and percentage shareholding by Non-Resident Shareholders is 7,72,168 and 3.02% respectively. The Company has not issued any ADRs and GDRs. The foreign shareholding consists of holding by NRIs and other foreign national only.
- The Total Number of Shares as on 31<sup>st</sup> March, 2019 as per the Shareholding Pattern is 2,56,09,272. Whereas as per the financial statement it is 2,62,09,272. The reason for this difference is the Conversion of 6,00,000 Warrants as earlier issued and allotted on 28<sup>th</sup> December, 2017 on Preferential Basis to WeP Peripherals Limited - Promoter under the provisions of Chapter VII of the SEBI (ICDR) Regulations, 2009, converted into Equity on 14<sup>th</sup> March, 2019. As on 31<sup>st</sup> March, 2019 trading approval was pending from the Bombay Stock Exchange (BSE). Trading approval was granted by the Bombay Stock Exchange on May 3, 2019.

## Registrar and Transfer Agents

Securities and Exchange Board of India (SEBI), through its Circular No. D&CC/FITTC/CIR-15/2002 dated December 27, 2002, has made it mandatory for all work related to share registry, both in physical and electronic form, to be handled either wholly 'in-house' by companies or wholly by a SEBI registered external registrar and transfer agent. The Company has appointed Cameo Corporate Services Limited as its Registrar and Transfer Agent. Details of the Registrar and Share Transfer Agent are given below:

### 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](mailto:investor@cameoindia.com)

## Share Transfer System

All share transfer and other communication regarding share certificates, change of address, dividend etc., should be sent to our Registrar and Transfer Agents. All shares transfer is completed within statutory time limit from the date of receipt provided the documents meet the stipulated requirements of statutory provisions in all respects. The Company obtains from a Practicing Company

Secretary half yearly certificate of compliance with the share transfer formalities as required under Regulation 40(9) of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 as amended, and files a copy of the same with Bombay Stock Exchange (BSE).

### Reconciliation of Share Capital Audit

S Kannan, Practicing Company Secretary, carries out the Reconciliation of Share Capital Audit as mandated by SEBI, and reports on reconciliation of total issued and listed capital with that of total share capital admitted/held in dematerialized form with NSDL and CDSL and those held in physical form. The Audit is carried on quarterly basis and the report thereof is submitted to the Bombay Stock Exchange (BSE), where the Company's shares are listed and is also placed before the Board.

### Dematerialization of Shares and Liquidity

The Company's shares are tradable compulsorily in electronic mode. In India there are two depositories i.e. National Securities Depositories Limited (NSDL) and Central Depository Services (India) Limited (CDSL). To facilitate trading in DEMAT form, Company have established connectivity with both the depositories. Shareholders can open their accounts with any of the Depository Participant registered with these depositories. The International Securities Identification Number (ISIN) allotted to our shares under the Depository System is INE434B01029.

### Break up of Shares in Physical and DEMAT form as on 31<sup>st</sup> March 2019

Mode of Holding	Number of Shareholders	No. of Shares	% to total equity
<b>DEMAT Segment</b>			
a. NSDL	2,299	2,27,52,195	88.84
b. CDSL	1,136	19,25,607	7.52
<b>DEMAT Segment Total (A)</b>	<b>3,435</b>	<b>2,46,77,802</b>	<b>96.36</b>
<b>Physical Segment (B)</b>	<b>743</b>	<b>9,31,470</b>	<b>3.64</b>
<b>Grand Total (A+B)</b>	<b>4,178*</b>	<b>2,56,09,272</b>	<b>100.00</b>

Note: \*Total Shareholders as on 31<sup>st</sup> March 2019 are 4,177 after merging of First holder PAN.

### Consolidation of Folios and avoidance of multiple mailing

In order to enable the company to reduce cost and duplicity of efforts for providing services to the investors, members who have more than one folio in the same order of names are requested to consolidate their holdings under one folio. Members may write to the Registrar and Share Transfer Agent indicating the folio numbers along with the original share certificates to be consolidated. To enable us to serve our investors better, we request shareholders whose shares are in physical mode to dematerialize their shares and update their bank account details with the respective depository participants.

### Outstanding GDRs / ADRs / Warrants / Options

The Board of Directors approved the allotment of 10,00,000 Warrants Convertible into Equity in the Board Meeting held on 28<sup>th</sup> December 2017 on Preferential Basis to Promoter – WeP Peripherals Limited under the provisions of Chapter VII of the SEBI (ICDR) Regulations, 2009, as amended and Section 62 and 42 of the Companies Act, 2013 (including the rules made thereunder).

The Board of Directors in the Meeting held on 4<sup>th</sup> August 2018 approved Allotment of 4,00,000 equity shares of ₹10/- each upon partial conversion of the Convertible Warrants as earlier issued and allotted on 28<sup>th</sup> December 2017 on Preferential Basis to Promoter – WeP Peripherals Limited under the provisions of Chapter VII of the SEBI (ICDR) Regulations, 2009, as amended and Section 62 and 42 of the Companies Act, 2013 (including the rules made thereunder).

Further, the Board of Directors in the Meeting held on 14<sup>th</sup> March 2019 approved Allotment of 6,00,000 Equity Shares of ₹10/- each upon conversion of the Convertible Warrants as earlier issued and allotted on 28<sup>th</sup> December 2017 on Preferential Basis to Promoter – WeP Peripherals Limited under the provisions of Chapter VII of the SEBI (ICDR) Regulations, 2009, as amended and Section 62 and 42 of the Companies Act, 2013 (including the rules made thereunder).

The Company has no outstanding Warrants or Options as on 31<sup>st</sup> March 2019. Further the Company has no outstanding GDRs, ADRs or Options as on 31<sup>st</sup> March 2019.



### Plant Locations:

Himachal Pradesh: Plot 87, EPIP, Phase I, Jharmarjri, Dist.: Solan, Himachal Pradesh 174 103.

### Address for Investor's Correspondence

For any queries relating to the Shares of your Company correspondence may be done in the below manner:

#### A. For change of address and bank mandate:

- a) In case of Shares held in dematerialised form – Shareholder should contact their respective Depository Participant.
- b) In case of Shares held in physical form – Shareholders should contact the Company's Share Transfer Agent - 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](mailto:investor@cameoindia.com).

#### B. For all matters relating to investor relations contact:

The Company Secretary

WeP Solutions Limited, 40/1 A, Basappa Complex, Lavelle Road, Bangalore 560 001, Karnataka State.

Shareholders are requested to quote their folio number / DP ID and Client ID, e-mail address, telephone number and full address while corresponding with the Company and its Share Transfer Agent.

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### Annexure(s) to Report on Corporate Governance for the Financial Year ended 31<sup>st</sup> March, 2019

#### A. Corporate Governance Compliance Certificate

To,

The Members,

WeP Solutions Limited

40/1A, Basappa Complex

Lavelle Road, Bengaluru 560 001.

#### CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

Corporate Identity No: L72200KA1995PLC025617

Nominal Capital: Rs. 30,00,00,000.00

I, S Kannan, Practicing Company Secretary, have examined all the relevant records of WeP Solutions Limited for the purpose of certifying compliance of the conditions of the Corporate Governance under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, for the period from 1<sup>st</sup> April, 2018 to 31<sup>st</sup> March, 2019.

Further, I have obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purposes of certification. The compliance of conditions of corporate governance is the responsibility of the Management. My examination was limited to the procedure and implementation process adopted by the Company for ensuring the compliance of the conditions of the corporate governance.

This certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company. In my opinion and to the best of my information and according to the explanations and information furnished to me, I certify that the Company has complied with all the mandatory conditions of Corporate Governance as applicable under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

For S. Kannan And Associates

S Kannan  
FCS No. 6261 / C P No.: 13016  
Firm No. S2017KR473100

Place: Bengaluru

Date: 8<sup>th</sup> August, 2019

## B. Certificate of Non-Disqualification of Directors

To,

The Members of WeP Solutions Limited  
40/1A, Basappa Complex, Lavelle Road,  
Bengaluru 560 001.

I, S Kannan, Practicing Company Secretary, have examined the relevant registers, records, forms, returns and disclosures received from the Directors of WeP Solutions Limited Limited having CIN L72200KA1999PLC025617 and having registered office at 40/1A, Basappa Complex, Lavelle Road, Bengaluru 560 001 (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the MCA portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to me by the Company and its officers, I, hereby certify that none of the Directors on the Board of the Company as stated below as on 31<sup>st</sup> March, 2019 have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sl. No.	DIN No.	Name of Director
1	00006399	Ram Narayan Agarwal
2	00250122	Hangalore Venkatachala Gowthama
3	00434020	Sudhir Prakash
4	00662212	Grama Hiriyannaiah Visweswara
5	02121024	Shankar Jaganathan
6	02919040	Ayyagari Lakshmana Rao
7	06959991	Mythily Ramesh

Ensuring the eligibility for appointment/continuity of every Director on the Board is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these, based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For S. Kannan And Associates

Place: Bengaluru  
Date: 8<sup>th</sup> August, 2019

S Kannan  
FCS No. 6261 / C P No.: 13016  
Firm No. S2017KR473100

## C. Declaration regarding Compliance by the Board Members and Senior Management Personnel with the Company's Code of Conduct pursuant to Regulation 26(3) of SEBI (Listing Obligations and Disclosure Requirement), Regulations, 2015 as amended.

This is to certify that pursuant to Regulation 26(3) of the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 as amended the Company has obtained from all the members of the Board and Senior Management Personnel, affirmation(s) that they have complied with the Code of Conduct for Board Members and Senior Management Personnel in respect of the financial year ended 31<sup>st</sup> March, 2019.

For and on behalf of the Board of Directors

Place: Bengaluru  
Date: 10<sup>th</sup> August, 2019

Ram N Agarwal  
Chairman and Managing Director

#### D. Chief Financial Officer Compliance Certificate

*[As per Regulation 17(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 – Schedule II - Part B]*

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

- A. I have reviewed financial statements and the cash flow statement for the year and that to the best of their knowledge and belief:
- 1) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - 2) These statements together present a true and fair view of the listed entity's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of their knowledge and belief, no transactions entered into by the listed entity during the year which are fraudulent, illegal or violative of the listed entity's code of conduct.
- C. I accept responsibility for establishing and maintaining internal controls for financial reporting and that I have evaluated the effectiveness of internal control systems of the listed entity pertaining to financial reporting and I have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.
- D. I have indicated to the auditors and the Audit Committee:
- 1) Significant changes in internal control over financial reporting during the year;
  - 2) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - 3) Instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the listed entity's internal control system over financial reporting.

Place: Bengaluru  
Date: 25<sup>th</sup> May, 2019

Sandeep Goyal  
Chief Financial Officer

# Independent Auditor's Report

To the Members

WeP Solutions Ltd

Report on the Audit of the Consolidated Ind AS Financial Statements

## Opinion

1. We have audited the consolidated Ind AS financial statements of WeP Solutions Ltd (hereinafter referred to as the "Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group" ), which comprise the consolidated balance sheet as at 31<sup>st</sup> March, 2019, and the consolidated statement of Profit and Loss, consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "the consolidated financial statements").
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated Ind AS 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 Companies (Indian Accounting Standards) rules 2015, as amended, 'IndAS' and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2019, of consolidated loss, (consolidated total comprehensive income), consolidated changes in equity and its consolidated cash flows for the year ended on that date.

## Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India, together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013, and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1	<p><i>Accuracy of recognition, measurement, presentation and disclosures of revenues and other related balances in view of adoption of Ind AS 115 "Revenue from Contracts with Customers" (new revenue accounting standard)</i></p> <p>The application of the new revenue accounting standard involves certain key judgements relating to identification of distinct performance obligations, determination of transaction price of the identified performance obligations, the appropriateness of the basis used to measure revenue recognised over a period. Additionally, new revenue accounting standard contains disclosures which involves collation of information in respect of disaggregated revenue and periods over which the remaining performance obligations will be satisfied subsequent to the balance sheet date.</p>	<p><u>Principal Audit Procedures</u></p> <p>We assessed the Group's process / basis of</p> <ul style="list-style-type: none"> <li>- Identification of Contract with the Customer</li> <li>- Identification of performance obligation</li> <li>- Determination of transaction price</li> <li>- Allocation of transaction price</li> <li>- Satisfaction of performance obligation</li> </ul> <p>Selected a sample of contracts and performed the following procedures</p> <ul style="list-style-type: none"> <li>• Read, analysed and identified the distinct performance obligations in these contracts.</li> <li>• Compared these performance obligations with that identified and recorded by the Company</li> <li>• Considered the terms of the contracts to determine the transaction price including any variable consideration to verify the transaction price used to compute revenue and to test the basis of estimation of the variable consideration.</li> <li>• Verification of performance obligation that gets satisfied at point in time upon physical delivery of goods to customer with delivery proofs.</li> <li>• Verified performance obligation that gets satisfied over the period of time upon passage of time with actual passage of time.</li> <li>• Tested sample of revenues disaggregated by type was tested with the performance obligations specified in the underlying contracts and</li> <li>• Performed analytical procedures for reasonableness of revenues disclosed by type.</li> </ul>

Sr. No.	Key Audit Matter	Auditor's Response
2	<p>Adequacy of Provision for bad &amp; doubtful debts/Adequacy of allowance for Credit losses against Trade Receivables.</p> <p>As at March 31, 2019, carrying amount of allowance for credit losses is Rs.8.13 crores against total dues of Rs.21.07 crores from Trade receivables.</p>	<p><u>Principal Audit Procedures</u></p> <p>We obtained the Group's process/ policy/ basis of</p> <ul style="list-style-type: none"> <li>- identifying and classifying Trade receivables into following categories               <ul style="list-style-type: none"> <li>a. Trade Receivables considered good</li> <li>b. Trade Receivables which have significant increase in credit risk</li> <li>c. Trade Receivables credit impaired, calculating amount of allowance thereon.</li> </ul> </li> </ul> <p>Our audit approach consisted of following procedure</p> <ul style="list-style-type: none"> <li>- Assessing reasonableness of basis of identifying and classifying into different categories as mentioned above.</li> <li>- Verification of basis of calculating amount of allowance thereon.</li> <li>- Selecting sample of parties and verified the identification and classification of parties based on Group's policy into different categories as mentioned above and</li> </ul> <p>Recalculating the amount of allowance on selected sample of parties based on Group's policy.</p>
3	<p>Utilisation of Deferred Tax Asset</p> <p>As at March 31, 2019, Deferred Tax Asset amounting to Rs.1,25,59,095/- in respect of carry forward losses is based on Management judgment / estimate regarding availability of sufficient future taxable profits against which total carrying amount of Deferred Tax Asset will get utilised. The Group has, on a conservative basis not recognized any incremental deferred tax asset during the current financial year.</p>	<p><u>Principal Audit Procedures</u></p> <p>Obtained workings forming basis of Management judgment/ estimate,</p> <p>Reviewed Board approved business projections / estimations for the next few years and collated the same with contracts with existing Customers and new contracts entered into after Balance Sheet date</p> <p>Compared earlier estimates / projections in respect of current year with actual performance of the Group during the year.</p> <p>Reviewed Group's action plan, measures taken by the Group with respect to curtailment of resources and cost.</p>

### Information other than the consolidated financial statements and auditors report thereon

5. The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's report including the Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's information but does not include the consolidated financial statements and our auditors report thereon

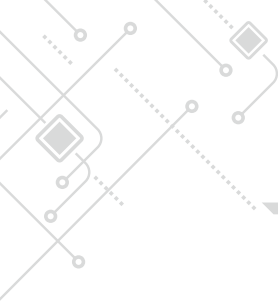
Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report the fact. We have nothing to report in this regard.

### Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

6. The Holding Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance, including (consolidated total comprehensive income), consolidated changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the accounting standards specified under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015 as amended. The respective Board of Directors of the company included in the group are responsible for maintenance of adequate accounting records, in accordance with the provisions of the Act, for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

- 
7. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.
  8. The respective Board of Directors of the companies included in the Group are responsible for overseeing the Group's financial reporting process.

#### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

9. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.
10. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
  - Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
  - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company and its subsidiary company has adequate internal financial controls system in place and the operating effectiveness of such controls.
  - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
  - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention, in our auditor's report, to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
  - Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
  - Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

11. We communicate with those charged with governance of the Holding company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
12. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



13. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### Report on Other Legal and Regulatory Requirements

14. As required by Section 143(3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- b) In our opinion, proper books of account, as required by law relating to preparation of the aforesaid consolidated financial statements have been kept by the Company, so far as it appears from our examination of those books.
- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flow dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements.
- d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of the written representations received from the directors of the Holding Company as on 31<sup>st</sup> March, 2019 taken on record by the Board of Directors of the Company and its subsidiary incorporated in India and the reports of the statutory auditors of its subsidiary company, none of the directors is disqualified as on 31<sup>st</sup> March, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate Report in "**Annexure A**".
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group – Refer Note 29 to the consolidated financial statements.
  - ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the holding company and its subsidiary company.

For N.M.Raiji & Co.  
Chartered Accountants  
Firm's Registration Number: 108296W

Place: Camp Bengaluru  
Date: May 25, 2019

S.N. Shivakumar  
Partner  
Membership No.: 88113



## Annexure – A

### To the Independent Auditor's Report of even date on the consolidated financial statements of WeP Solutions Limited (Referred to in Paragraph 14 point (f) under the heading of "Report on other Legal and Regulatory Requirements" of our report of even date)

#### 1. Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2019, we have audited the internal financial controls over financial reporting of WeP Solutions Limited ("the Company") and its subsidiary companies, which are companies incorporated in India, as of that date.

#### 2. Management's Responsibility for Internal Financial Controls

The respective Boards of Directors of the Company and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Companies, considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### 3. Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company and its subsidiary companies, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Company and its subsidiary companies, which are incorporated in India.

#### 4. Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### 5. Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## 6. Opinion

In our opinion, to the best of our information and according to explanation given to us, the Company and its subsidiary companies, which are incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For N.M.Raiji & Co.  
Chartered Accountants  
Firm's Registration Number: 108296W

Place: Camp Bengaluru  
Date: May 25, 2019

S.N. Shivakumar  
Partner  
Membership No.: 88113

**WeP Solutions Limited**  
Consolidated Balance Sheet as at March 31, 2019

(in ₹)

PART I – BALANCE SHEET				
	Particulars	Note No.	As at March 31, 2019	As at March 31, 2018
1)	<b>ASSETS</b>			
	<b>Non-current assets</b>			
	(a) Property, Plant and Equipment	2	29,76,29,226	32,34,00,154
	(b) Capital work-in-progress	2&3	2,56,44,968	83,01,410
	(c) Other Intangible assets	3	1,65,71,695	94,24,848
	(d) Financial Assets			
	i. Other financial assets	4(c)	48,30,961	66,15,610
	(e) Deferred tax assets (net)	5	4,84,49,706	4,59,42,794
	(f) Other non-current assets	6	4,16,24,221	3,08,98,506
			<b>43,47,50,777</b>	<b>42,45,83,322</b>
2)	<b>Current assets</b>			
	(a) Inventories	7	10,14,63,402	10,96,62,380
	(b) Financial Assets			
	i. Trade receivables	4(a)	12,93,86,440	13,24,97,933
	ii. Cash and cash equivalents	4(b)	5,62,092	4,16,472
	iii. Bank balances other than (ii) above	4(d)	15,00,916	15,17,540
	iv. Other financial assets	4(c)	85,35,033	77,15,245
	(c) Other current assets	8	2,80,89,945	1,73,70,983
			<b>26,95,37,828</b>	<b>26,91,80,553</b>
	<b>Total Assets</b>		<b>70,42,88,605</b>	<b>69,37,63,875</b>
3)	<b>EQUITY AND LIABILITIES</b>			
	<b>Equity</b>			
	(a) Equity Share capital	9(a)	26,20,98,545	25,12,31,545
	(b) Other Equity			
	i. Reserves & Surplus	9(b)	17,16,83,335	15,47,61,962
	ii. Others	9(c)	-	1,50,00,000
			<b>43,37,81,880</b>	<b>42,09,93,507</b>
4)	<b>LIABILITIES</b>			
	<b>Non-current liabilities</b>			
	(a) Financial Liabilities			
	i. Borrowings	10(a)	3,76,32,030	-
	(b) Provisions	11	1,19,47,013	1,26,84,565
	(c) Other non-current liabilities	12	16,54,913	23,83,057
			<b>5,12,33,956</b>	<b>1,50,67,622</b>
5)	<b>Current liabilities</b>			
	(a) Financial Liabilities			
	i. Borrowings	10(a)	3,64,94,284	7,65,83,473
	ii. Trade payables	10(b)		
	a) Total outstanding dues of Micro and small enterprises		3,09,498	7,10,223
	b) Total outstanding dues of creditors other than micro and small enterprises		3,57,54,239	7,47,61,640
	iii. Other financial liabilities	10(c)	9,03,11,335	4,96,61,794
	(b) Other current liabilities	12	5,42,03,874	5,40,65,670
	(c) Provisions	11	21,99,539	19,19,946
			<b>21,92,72,769</b>	<b>25,77,02,746</b>
	<b>Total Equity and Liabilities</b>		<b>70,42,88,605</b>	<b>69,37,63,875</b>

(See accompanying notes to the financial statements)

As per our report attached

For N M Raiji & Co  
Chartered Accountants  
Firm Reg. No.: 108296W  
S N Shivakumar

Partner  
Membership No.: 88113  
Place: Bengaluru  
Date: May 25, 2019

For and on behalf of the Board of Directors

H V Gowthama  
Director  
DIN: 00250122

Ram N Agarwal  
Chairman & Managing Director  
DIN: 00006399

Sandeep Goyal  
Chief Financial Officer  
Place: Bengaluru  
Date: May 25, 2019

Sujata A Lele  
Company Secretary

## WeP Solutions Limited

Consolidated Statement of Profit and Loss for the year ended March 31, 2019

(in ₹)

PART II – STATEMENT OF PROFIT AND LOSS				
Particulars		Note No.	For the year ended March 31, 2019	For the year ended March 31, 2018
I	Revenue From Operations	13	76,69,72,565	80,72,69,352
II	Other Income	14	85,80,381	57,31,926
III	<b>Total Income (I+II)</b>		<b>77,55,52,946</b>	<b>81,30,01,278</b>
	<b>EXPENSES</b>			
a	Cost of materials consumed	15	22,90,13,233	24,28,39,291
b	Purchases of Stock-in-Trade	16	7,89,59,312	10,19,13,025
c	Changes in Inventories of Work-in-Progress, Stock-in-Trade and Finished Goods	17	13,37,991	3,02,52,061
d	Employee benefits expense	18	15,01,56,709	13,55,88,423
e	Other expenses	19	22,71,02,577	21,47,73,070
f	Depreciation and amortization expense	21	11,06,46,604	9,62,67,927
g	Finished goods capitalised		(1,50,449)	(3,20,087)
IV	<b>Total Expenses</b>		<b>79,70,65,977</b>	<b>82,13,13,710</b>
	<b>Profit / (loss) before Interest, exceptional items and tax (III-IV)</b>		<b>(2,15,13,031)</b>	<b>(83,12,432)</b>
h	Finance costs	20	1,07,21,939	94,61,112
V	<b>Profit / (loss) before exceptional items and tax</b>		<b>(3,22,34,970)</b>	<b>(1,77,73,544)</b>
VI	Exceptional Items		-	-
VII	<b>Profit / (loss) before tax (V-VI)</b>		<b>(3,22,34,970)</b>	<b>(1,77,73,544)</b>
VIII	<b>Tax expense:</b>			
	1) Current tax		14,80,156	72,18,862
	2) Tax Adjustments Pertaining to Previous Year		(11,19,396)	-
	3) Deferred tax		(12,18,323)	(1,02,66,903)
IX	<b>Profit (Loss) for the year from continuing operations (VII-VIII)</b>		<b>(3,13,77,407)</b>	<b>(1,47,25,503)</b>
X	Profit / (loss) from discontinued operations		-	-
XI	Tax expense of discontinued operations		-	-
XII	Profit / (loss) from Discontinued operations (after tax) (X-XI)		-	-
XIII	<b>Profit / (loss) for the year (IX+XII)</b>		<b>(3,13,77,407)</b>	<b>(1,47,25,503)</b>
XIV	<b>Other Comprehensive Income</b>			
	A (i) Items that will not be reclassified to profit or loss		(1,64,645)	89,848
	(ii) Income tax relating to items that will not be reclassified to profit or loss		48,381	(32,853)
	B (i) Items that will be reclassified to profit or loss		-	-
	(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
XV	<b>Total Comprehensive Income for the year (XIII+XIV)</b> (Comprising Profit / (Loss) and Other Comprehensive Income for the year)		<b>(3,14,93,671)</b>	<b>(1,46,68,508)</b>
XVI	<b>Earnings per equity share:</b>			
	1) Basic	27	(1.23)	(0.59)
	2) Diluted	27	(1.21)	(0.57)

(See accompanying notes to the financial statements)

As per our report attached

For N M Raiji & Co  
Chartered Accountants  
Firm Reg. No.: 108296W  
S N Shivakumar

Partner  
Membership No.: 88113  
Place: Bengaluru  
Date: May 25, 2019

For and on behalf of the Board of Directors

H V Gowthama  
Director  
DIN: 00250122

Ram N Agarwal  
Chairman & Managing Director  
DIN: 00006399

Sandeep Goyal  
Chief Financial Officer  
Place: Bengaluru  
Date: May 25, 2019

Sujata A Lele  
Company Secretary

## WeP Solutions Limited

### Consolidated Statement of Cash Flows for the year ended March 31, 2019

(in ₹)

	Particulars	March 31, 2019	March 31, 2018
<b>A</b>	<b>Cash Flow From Operating Activities</b>		
	Profit / (Loss) before Income tax from Continuing Operations	(3,22,34,970)	(1,77,73,544)
	<b>Profit before Income tax</b>	<b>(3,22,34,970)</b>	<b>(1,77,73,544)</b>
	<b>Adjustment for:</b>		
	Depreciation & Amortisation	11,06,46,604	9,62,67,927
	Provision for doubtful debts	1,01,46,435	35,52,615
	Employee share based payment expense	67,23,067	73,54,681
	Actuarial Gains/Losses recognised in Other Comprehensive Income	(1,64,645)	89,848
	Loss / (Profit) on Sale of Fixed Assets	19,86,162	16,54,250
	Net Exchange differences	2,58,243	(10,87,928)
	Interest Income	(7,99,456)	(12,04,759)
	Interest Expense	1,07,21,939	94,36,282
	<b>Changes in Operating assets and liabilities</b>		
	(Increase) / Decrease in Inventories	1,53,96,707	1,48,38,600
	(Increase) / Decrease in Trade Receivables	(2,12,10,296)	(1,85,43,466)
	(Increase) / Decrease in Other Current Assets	(90,09,577)	(84,68,306)
	(Increase) / Decrease in Other Bank Balances	16,624	55,160
	(Increase) / Decrease in Other Current Financial Assets	(7,60,336)	(2,13,042)
	(Increase) / Decrease in Other Non Current Financial Assets	17,25,195	-
	(Increase) / Decrease in Other Non Current Assets	7,96,671	(4,19,926)
	Increase / (Decrease) in Provisions	(4,57,961)	(40,70,573)
	Increase / (Decrease) in Trade Payables	(4,13,85,594)	(1,29,55,268)
	Increase / (Decrease) in Other Current Liabilities	10,43,597	19,960
	Increase / (Decrease) in Other Non Current Liabilities	(7,28,144)	6,49,222
	Increase / (Decrease) in Other Financial Liabilities	2,40,53,796	64,00,471
	<b>Cash Generated from Operations</b>	<b>7,67,64,061</b>	<b>7,55,82,204</b>
	Income taxes paid	1,31,23,354	96,73,310
	<b>Net Cash From Operating Activities</b>	<b>6,36,40,707</b>	<b>6,59,08,894</b>
<b>B</b>	<b>Cash Flow From Investing Activities</b>		
	Purchase of Property, Plant & Equipment (including CWIP)	(9,74,65,011)	(10,81,30,401)
	Purchase of Intangible Assets	(1,48,36,116)	(68,51,884)
	Proceeds from Sale of Fixed Assets	9,48,881	87,958
	Interest Income	7,99,456	12,04,759
	<b>Net Cash Used In Investing Activities</b>	<b>(11,05,52,790)</b>	<b>(11,36,89,568)</b>
<b>C</b>	<b>Cash Flow From Financing Activities</b>		
	Proceeds from Issue of Shares	4,58,67,000	4,29,000
	Share issue expenses	(4,45,000)	(3,80,000)
	Proceeds from Issue of Warrants	-	1,50,00,000
	Interest paid	(1,07,21,938)	(94,36,280)
	(Increase) / Decrease in Loans	-	-
	Proceeds / (Repayment) of Borrowings	(4,00,89,189)	4,07,77,821
	Proceeds of Term Loan	5,24,46,830	-
	<b>Net Cash From / (Used for) Financing Activities</b>	<b>4,70,57,703</b>	<b>4,63,90,541</b>
	<b>Net Increase / (Decrease) In Cash And Cash Equivalents - (A+B+C)</b>	<b>1,45,620</b>	<b>(13,90,132)</b>
	Cash and Cash Equivalents at the beginning of the year / period	4,16,472	18,06,605
	<b>Cash and Cash Equivalents at the end of the year / period</b>	<b>5,62,092</b>	<b>4,16,472</b>

For and on behalf of the Board of Directors

As per our report attached

For N M Raiji & Co  
Chartered Accountants  
Firm Reg. No.: 108296W  
S N Shivakumar

Partner  
Membership No.: 88113  
Place: Bengaluru  
Date: May 25, 2019

H V Gowthama  
Director  
DIN: 00250122

Sandeep Goyal  
Chief Financial Officer  
Place: Bengaluru  
Date: May 25, 2019

Ram N Agarwal  
Chairman & Managing Director  
DIN: 00006399

Sujata A Lele  
Company Secretary



## WeP Solutions Limited

### Consolidated Statement of Changes in Equity for the year ended March 31, 2019

#### STATEMENT OF CHANGES IN EQUITY

##### A. Equity Share Capital

Particulars	As at March 31, 2019	As at March 31, 2018
Balance at the beginning of the reporting year	25,12,31,545	25,08,02,545
Changes in equity share capital during the year	1,08,67,000	4,29,000
<b>Balance at the end of the reporting year</b>	<b>26,20,98,545</b>	<b>25,12,31,545</b>

##### B. Other Equity

Particulars	Reserves and Surplus					Total
	Capital Reserve	General Reserve	Securities Premium	Stock Options Outstanding	Retained Earnings	
<b>Opening Balance at April 1, 2017</b>	<b>3,13,27,459</b>	<b>9,91,871</b>	<b>8,72,53,612</b>	<b>17,53,192</b>	<b>4,11,29,655</b>	<b>16,24,55,789</b>
Share Issue Expenses					(3,80,000)	(3,80,000)
Profit for the year					(1,47,25,503)	(1,47,25,503)
Transfer to General Reserve		25,234		(25,234)		-
Transfer from Stock Options Outstanding a/c			3,50,456	(3,50,456)		-
Other Comprehensive Income for the year net of taxes					56,995	56,995
Employee stock options expense				73,54,681		73,54,681
<b>Closing Balance as at March 31, 2018</b>	<b>3,13,27,459</b>	<b>10,17,105</b>	<b>8,76,04,068</b>	<b>87,32,183</b>	<b>2,60,81,147</b>	<b>15,47,61,962</b>
<b>Opening Balance at April 1, 2018</b>	<b>3,13,27,459</b>	<b>10,17,105</b>	<b>8,76,04,068</b>	<b>87,32,183</b>	<b>2,60,81,147</b>	<b>15,47,61,962</b>
Share Issue Expenses					(4,45,000)	(4,45,000)
Impact due to adoption of Ind AS115 under cumulative catch-up method					(78,63,023)	(78,63,023)
Profit for the year					(3,13,77,407)	(3,13,77,407)
Other Comprehensive Income for the year net of taxes					(1,16,264)	(1,16,264)
Premium on Conversion of Warrants			5,00,00,000			5,00,00,000
Transfer to General Reserve		5,47,774		(5,47,774)		-
Transfer from Stock Options Outstanding a/c			23,88,117	(23,88,117)		-
Employee stock options Subsidiary				-		-
Employee stock options expense				67,23,067		67,23,067
<b>Closing Balance as at March 31, 2019</b>	<b>3,13,27,459</b>	<b>15,64,879</b>	<b>13,99,92,185</b>	<b>1,25,19,359</b>	<b>(1,37,20,547)</b>	<b>17,16,83,335</b>

- a) **Capital Reserve** – This represents the value of bargain purchase gain upon acquisition and is not freely available for distribution
- b) **Retained earnings / General reserve** – These are free reserves that are available for distribution of dividends. Retained earnings comprises of the Company's undistributed earnings after taxes.
- c) **Securities premium reserve**: Securities premium reserve is used to record the premium on issue of shares. The reserve is utilized in accordance with the provision of section 52 of the Companies Act, 2013.
- d) **Share option outstanding account** - The share option outstanding account is used to recognize the value of equity-settled sharebased payments provided to employees, including key management personnel.
- e) **Other Comprehensive Income**: Changes in the fair value of financial instruments measured at fair value through other comprehensive income and actuarial gains and losses on defined benefit plans are recognized in other comprehensive income (net of taxes), and presented within equity as other comprehensive income.

(See accompanying notes to the financial statements)

As per our report attached

For N M Rajji & Co  
Chartered Accountants  
Firm Reg. No.: 108296W  
S N Shivakumar

Partner  
Membership No.: 88113  
Place: Bengaluru  
Date: May 25, 2019

For and on behalf of the Board of Directors

H V Gowthama  
Director  
DIN: 00250122

Sandeep Goyal  
Chief Financial Officer  
Place: Bengaluru  
Date: May 25, 2019

Ram N Agarwal  
Chairman & Managing Director  
DIN: 00006399

Sujata A Lele  
Company Secretary

# Corporate Information

The consolidated financial statements comprise financial statements of WeP Solutions Limited (the company) and its 100% subsidiary, WeP Digital Services Limited (*formerly known as eRM solutions private limited*) (collectively, the Group) for the year ended March 31, 2019. The company is a public company domiciled in India and is incorporated under the provisions of the Companies Act. Its shares are listed on Bombay Stock Exchange and the registered office of the company is located at 40/1A, Basappa complex, Lavelle Road, Bangalore - 560 001.

The Group is principally engaged in the business of providing Managed Printing Solutions and Services, Manufacturing and distribution of Retail billing products and providing digital services like GST, Document Management solutions etc to both enterprise and retail customers pan India.

## 1. Significant Accounting Policies and Other explanatory information to the Consolidated Financial Statements for the year

### A. Significant accounting policies

The significant accounting policies applied by the Group in the preparation of its Consolidated financial statements are listed below. Such accounting policies have been applied consistently to all the periods presented in these Consolidated financial statements, unless otherwise indicated.

#### A.1. Statement of Compliance

These Consolidated financial statements have been prepared in accordance with the Indian Accounting Standards (referred to as "Ind AS") as prescribed under section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules as amended from time to time.

#### A.2. Basis of Consolidation

##### a) Basis of preparation

These Consolidated financial statements have been prepared in Indian Rupees (₹) which is the functional currency of the company.

These Consolidated financial statements have been prepared on historical cost basis, except for certain financial instruments which are measured at fair value or amortised cost at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods or services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. All assets and liabilities have been classified as current and non-current as per the Parent Company's normal operating cycle.

##### b) Principles of Consolidation

i) The Consolidated Financial statements of the Company and its subsidiary have been consolidated on a line by line basis by adding together the book value of like items of assets, liabilities, income and expenses, after fully eliminating the intra-group balances and transactions resulting in unrealised profits and losses.

ii) The Consolidated Cash Flow Statement have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to in the same manner as the Company's separate financial statements.

c) The Consolidated Financial Statements include the financial statements of WeP Solutions Limited and its wholly-owned subsidiary, WeP Digital Services Limited.

#### A.3. Use of Estimates

The preparation of these consolidated financial statements is in conformity with the recognition and measurement principles of Ind AS which requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures of contingent liabilities as at the date of the financial statements and the reported amounts of income and expense for the periods presented.

The estimates and the underlying assumptions are reviewed on an ongoing basis. Changes in estimates are reflected in the financial statements in the period in which the changes are made.

Significant judgements and estimates relating to the carrying amounts of assets and liabilities include useful lives of property, plant and equipment and intangible assets, impairment of property, plant and equipment, intangible assets, provision for employee benefits and other provisions and recoverability of deferred tax assets.

#### A.4. Revenue Recognition

The Group earns revenue primarily from Managed Printing Solutions and Services, Manufacturing and Distribution of Retail Billing Products and providing Digital Services like GST etc. to both enterprise and retail customers, pan India.

Effective April 1, 2018, the group has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue and Ind AS 11 Construction Contracts. The Group has adopted Ind AS 115 using the cumulative catch-up method. The effect of initially applying this standard is recognised at the date of initial application (i.e. April 1, 2018). The standard is applied retrospectively only to contracts that are not completed as at the date of initial application and the comparative information in the statement of profit and loss is not restated – i.e. the comparative information continues to be reported under Ind AS 18.

Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration which the Group expects to receive in exchange for those products or services.

- Contracts with customers are considered for revenue recognition only if (a) the contract having commercial substance is approved and the parties have committed to perform their respective obligations; (b) respective rights of the parties with respect to goods or services to be transferred are identified; (c) the payment terms for goods or services to be transferred are clear and (d) it is probable that consideration would be collected in exchange for the goods or services that would be transferred to the customer. At the inception of the contract, either a transfer of distinct good or service to the customer or a series of distinct goods and services that are substantially the same and that have the same pattern of transfer to the customer are identified as performance obligation. Revenue is recognised when the performance obligation is satisfied by transferring the promised good or service to a customer and the customer obtains controls over it.
- Revenue from sale of devices is recognised at the point in time when the physical possession is transferred and the right to receive payment is established

Dividend income from investments is recognised when the shareholder's right to receive payment has been established. Interest income is recognised on a time proportion basis.

#### A.5. Inventories

Inventories are stated at lower of cost and net realizable value. Cost is determined using the weighted average method. Costs comprise direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value is the price at which the inventories can be realised in the normal course of business, after allowing for the cost of conversion from their existing state to a finished condition and for the cost of selling and distribution.

Obsolete, slow moving and defective inventories are identified from time to time and where necessary, a provision is made for such inventories.

#### A.6. Property, plant and equipment

An item of property, plant and equipment is recognised as an asset if it is probable that future economic benefits associated with the item will flow to the Group and its cost can be measured reliably. This recognition principle is applied to the costs incurred initially to acquire an item of property, plant and equipment and also to costs incurred subsequently to add to, replace part of, or service it. Borrowing Cost directly attributable to the construction on production of qualifying assets are capitalised as a part of cost. All other repair and maintenance costs, including regular servicing, are recognised in the Statement of Profit and Loss, as and when incurred.

All property, plant and equipment are stated at cost of acquisition or construction, less accumulated depreciation and impairment loss, if any. Cost includes all direct costs and expenditures incurred to bring the asset to its working condition and location for its intended use. Capital Work-in-Progress is stated at cost, comprising of direct cost and related incidental expenditure.

The gain or loss arising on disposal of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset, and is recognised in the Statement of Profit and Loss.

#### A.7. Intangible assets

Software costs, both acquired and internally generated, are recognised as intangible assets only where they are clearly linked to long term economic benefits for the Group. They are amortized on a straight-line basis over their estimated useful lives. All other costs on software are expensed in the Statement of Profit and Loss as and when incurred.

Expenditure during development phase of internally generated software is recognized as intangible assets if all of the following conditions are met:

- i) completion of the development is technically feasible;
- ii) it is the intention to complete the intangible asset and use or sell it;
- iii) it is clear that the intangible asset will generate probable future economic benefits;
- iv) adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
- v) it is possible to reliably measure the expenditure attributable to the intangible asset during its development.

Recognition of costs as an asset is ceased when the project is complete and available for its intended use, or if these criteria no longer apply.

Where development activities do not meet the conditions for recognition as an asset, any associated expenditure is treated as an expense in the period in which it is incurred.

#### A.8. Depreciation and amortization of property, plant and equipment and intangible assets

Depreciation or amortization is provided on the straight-line method over the useful lives of assets estimated by the management. The estimated useful lives of assets are as follows:

Assets	Useful Life applied (In Years)
Computers	3.00
Furniture and Fixtures - Owned Premises	10.00
Furniture and Fixtures - Leased Premises	5.00
Office Equipment	5.00
Plant and Equipments including Electrical installations	4.00
Computer Peripherals - on Use and Pay	4.00
Vehicles	8.00
Air Conditioners	4.00
Moulds, Dies & Patterns	5.00
Building	30.00

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

Asset	Amortization (In Years)
Computer Software – ERP Systems	4.00
Computer Software	2.00
Technical Know-how	5.00

#### A.9. Impairment of Assets

At each balance sheet date, the Group reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that the carrying amount of those assets may not be recoverable through continuing use.

If any such indication exists, the recoverable amount of the asset is reviewed in order to determine the extent of impairment loss, if any. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of the fair value, less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value, using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset, for which the estimates of future cash flows have not been adjusted. An impairment loss is recognised in the Statement of Profit and Loss as and when the carrying amount of an asset exceeds its recoverable amount.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

#### **A.10. Foreign Currency Transactions**

The financial statements of the Group are presented in INR, which is the functional currency of the Group and the presentation currency for the financial statements. Foreign currency transactions are recorded at the exchange rate prevailing on the date of transaction.

At the end of each reporting period, all monetary items denominated in foreign currencies are translated at the rates prevailing as at the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

The exchange difference arising on account of the difference between the rates prevailing on the date of transaction and on the date of settlement, as also on translation of monetary items at the end of the year is recognized as income or expense, as the case may be, in the Statement of Profit and Loss for the year.

#### **A.11. Financial Instruments**

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability. Transaction costs directly attributable to the acquisition of financial assets and financial liabilities at fair value through profit and loss, are immediately recognised in the Statement of Profit and Loss.

##### **Effective interest method**

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period.

##### **a) Financial assets**

###### **Financial assets at amortised cost**

Financial assets are subsequently measured at amortised cost, if these financial assets are held within a business model whose objective is to hold these assets, in order to collect contractual cash flows, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Investment in subsidiaries / associates are accounted at cost.

###### **Financial assets measured at fair value**

Financial assets are measured at fair value through other comprehensive income, if these financial assets are held within a business model, whose objective is to hold these assets in order to collect contractual cash flows, or to sell these financial assets, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets not measured at amortised cost, or at fair value through other comprehensive income, are carried at fair value through profit or loss.

###### **Impairment of financial assets**

The Group assesses, on a forward looking basis, the expected credit losses associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

###### **Derecognition of financial assets**

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all risks and rewards of ownership of the asset to another entity.

## b) Financial liabilities and equity instruments

### Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

### Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity is recorded at the proceeds received, net of direct issue costs.

### Financial Liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method.

Interest-bearing bank loans, overdrafts and issued debt are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs.

### Derecognition of financial liabilities

The Group derecognises financial liabilities when the Group's obligations are discharged, cancelled or they expire.

## A.12. Employee Benefits

### i. Short Term Employee Benefits

Short Term Employees Benefits are recognized as an expense at the undiscounted amount in the Statement of Profit and Loss of the year in which the related services is rendered.

### ii. Other long-term employee benefit obligations

**Leave Encashment:** Liability in respect of leave encashment as at the balance sheet date is determined based on actuarial valuation, by using the Projected Unit Credit Method and gains / losses for the year are recognized immediately in the Statement of Profit and Loss.

### iii. Post Employment Benefits

**Provident Fund:** The Group contributes monthly at a determined rate. These contributions are remitted to the Employee Provident Fund Commissioner office and are charged to the Statement of Profit and Loss on accrual basis.

**Gratuity:** The Group provides for gratuity (a defined benefit retirement plan) to all the eligible employees. The benefit is in the form of lump sum payments to vested employees on retirement, on death while in employment, or termination of employment for an amount equivalent to 15 days' salary, payable for each completed year of service. Vesting occurs on completion of five years of service. Liability in respect of gratuity as at the balance sheet date is determined on the basis of actuarial valuation, using the Projected Unit Credit Method. Re-measurement gains and losses of the net defined benefit liability / (asset) are recognised immediately in other comprehensive income. The service cost, net interest on the net defined benefit liability / (asset) is treated as a net expense within employment costs and are recognized immediately in the Statement of Profit and Loss.

### iv. Employee Stock Options

All employee services received in exchange for the grant of any share based remuneration are measured at their fair values. These are indirectly determined by reference to the fair value of the share options awarded. Their value is appraised at the grant date and excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets).

All share-based remuneration is ultimately recognised as an expense in the Statement of Profit and Loss, with a corresponding credit to Employee Stock Compensation Reserve. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised, if there is any indication that the number of share options expected to vest differs from previous estimates. Once vested, no adjustment is made to expense recognised in prior periods if, ultimately, fewer share options are exercised than originally estimated. Upon exercise of share options, the proceeds received (net of any directly attributable transaction costs) up to the nominal value of the shares issued are allocated to share capital with any excess being recorded as Securities Premium.



#### A.13. Borrowing Costs

Borrowing costs that are directly attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of those assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for intended use. All other borrowing costs are recognised as an expense in the Statement of Profit and Loss in the period in which they are incurred.

#### A.14. Earning Per Share

In accordance with the Ind AS 33 "Earnings Per Share", basic / diluted earnings per share is computed by taking the weighted average number of shares outstanding during the period.

#### A.15. Taxation

Tax expense for the year comprises of current tax and deferred tax.

The tax currently payable is based on the taxable profit for the year. Taxable profit differs from net profit, as reported in the Statement of Profit and Loss, because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the Consolidated financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences. In contrast, deferred tax assets for all deductible temporary differences and unused tax losses are only recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred tax assets are reviewed at each balance sheet date for the appropriateness of their respective carrying values.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred tax are recognised as an expense or income in the Statement of Profit and Loss, except when they relate to items credited or debited either in other comprehensive income or directly in equity, in which case the tax is also recognised in other comprehensive income or directly in equity.

Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, which gives rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an asset if there is convincing evidence that the Group will pay normal income tax during the specified period. Accordingly, MAT entitlement is recognised as an asset in the Balance Sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with it will fructify. Such asset is reviewed at each balance sheet date and the carrying amount of MAT credit asset is written down to the extent there is no longer a convincing evidence for the effect that the Group will pay normal income tax during the specified period.

#### A.16. Warranty Cost

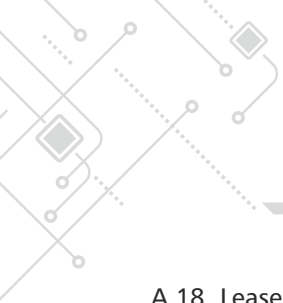
The Group accrues the estimated cost of warranties at the time when the revenue is recognised. The accruals are based on the Group's historical experience of material usage and service delivery cost.

#### A.17. Provisions

Provisions are recognized in the balance sheet when the Group has a present obligation (legal or constructive) as a result of a past event, which is expected to result in an outflow of resources embodying economic benefits which can be reliably estimated. Each provision is based on the best estimate of the expenditure required to settle the present obligation at the balance sheet date. When appropriate, provisions are measured on a discounted basis.

Constructive obligation is an obligation that derives from a Group's actions where:

- (a) by an established pattern of past practice, published policies or a sufficiently specific current statement, the Group has indicated to other parties that it will accept certain responsibilities; and
- (b) as a result, the Group has created a valid expectation on the part of those other parties that it will discharge those responsibilities.



#### **A.18. Leases**

The Group determines whether an arrangement contains a lease by assessing whether the fulfillment of a transaction is dependent on the use of a specific asset and whether the transaction conveys the right to use that asset to the Group, in return for payment. Where this occurs, the arrangement is deemed to include a lease and is accounted for either as finance or operating lease.

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rentals payable under operating leases are charged to the Statement of Profit and Loss on a straight line basis, over the term of the relevant lease, unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

#### **A.19. Cash and Cash Equivalents**

Cash and cash equivalents include cash in hand, demand deposits with bank, and other short term highly liquid investments, with original maturities of 3 months or less.

## Note 2: Property, Plant and Equipment

Particulars	Leasehold - Land	Building - Factory	Plant & Equipment	Moulds, Dies & Patterns	Computers	Computer Peripherals - On Use & Pay	Furniture & Fixture	Vehicles	Total	Capital work in progress
<b>Year ended March 31, 2018</b>										
<b>Gross carrying amount</b>										
Opening gross carrying amount	6,68,56,988	3,80,22,641	50,24,971	44,87,986	52,85,809	25,89,37,598	30,72,631	5,86,258	38,22,74,882	
Additions	-	2,60,000	4,86,716	52,08,442	63,58,437	9,75,05,979	14,03,339	-	11,12,22,913	
Disposals	-	-	-	-	-	68,93,291	62,505	-	69,55,796	
Adjustments	-	-	-	-	13,101	20,963	34,064	-	34,064	
<b>Closing gross carrying amount</b>	<b>6,68,56,988</b>	<b>3,82,82,641</b>	<b>55,11,687</b>	<b>96,96,428</b>	<b>1,16,31,145</b>	<b>34,95,29,323</b>	<b>44,13,465</b>	<b>5,86,258</b>	<b>48,65,07,935</b>	<b>83,01,410</b>
<b>Accumulated Depreciation</b>										
Opening accumulated depreciation	8,05,506	13,62,005	17,52,223	3,24,846	20,92,839	6,89,66,292	7,16,863	1,09,578	7,61,30,152	
Depreciation charge during the year	8,05,506	13,96,672	16,97,988	11,76,390	31,63,893	8,32,07,395	6,33,798	1,09,576	9,21,91,218	
Disposals	-	-	-	-	-	52,03,092	10,496	-	52,13,588	
Adjustments	-	-	-	-	-	-	-	-	-	
<b>Closing accumulated depreciation</b>	<b>16,11,012</b>	<b>27,58,677</b>	<b>34,50,211</b>	<b>15,01,236</b>	<b>52,56,732</b>	<b>14,69,70,595</b>	<b>13,40,165</b>	<b>2,19,154</b>	<b>16,31,07,782</b>	
<b>Net carrying amount</b>	<b>6,52,45,976</b>	<b>3,55,23,964</b>	<b>20,61,476</b>	<b>81,95,192</b>	<b>63,74,413</b>	<b>20,25,58,728</b>	<b>30,73,300</b>	<b>3,67,104</b>	<b>32,34,00,154</b>	<b>83,01,410</b>
<b>Year ended March 31, 2019</b>										
<b>Gross carrying amount</b>										
Opening gross carrying amount	6,68,56,988	3,82,82,641	55,11,687	96,96,428	1,16,31,145	34,95,29,323	44,13,465	5,86,258	48,65,07,935	83,01,410
Additions	-	-	11,46,124	4,45,720	30,68,413	7,50,09,647	4,56,282	-	8,01,26,186	-
Disposals	-	-	2,20,131	-	6,96,772	1,07,47,559	4,00,764	-	1,20,65,226	-
Adjustments	-	-	-	-	-	4,733	-	-	4,733	-
<b>Closing gross carrying amount</b>	<b>6,68,56,988</b>	<b>3,82,82,641</b>	<b>64,37,680</b>	<b>1,01,42,148</b>	<b>1,40,02,786</b>	<b>41,37,86,678</b>	<b>44,68,983</b>	<b>5,86,258</b>	<b>55,45,64,162</b>	<b>2,56,44,968</b>
<b>Accumulated Depreciation</b>										
Opening accumulated depreciation	16,11,012	27,58,677	34,50,211	15,01,236	52,56,732	14,69,70,595	13,40,165	2,19,154	16,31,07,782	
Additions	8,05,506	14,14,005	13,11,944	20,12,494	37,91,193	9,28,66,151	6,46,467	1,09,576	10,29,57,336	
Disposals	-	-	56,935	-	3,73,818	85,90,614	1,08,815	-	91,30,182	
Adjustments	-	-	-	-	-	-	-	-	-	
<b>Closing accumulated depreciation</b>	<b>24,16,518</b>	<b>41,72,682</b>	<b>47,05,220</b>	<b>35,13,730</b>	<b>86,74,106</b>	<b>23,12,46,132</b>	<b>18,77,816</b>	<b>3,28,731</b>	<b>25,69,34,936</b>	
<b>Net carrying amount</b>	<b>6,44,40,470</b>	<b>3,41,09,959</b>	<b>17,32,460</b>	<b>66,28,418</b>	<b>53,28,680</b>	<b>18,25,40,546</b>	<b>25,91,167</b>	<b>2,57,527</b>	<b>29,76,29,226</b>	<b>2,56,44,968</b>

Note:

a) Details of assets offered as security is provided in Note 10.

b) Leasehold Land is the land situated at Baddi, Himachal Pradesh, which has been obtained under a 85 years lease from the Department of Industries, Himachal Pradesh.

### Note 3: Intangible Assets

Particulars	Computer Software	Computer Software - ERP System	Total	Capital work in progress
<b><u>Year ended March 31, 2018</u></b>				
<b>Gross carrying amount</b>				
Opening gross carrying amount	91,63,469	1,61,233	93,24,702	-
Additions	26,19,895	42,31,989	68,51,884	
Disposals	-	-	-	
Adjustments	-	-	-	
<b>Closing gross carrying amount</b>	<b>1,17,83,364</b>	<b>43,93,222</b>	<b>1,61,76,586</b>	<b>-</b>
<b>Accumulated Depreciation</b>				
Opening accumulated depreciation	25,33,138	1,41,891	26,75,029	
Depreciation charge during the year	37,04,702	3,72,007	40,76,709	
Disposals	-	-	-	
Adjustments	-	-	-	
<b>Closing accumulated depreciation</b>	<b>62,37,840</b>	<b>5,13,899</b>	<b>67,51,738</b>	
<b>Net carrying amount</b>	<b>55,45,524</b>	<b>38,79,323</b>	<b>94,24,848</b>	<b>-</b>
<b><u>Year ended March 31, 2019</u></b>				
<b>Gross carrying amount</b>				
Opening gross carrying amount	1,17,83,364	43,93,222	1,61,76,586	-
Additions	27,93,860	1,20,42,256	1,48,36,116	
Disposals	-	-	-	
Adjustments	-	-	-	
<b>Closing gross carrying amount</b>	<b>1,45,77,224</b>	<b>1,64,35,478</b>	<b>3,10,12,702</b>	<b>-</b>
<b>Accumulated Depreciation</b>				
Opening accumulated depreciation	62,37,840	5,13,899	67,51,739	
Additions	41,76,634	35,12,634	76,89,268	
Disposals	-	-	-	
Adjustments	-	-	-	
<b>Closing accumulated depreciation</b>	<b>1,04,14,474</b>	<b>40,26,533</b>	<b>1,44,41,007</b>	
<b>Net carrying amount</b>	<b>41,62,750</b>	<b>1,24,08,945</b>	<b>1,65,71,695</b>	<b>-</b>

Note: a) Computer Software includes capitalised development costs being an internally generated intangible asset.

## Note 4: Financial Assets

### 4 (a) Trade Receivables

Particulars	As at March 31, 2019	As at March 31, 2018
Trade Receivables	21,06,78,487	20,36,43,544
Receivables from related parties	-	-
Allowances for Credit Losses	(8,12,92,047)	(7,11,45,611)
<b>Total Receivables</b>	<b>12,93,86,440</b>	<b>13,24,97,933</b>
Current Portion	12,93,86,440	13,24,97,933
Non-Current Portion	-	-

### Break-up of Security Details

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Outstanding for more than six months from the due date</b>		
Secured, considered good	-	-
Unsecured, considered good	76,75,733	67,69,953
Receivables which have significant increase in Credit Risk	7,40,20,284	7,01,42,736
	8,16,96,017	7,69,12,689
Allowances for Credit Losses	(7,40,20,286)	(7,01,42,736)
<b>Sub total</b>	<b>76,75,731</b>	<b>67,69,953</b>
<b>Other receivables</b>		
Secured, considered good	-	-
Unsecured, considered good	12,17,10,709	12,57,27,980
Receivables which have significant increase in Credit Risk	72,71,761	10,02,874
	12,89,82,470	12,67,30,854
Allowances for Credit Losses	(72,71,761)	(10,02,874)
<b>Sub total</b>	<b>12,17,10,709</b>	<b>12,57,27,980</b>
<b>Total Trade Receivables</b>	<b>12,93,86,440</b>	<b>13,24,97,933</b>

### 4 (b) Cash and Cash Equivalents

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Balances with Banks</b>		
- in current accounts	5,62,092	4,16,472
<b>Total cash and cash equivalents</b>	<b>5,62,092</b>	<b>4,16,472</b>

#### 4 (c) Other Financial Assets

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Non current</b>		
Security Deposits	26,98,903	46,41,757
Other Deposits	12,69,919	11,80,100
Margin money deposits with bank	7,74,672	7,18,049
Interest accrued on margin money deposits with bank	87,467	75,704
<b>Total other financial assets - non current</b>	<b>48,30,961</b>	<b>66,15,610</b>
<b>Current</b>		
Security Deposits	77,08,144	74,21,329
Other Deposits	7,22,480	1,89,560
Margin money deposits with bank	1,00,000	1,00,000
Interest accrued on margin money deposits with bank	4,409	4,356
<b>Total other financial assets - current</b>	<b>85,35,033</b>	<b>77,15,245</b>

#### 4 (d) Other Bank balances

Particulars	As at March 31, 2019	As at March 31, 2018
Balance in Unclaimed Dividend Accounts with Banks	15,00,916	15,17,540
<b>Total other Bank balances</b>	<b>15,00,916</b>	<b>15,17,540</b>

#### Note 5: Deferred Tax Assets

Particulars	As at March 31, 2019	As at March 31, 2018
Tax losses	1,25,59,095	1,24,38,335
Defined Benefit obligations & allowance on payment basis	43,30,049	47,56,279
Allowance for doubtful debts - trade receivables	2,25,93,785	2,35,40,540
Others	11,21,576	16,27,912
<b>Total deferred tax assets</b>	<b>4,06,04,505</b>	<b>4,23,63,066</b>
Depreciation on Property, plant and equipment	86,69,582	1,29,06,158
	<b>86,69,582</b>	<b>1,29,06,158</b>
<b>Net deferred tax assets</b>	<b>3,19,34,923</b>	<b>2,94,56,908</b>
MAT Credit Receivable	1,65,14,783	1,64,85,886
<b>Net deferred tax assets</b>	<b>4,84,49,706</b>	<b>4,59,42,794</b>

#### Note 6: Other Non Current Assets

Particulars	As at March 31, 2019	As at March 31, 2018
Prepayments	8,60,953	16,41,042
Taxes / Refunds recoverable	4,07,63,268	2,92,57,464
<b>Total other non-current assets</b>	<b>4,16,24,221</b>	<b>3,08,98,506</b>



**Note 7: Inventories**

Particulars	As at March 31, 2019	As at March 31, 2018
(At lower of cost and net realisable value)		
Raw Materials		
- In Stock	2,27,58,081	3,22,02,623
- In Transit	-	-
Work-in-progress	18,33,535	-
Finished goods		
- In Stock	21,06,124	23,82,105
- In Transit	6,06,101	-
Traded goods		
- In Stock	1,78,34,512	1,41,38,431
- In Transit	-	-
Spares and Consumables		
- In Stock	5,62,08,950	6,09,37,004
- In Transit	1,16,099	2,217
<b>Total Inventories</b>	<b>10,14,63,402</b>	<b>10,96,62,380</b>

**Note 8: Other Current Assets**

Particulars	As at March 31, 2019	As at March 31, 2018
Prepayments	69,53,977	66,36,662
Balance with Excise / Customs / GST input credit	1,87,93,887	98,33,560
Claims Receivable	23,42,081	9,00,761
<b>Total other current assets</b>	<b>2,80,89,945</b>	<b>1,73,70,983</b>

**Note 9(a): Equity Share Capital**
**i) Authorised Equity Share capital**

Particulars	As at March 31, 2019	As at March 31, 2018
3,00,00,000 Equity Shares of Rs. 10 each	30,00,00,000	30,00,00,000
<b>Total</b>	<b>30,00,00,000</b>	<b>30,00,00,000</b>

**ii) Issued, Subscribed and paid up capital**

Particulars	As at March 31, 2019	As at March 31, 2018
2,62,09,272 Equity Shares of Rs 10 each fully paid up (March 31, 2018- 2,51,22,572)	26,20,92,720	25,12,25,720
<b>Total</b>	<b>26,20,92,720</b>	<b>25,12,25,720</b>

iii) Movements in equity share capital

Particulars	Number of Shares	Amount
As at April 1, 2017	2,50,79,672	25,08,02,545
Exercise of options - proceeds received	42,900	4,29,000
Preferential Issue	-	-
<b>As at March 31, 2018</b>	<b>2,51,22,572</b>	<b>25,12,31,545</b>
Exercise of options - proceeds received	86,700	8,67,000
Issue of Equity on Conversion of Warrants	10,00,000	1,00,00,000
<b>As at March 31, 2019</b>	<b>2,62,09,272</b>	<b>26,20,98,545</b>

Terms and rights attached to equity shares:

Equity shares have a par value of INR 10. They entitle the holder to participate in dividends, and to share in the proceeds of winding up the company in proportion to the number of and amounts paid on the shares held. Every holder of equity shares present at a meeting in person or by proxy, is entitled to one vote per share

Shares reserved for issue under options:

Information relating to ESOP plans of the Group companies, including details of the options issued, exercised and lapsed during the financial year and options outstanding at the end of the reporting period, is set out in Note 25.

iv) Shares in the Company held by each shareholder holding more than 5 percent of the Shares:

Name of Shareholders	As at March 31, 2019	As at March 31, 2018
<b>RNAWEP Investments Private Limited</b>		
No of Shares	32,60,403	32,60,403
% Holding	12.44%	12.98%
<b>Ram N Agarwal</b>		
No of Shares	30,05,056	30,05,056
% Holding	11.47%	11.96%
<b>WeP Peripherals Limited</b>		
No of Shares	30,58,319	20,24,994
% Holding	11.67%	8.06%
<b>Wipro Limited</b>		
No of Shares	18,36,000	18,36,000
% Holding	7.01%	7.31%
<b>Sharad Kanayalal Shah</b>		
No of Shares	14,33,285	14,12,035
% Holding	5.47%	5.62%

v) Aggregate number of shares issued for consideration other than cash

Particulars	As at March 31, 2019	As at March 31, 2018
Shares issued as consideration for acquisition of business	2,22,13,645	2,22,13,645

Note 9(b): Reserves and Surplus

Particulars	As at March 31, 2019	As at March 31, 2018
Securities Premium	13,99,92,185	8,76,04,068
Share options outstanding account	1,25,19,359	87,32,183
Capital Reserve	3,13,27,459	3,13,27,459
General Reserve	15,64,879	10,17,105
Retained earnings	(1,37,20,547)	2,60,81,147
<b>Total reserves and surplus</b>	<b>17,16,83,335</b>	<b>15,47,61,962</b>

i) Securities Premium

Particulars	As at March 31, 2019	As at March 31, 2018
Opening Balance	8,76,04,068	8,72,53,612
Preferential Issue	5,00,00,000	-
Exercise of Options	23,88,117	3,50,456
<b>Closing Balance</b>	<b>13,99,92,185</b>	<b>8,76,04,068</b>

ii) Share options outstanding account

Particulars	As at March 31, 2019	As at March 31, 2018
Opening Balance	87,32,183	17,53,192
Employee stock options expense	67,23,067	73,54,681
Employee stock options of subsidiary	-	-
Transfer to Securities Premium on exercise of options	(23,88,117)	(3,50,456)
Transfer to General Reserve	(5,47,774)	(25,234)
<b>Closing Balance</b>	<b>1,25,19,359</b>	<b>87,32,183</b>

iii) Capital Reserve

Particulars	As at March 31, 2019	As at March 31, 2018
Opening Balance	3,13,27,459	3,13,27,459
<b>Closing Balance</b>	<b>3,13,27,459</b>	<b>3,13,27,459</b>

iv) General Reserve

Particulars	As at March 31, 2019	As at March 31, 2018
Opening Balance	10,17,105	9,91,871
Transfer from Stock options outstanding	5,47,774	25,234
<b>Closing Balance</b>	<b>15,64,879</b>	<b>10,17,105</b>

v) Retained earnings

Particulars	As at March 31, 2019	As at March 31, 2018
Opening Balance	2,60,81,147	4,11,29,655
Adjustment for Ind AS 115 Impact under cumulative catch-up method	(78,63,023)	
Net profit for the period	(3,13,77,407)	(1,47,25,503)
Share Issue expenses	(4,45,000)	(3,80,000)
<b>Items of other comprehensive income</b>		
Actuarial Gains / (Losses) net of taxes	(1,16,264)	56,995
<b>Closing Balance</b>	<b>(1,37,20,547)</b>	<b>2,60,81,147</b>

Note 9(c): Others

Particulars	As at March 31, 2019	As at March 31, 2018
Opening Balance	1,50,00,000	-
Up Front Consideration received on Issue of Warrants pending conversion	-	1,50,00,000
Utilised on Conversion of Warrants to Equity Shares	1,50,00,000	-
<b>Closing Balance</b>	<b>-</b>	<b>1,50,00,000</b>

Note:

On December 28, 2017, the group had granted 10,00,000 warrants at a price of INR 60 per warrant, on a preferential basis after the same was duly approved by the members. The group received the initial consideration of 25% i.e. Rs, 1,50,00,000/- in FY 2017-2018 and the same was classified as other Equity. The allottee had a period of 18 months from the date of allotment of warrants to convert into Equity shares, failing which the initial amount paid shall be forfeited as per the terms of the allotment and regulations as applicable. The Allottee has exercised all the options to convert the warrant into equity shares in the current financial year and has paid the balance consideration for conversion.

Note 10: Financial Liabilities

a) Borrowings

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Non Current</b>		
<b>Secured</b>		
From Banks		
Term Loan	3,76,32,030	-
<b>Total Non Current Borrowings</b>	<b>3,76,32,030</b>	<b>-</b>
<b>Current</b>		
<b>Loans repayable on demand</b>		
<b>Secured</b>		
From Banks		
Cash Credit account	3,64,94,284	7,65,83,473
<b>TOTAL</b>	<b>3,64,94,284</b>	<b>7,65,83,473</b>

- i) Cash Credit facilities are secured by hypothecation of Inventories & book debts of the company.
- ii) Term Loan amounting to ₹ 5.25 Crores (March 31,2019) is repayable in 60 installments. It carries an interest rate of 10 % p.a. and is secured by -a) Primary Security: Hypothecation of Devices (Computers Peripherals - on Use and Pay) purchased using the term loan.
  - b) Collateral Security: Equitable Mortgage of Leashold land situated at Baddi, Himachal Pradesh
- iii) There is no breach of Loan Agreement.

b) Trade Payables

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Current</b>		
Trade payables	3,57,54,239	7,47,61,640
Trade payables to MSME	3,09,498	7,10,223
<b>Total trade payables</b>	<b>3,60,63,737</b>	<b>7,54,71,863</b>

c) Other Financial Liabilities

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Current</b>		
Customer, Dealer and Other Deposits	2,01,39,560	1,99,08,054
Current maturities of Long Term Borrowings**	1,48,14,800	-
Capital Creditors	5,38,56,059	2,82,36,200
Unclaimed Dividend	15,00,916	15,17,540
<b>Total other current financial liabilities</b>	<b>9,03,11,335</b>	<b>4,96,61,794</b>

\*\*Refer footnote to Note No. 10(a)

Note 11: Provisions

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Non Current</b>		
Employee Benefits (Refer Note 24)	1,14,67,576	1,11,84,124
Warranty expenses (Refer Note 28)	4,79,437	15,00,441
<b>Total non current provisions</b>	<b>1,19,47,013</b>	<b>1,26,84,565</b>
<b>Current</b>		
Employee Benefits (Refer Note 24)	8,61,675	7,20,944
Warranty expenses (Refer Note 28)	13,37,864	11,99,002
<b>Total current provisions</b>	<b>21,99,539</b>	<b>19,19,946</b>

Note 12: Other liabilities

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Non Current</b>		
Income received in advance	16,54,913	23,83,057
<b>Total other Non Current Liabilities</b>	<b>16,54,913</b>	<b>23,83,057</b>
<b>Current</b>		
Income received in advance	1,18,50,973	79,39,956
Advance from customers	5,81,757	2,98,480
Statutory payables	79,70,119	48,95,227
Other payables	51,80,521	53,99,330
Expenses payable	2,86,20,504	3,55,32,677
<b>Total other Current liabilities</b>	<b>5,42,03,874</b>	<b>5,40,65,670</b>

Note 13: Revenue from Operations

Particulars	For the period April 1, 2018 to March 31, 2019	For the year ended April 1, 2017 to March 31, 2018
Sale of Products	29,51,64,816	38,28,28,133
Sale of Services	47,14,84,262	42,40,72,956
Other Operating Revenue	3,23,487	3,68,263
<b>Total revenue from operations</b>	<b>76,69,72,565</b>	<b>80,72,69,352</b>

Note 14: Other Income

Particulars	For the period April 1, 2018 to March 31, 2019	For the year ended April 1, 2017 to March 31, 2018
Interest Income on Financial Assets measured at amortised cost -		
Interest on Deposits with banks	1,37,702	4,46,181
Other Interest	6,61,753	5,68,369
Rental Income	23,60,000	-
Profit on sale of Investments (Net)	-	1,90,209
Miscellaneous Income	21,50,808	24,16,750
Credit balances / Provision no longer required written back	32,70,118	21,10,417
<b>Total Other income</b>	<b>85,80,381</b>	<b>57,31,926</b>

Note 15: Cost of materials consumed

Particulars	For the period April 1, 2018 to March 31, 2019	For the year ended April 1, 2017 to March 31, 2018
Raw materials / Spares and consumables at the beginning of the year	9,31,41,845	7,77,28,385
Add: Purchases during the year / period	21,49,54,517	25,21,55,239
Less: Closing stocks	7,90,83,129	9,31,41,845
<b>Cost of material consumed</b>	<b>22,90,13,233</b>	<b>23,67,41,779</b>
Excise Duty paid	-	60,97,512
<b>Total cost of material consumed</b>	<b>22,90,13,233</b>	<b>24,28,39,291</b>

Note 16: Purchase of stock-in-trade

Particulars	For the period April 1, 2018 to March 31, 2019	For the year ended April 1, 2017 to March 31, 2018
Purchases of stock-in-trade	7,89,59,312	10,19,13,025
<b>Total purchase of stock-in-trade</b>	<b>7,89,59,312</b>	<b>10,19,13,025</b>



Note 17: Changes in inventories of work-in-progress, stock-in-trade and finished goods

Particulars	For the period April 1, 2018 to March 31, 2019	For the year ended April 1, 2017 to March 31, 2018
<b>Opening stock</b>		
Work-in-progress	-	1,25,91,178
Finished goods**	95,79,834	64,17,944
Traded goods	1,41,38,430	2,77,63,476
<b>Total opening stock</b>	<b>2,37,18,264</b>	<b>4,67,72,598</b>
<b>Closing Stock</b>		
Work-in-progress	18,33,535	-
Finished goods**	27,12,226	23,82,106
Traded goods	1,78,34,512	1,41,38,431
<b>Total closing stock</b>	<b>2,23,80,273</b>	<b>1,65,20,537</b>
<b>Total changes in inventories of work-in-progress, stock-in-trade and finished goods</b>	<b>13,37,991</b>	<b>3,02,52,061</b>

\*\* Please refer Note No. 23

Note 18: Employee benefit expense

Particulars	For the period April 1, 2018 to March 31, 2019	For the year ended April 1, 2017 to March 31, 2018
Salaries, wages and bonus	12,50,91,987	11,07,10,860
Gratuity and Leave encashment expense	28,10,813	53,01,765
Employee share-based payment expense	67,23,067	73,54,681
Contribution to provident and other fund	62,68,847	51,69,769
Staff welfare expenses	92,61,995	70,51,348
<b>Total employee benefit expense</b>	<b>15,01,56,709</b>	<b>13,55,88,423</b>

Note 19: Other expense

Particulars	For the period April 1, 2018 to March 31, 2019	For the year ended April 1, 2017 to March 31, 2018
Power and fuel	58,34,131	62,98,482
Insurance	8,02,116	8,91,121
Repairs & Maintenance - Buildings	13,84,990	31,81,832
Repairs & Maintenance - IT	90,41,114	37,22,046
Rent	2,67,86,085	2,43,50,003
Rates and taxes	36,17,567	42,82,220
Warranty Expenses	15,26,651	18,05,687
Carriage and Freight outwards	2,28,24,112	2,10,65,759
Commission on sales	38,56,107	34,75,007
Support Charges	1,47,92,579	1,61,33,334
<b>Auditors' Remuneration</b>		
for Audit fees	6,75,000	6,25,000
for Taxation matters	1,25,000	1,00,000
for Reimbursement of expenses	1,14,851	1,66,507
for Other Services	-	-
Advertisement and sales promotion	1,50,18,104	1,65,02,387
Directors' Commission and Sitting fees	11,70,000	13,50,000
Loss on disposal of assets	19,86,162	16,54,250
Travelling and Conveyance	1,58,31,622	1,61,44,486
Communication Expenses	52,96,077	73,99,193
Legal and Professional charges	91,72,657	1,00,37,081
Manpower support service charges	5,87,69,607	5,44,61,014
Office Maintenance	99,65,286	1,03,45,350
Cloud Expenses	42,85,482	37,83,551
Provision for doubtful debts / advances	1,01,46,435	35,52,615
Bad Debts Write off	2,62,716	3,07,405
Exchange Differences (Net)	2,58,243	(10,87,928)
Recruitment Expenses	13,29,694	23,96,560
Miscellaneous expenses	22,30,189	18,30,108
<b>Total other expenses</b>	<b>22,71,02,577</b>	<b>21,47,73,070</b>

Note 20: Finance costs

Particulars	For the period April 1, 2018 to March 31, 2019	For the year ended April 1, 2017 to March 31, 2018
Interest Expenses	97,31,370	75,37,795
Other Borrowing costs	9,90,569	19,23,317
<b>Total finance costs</b>	<b>1,07,21,939</b>	<b>94,61,112</b>

Note 21: Depreciation and amortisation expense

Particulars	For the period April 1, 2018 to March 31, 2019	For the year ended April 1, 2017 to March 31, 2018
Depreciation of property, plant and equipment	10,29,57,336	9,21,91,218
Amortisation of intangible assets	76,89,268	40,76,709
<b>Total depreciation and amortisation expense</b>	<b>11,06,46,604</b>	<b>9,62,67,927</b>

**Note 22: Related Party Transactions**
**A) List of related parties**

Name of Related Party	Relationship
Ram Narayan Agarwal	Chairman & Managing Director
Suresh C Senapaty	Subsidiary Company - Chairman & Director
G H Visweswara	Independent Director
Sudhir Prakash	Independent Director
Dr. A L Rao	Non-Executive Director
H V Gowthama	Independent Director
Mythily Ramesh	Independent Director
Prashee Agarwal *	Non-Executive Director
Shankar Jaganathan	Independent Director
Sandeep Kumar Goyal	Chief Financial officer
S.Pradeep	Subsidiary Company- Chief Financial Officer
Sanjev Arora	Subsidiary Company- Chief Executive Officer
Sujata A Lele	Company Secretary & Compliance officer
Cimplifyfive Corporate Secretarial Services Private Limited	Company in which Director is Interested
wep solutions india limited	Promoter Group
RNAWEP Investments Private Limited	Promoter Group
WeP Peripherals Limited	Promoter

\* Director till July 27, 2018

**B) Transactions with Key Management Personnel**

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018*
Remuneration paid to Key Management Personnel	1,21,77,223	1,06,59,373

\*Remuneration for FY 2017-2018 includes KMPs remuneration appointed for part of the year.

**C)**

Transactions	WeP Peripherals Limited	
	For the year ended March 31, 2019	For the year ended March 31, 2018
Purchase of Goods and Services (excluding taxes)	75,92,090	85,94,300
Interest paid	2,17,000	-
Amount received for allotment of Equity Shares / Warrants	4,50,00,000	1,50,00,000
Transactions	Cimplifyfive Corporate Secretarial Services Private Limited	
	For the year ended March 31, 2019	For the year ended March 31, 2018
Purchase of Services	1,50,000	-
Sale of Services	3,55,405	47,915

**Note 23: Revenue from Contracts with Customers**

The Group has, with effect from April 1, 2018, adopted IND AS 115 "Revenue from Contracts with Customers" by opting for the cumulative catch-up method, which is applicable for all contracts that were not completed as on April 1, 2018. Consequently, the comparatives have not been retrospectively adjusted. Necessary adjustments for adoption of the aforesaid standard have been made resulting in a decrease in loss before tax for the year 31<sup>st</sup> March, 2019 by ₹ 76,16,981 respectively. Further, an amount of ₹ 78,63,024 has also been adjusted against retained earnings as on April 1, 2018.

During the year ended March 31, 2019, the group recognised revenue of Rs 78,69,457/- arising from opening income received in advance of 1st April 2018

#### Disaggragate revenue information

The table below presents disaggregated revenues from contracts with customers and the disaggregation best depicts how the nature, timing and uncertainty of revenue and cash flows are affected by market and economic factors:

Segment	For the year ended March 31, 2019	For the year ended March 31, 2018
a. Printer Business	27,55,26,839	37,65,28,330
b. MPS Business	45,97,94,660	41,90,66,284
c. Digital Services	3,16,51,065	1,16,74,738
	<b>76,69,72,565</b>	<b>80,72,69,352</b>

#### Performance Obligations :

- The performance obligation is satisfied by transferring the promised good or service to a customer and the customer obtains controls over it.
- The company payment terms range from advance to 60 days.
- The Company earns revenue primarily from Managed Printing Solutions and Services, Manufacturing and Distribution of Retail Billing. Products and providing Digital Services like GST etc. to both enterprise and retail customers, pan India.
- The Company generally offers Standard warranties of 6 to 12 months for its products sold.

#### Note 24: Employee Benefit Plans

The Group provides to its employees following retirement benefits:

- Gratuity
- Leave Accrual

**Leave Accrual:** The Group 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.

**Gratuity:** The Group provides for gratuity for employees as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary for each completed year of service. The Group accounts for gratuity benefits payable in the future based on the actuarial valuation. The Group is exposed to actuarial risk with respect to this plan

The following table sets out the amounts recognised in the Consolidated financial statements for Gratuity

#### Principal Actuarial Assumptions

Particulars	As at March 31, 2019	As at March 31, 2018
Salary Escalation	7.00%	7.00%
Discount Rate (per annum)	7.55%	7.80%
Mortality	India Assured Lives Mortality (2006-2008)	India Assured Lives Mortality (2006-2008)

Amount recognized in the Balance Sheet are as follows

Particulars	As at March 31, 2019	As at March 31, 2018
Present value of Funded defined benefit obligation	73,37,238	65,19,416
Fair value of plan assets	(24,71,652)	(23,52,711)
Present value of unfunded obligations	-	-
<b>Net Liability</b>	<b>48,65,586</b>	<b>41,66,705</b>
Current	-	-
Non - current	48,65,586	41,66,705

Amount reflected in the Consolidated Statement of Profit & Loss is as follows

Particulars	As at March 31, 2019	As at March 31, 2018
Current Service Cost	10,94,540	14,35,583
Interest on Defined Benefit Obligation	3,12,752	1,80,353
Past Service cost	-	3,09,495
<b>Total</b>	<b>14,07,292</b>	<b>19,25,431</b>

Amount recorded in Other Comprehensive Income

Particulars	As at March 31, 2019	As at March 31, 2018
Remeasurements during the period due to		
Changes in financial assumptions	1,27,671	(3,08,543)
Experience adjustments	(33,827)	1,82,315
Actual return on plan assets less interest on plan assets	70,801	36,380
<b>Closing amount recognised in OCI outside profit and loss account</b>	<b>1,64,645</b>	<b>(89,848)</b>

## Reconciliation statement

Particulars	As at March 31, 2019	As at March 31, 2018
<b>a) <u>Change in Defined Benefit Obligation</u></b>		
Opening Defined Benefit Obligation	65,19,416	49,19,857
Current Service Cost	10,94,540	14,35,583
Past service cost	-	3,09,495
Interest on Defined Benefit Obligation	4,93,296	3,52,109
Actuarial Losses / (Gain)		
Remeasurements due to:		
- Actuarial loss / (gain) arising from change in financial assumptions	1,27,671	(3,08,543)
- Actuarial loss / (gain) arising on account of experience changes	(33,827)	1,82,315
Benefits Paid	(9,04,423)	(3,71,400)
Acquisition / Transfer adjustment for Inter group transfer	-	-
<b>Closing Defined Benefit Obligation</b>	<b>72,96,673</b>	<b>65,19,416</b>
<b>b) <u>Change in Fair Value of Assets</u></b>		
Opening Fair Value of Plan Assets	23,52,711	24,55,406
Interest on plan assets	1,80,544	1,71,756
Remeasurements due to:		
<i>Actual return on plan assets less interest on plan assets</i>		
Contribution by Employer	9,50,000	96,949
Benefit Paid	(9,04,423)	(3,71,400)
<b>Closing Fair Value of Plan Assets</b>	<b>25,78,832</b>	<b>23,52,711</b>
<b>c) <u>Change in Net Liability / (asset)</u></b>		
Opening net defined benefit liability / (asset)	42,03,085	24,64,451
Expense charged to profit & loss account	14,07,292	19,25,431
Amount recognised outside profit & loss account	1,64,645	(89,848)
Contribution by Employer	(9,50,000)	(96,949)
Impact of liability assumed or (settled) on account of inter group transfer	-	-
<b>Closing net defined benefit liability / (asset)</b>	<b>48,25,022</b>	<b>42,03,085</b>

## Maturity Profile of defined benefit obligations

Particulars	As at March 31, 2019	As at March 31, 2018
1 year	4,83,019	2,99,705
2 to 5 years	28,91,310	30,24,477
6 to 9 years	31,82,150	26,36,300
10 years and Above	80,62,470	71,57,607



### Sensitivity Analysis

Particulars	As at March 31, 2019	As at March 31, 2018
Increase / (decrease) on present value of defined benefits obligation at the end of the year		
<b>50 bps increase in discount rate</b>		
Increase / (decrease) in %	(4.0%)	(4.1%)
Increase / (decrease) in ₹	(3,10,427)	(2,77,308)
<b>50 bps decrease in discount rate</b>		
Increase / (decrease) in %	4.3%	4.4%
Increase / (decrease) in ₹	3,32,486	2,96,918
<b>50 bps increase in rate of salary escalation</b>		
Increase / (decrease) in %	3.8%	3.9%
Increase / (decrease) in ₹	3,02,519	2,69,566
<b>50 bps decrease in rate of salary escalation</b>		
Increase / (decrease) in %	(3.8%)	(3.8%)
Increase / (decrease) in ₹	(2,94,757)	(2,63,325)

### Note 25: Employees Stock Option Plan

The Group, from time to time, provides share based payments to its employees. These payments are provided in the form of stock options that can be exercised once the employee has completed specified service term with the Company. All share based employee remuneration would be settled in equity. The details of Stock options are provided below.

Particulars	ESOP 2011	ESOP 2016
Date of Shareholders' approval	27 <sup>th</sup> Sep 2011	22 <sup>nd</sup> Sep 2016
Total number of options approved under the scheme	6,00,000	6,00,000
Vesting Schedule		
On completion of 12 months from the date of grant of Options	30% vesting	30% vesting
On completion of 24 months from the date of grant of Options	30% vesting	30% vesting
On completion of 36 months from the date of grant of Options	40% vesting	40% vesting
Exercise Price	Rs.10 per share	Rs.10 per share
Exercise Period	5 years from the date of vesting	5 years from the date of vesting
Option movements during the year		
Options outstanding at the beginning of the year	4,25,400	1,32,000
Options granted during the year	-	Nil
Options Lapsed & Forfeited during the year	58,800	Nil
Options vested and available for exercise	3,49,700	39,600
Options exercised during the year	79,200	7,500
Variations of terms of options	None	None
Money realised by exercise of options (Rs.)	7,92,000	75,000
<b>Total number of options in force as at the end of the year</b>	<b>2,87,400</b>	<b>1,24,500</b>
Vested and available for exercise	1,51,400	32,100
Unvested	1,36,000	92,400

### Summary of the status of Options

Particulars	As at March 31, 2019	As at March 31, 2018
Options outstanding at the beginning of the year	5,57,400	3,92,300
Options granted during the year	-	2,25,000
Options Lapsed & Forfeited during the year	58,800	17,000
Options vested and available for exercise	3,89,300	2,86,300
Options exercised during the year	86,700	42,900
<b>Total number of options in force as at the end of the year</b>	<b>4,11,900</b>	<b>5,57,400</b>

**Note 26:** Disclosures of dues / payments to Micro, Small and Medium enterprises to the extent such enterprises are identified by the Group:

Particulars	As at March 31, 2019	As at March 31, 2018
a. Amount due on account of suppliers as at the end of the accounting year	3,09,498	7,10,223
b. Principal amount paid (includes unpaid) beyond the appointed date	NIL	NIL
c. Interest paid during the year;	NIL	NIL
d. Interest payable at the end of the year;	NIL	NIL
e. Interest accrued and unpaid at the end of the accounting year; has not been provided.	NIL	NIL

The information has been given in respect of such vendors to the extent they could be identified as "Micro, Small and Medium" enterprises on the basis of information available with the Group.

**Note 27:** Earning Per Share (EPS) computed in accordance with Ind AS 33

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>Basic</b>		
Profit / (Loss) after tax as per accounts	(3,13,77,407)	(1,47,25,503)
Number of Shares issued (Weighted average no.)	2,54,65,479	2,51,00,743
<b>Earning Per Share</b> (of nominal value of equity share of Rs.10/- each)	<b>(1.23)</b>	<b>(0.59)</b>
<b>Diluted</b>		
Profit / (Loss) after tax as per accounts	(3,13,77,407)	(1,47,25,503)
Number of Shares issued (Weighted average no.)	2,58,77,379	2,57,68,691
<b>Earning Per Share</b> (of nominal value of equity share of Rs.10/- each)	<b>(1.21)</b>	<b>(0.57)</b>

### Calculation of Weighted average number of shares used as the denominator

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Weighted average number of equity shares used as the denominator in calculating basic earning per share	2,54,65,479	2,51,00,743
Adjustments for calculation of diluted earnings per share		
Stock options	4,11,900	4,13,153
Convertible Warrants	-	2,54,795
<b>Weighted average number of equity shares used as the denominator in calculating diluted earning per share</b>	<b>2,58,77,379</b>	<b>2,57,68,691</b>

**Note 28: Warranty**

The Group generally offers 6 to 12 months warranties for its products. Management estimates the related provision for future warranty claims based on historical warranty claim information, as well as recent trends that might suggest that past cost information may differ from future claims. Provision is made for estimated warranty claims in respect of products sold which are still under warranty at the end of the reporting period.

Movement in provision during the financial year	Warranty Provision	
	For the year ended March 31, 2019	For the year ended March 31, 2018
Opening Provision	26,99,444	1,12,04,846
Additions during the year	18,17,300	26,99,444
Reversal due to revenue deferment on extended warranty impact	-	-
Reversal during the year	26,99,444	1,12,04,846
<b>Closing Provision</b>	<b>18,17,300</b>	<b>26,99,444</b>

**Note 29: Contingent Liabilities**

Particulars	As at March 31, 2019	As at March 31, 2018
Claims against the company not acknowledged as debt		
Value Added Tax	11,23,318	11,23,318
Service Tax	5,81,29,154	5,81,29,154
Others	-	19,09,305
<b>Total</b>	<b>5,92,52,472</b>	<b>6,11,61,777</b>

### Note 30: Segment Reporting

For management purposes, the Group is organised into business units based on its products and services and has three reportable segments, as follows:

- The Printers business which is into design, manufacturing and distribution of Retail Billing Printers and other impact printers
- The Managed Printing Solutions (MPS) business which is into providing office printing solutions and services to corporate customers
- The Digital Services business which is into providing Digital services like GST, document management etc.

Particulars	Printer Business		MPS Business		Digital Services		Total	
	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18
<b>Revenue</b>								
Net Sales / Income from Operations	27,55,26,839	37,65,28,330	45,97,94,660	41,90,66,284	3,16,51,065	1,16,74,738	76,69,72,565	80,72,69,352
<b>Segment Revenue</b>	<b>27,55,26,839</b>	<b>37,65,28,330</b>	<b>45,97,94,660</b>	<b>41,90,66,284</b>	<b>3,16,51,065</b>	<b>1,16,74,738</b>	<b>76,69,72,565</b>	<b>80,72,69,352</b>
Segment Result	69,58,858	2,23,40,699	12,08,00,449	12,43,85,242	(3,87,63,436)	(5,92,16,627)	8,89,95,870	8,75,09,314
Add: Interest Income							1,37,702	4,46,181
Less: Finance Cost							1,07,21,939	94,61,112
Less: Depreciation and amortisation expenses							11,06,46,604	9,62,67,927
<b>Profit Before tax</b>							<b>(3,22,34,970)</b>	<b>(1,77,73,544)</b>
Less: Exceptional item							-	-
<b>Profit Before tax</b>							<b>(3,22,34,970)</b>	<b>(1,77,73,544)</b>
Less: Tax Expenses							(8,57,563)	(30,48,041)
<b>Profit After Tax</b>							<b>(3,13,77,407)</b>	<b>(1,47,25,503)</b>
<b>Other Information</b>								
Segment Assets	16,59,45,152	19,64,60,500	50,75,27,516	46,82,06,672	3,08,15,937	2,90,96,702	70,42,88,605	69,37,63,874
Segment Liabilities	5,70,93,073	9,08,53,943	10,78,92,166	8,86,03,501	1,65,80,372	1,67,29,450	18,15,65,611	19,61,86,894
<b>Capital Employed</b>	<b>10,88,52,079</b>	<b>10,56,06,557</b>	<b>39,96,35,350</b>	<b>37,96,03,171</b>	<b>1,42,35,565</b>	<b>1,23,67,252</b>	<b>52,27,22,994</b>	<b>49,75,76,980</b>

### Note 31: Percentage of contribution by Parent / Subsidiary

	Net Assets (Total Assets Less Total Liabilities)					
	As a % of Consolidated Net Asset		Amount		Share in Profit	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
<b>Parent:</b>						
WeP Solutions Limited	99%	97%	43,08,46,486	40,96,61,292	6%	(19,14,496)
<b>Indian Subsidiary:</b>						
WeP Digital Services Limited	1%	3%	29,35,394	1,13,32,215	94%	(2,94,62,912)
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>43,37,81,880</b>	<b>42,09,93,507</b>	<b>100%</b>	<b>(3,13,77,407)</b>
						<b>(1,47,25,505)</b>

## Note 32: Financial Instruments

This section gives an overview of the significance of financial instruments for the Group and provided additional information on balance sheet terms that contain financial instruments.

The details of significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expense are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the financial statements.

### (i) Classification of Financial Assets and Liabilities

All financial assets and financial liabilities are valued at amortised cost.

### (ii) Fair Value Hierarchy

There are no financial asset or liabilities of the Group, which, after their initial recognition, have been fair valued either during the year or in the previous year.

### (iii) Financial Risk Management Policies and Objectives

The Group, in the course of its business, is exposed to a variety of financial risks, viz., market risk, credit risk and liquidity risk which can adversely impact the financial performance. The Group endeavour is to foresee the unpredictability of financial markets and seek to minimise potential adverse effects on its financial performance. The Group has a risk management policy that which not only covers the foreign exchange risk but also other risks such as interest rate risk and credit risk which are associated with financial assets and liabilities.

#### A. Market Risk

Market risk is the risk of any loss in future earnings, in realisable fair values or in future cash flows that may result from a change in the price of financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, equity price fluctuations, liquidity and other market changes. Future specific market movements cannot be normally predicted with reasonable accuracy.

#### B. Foreign currency exchange rate risk

The fluctuations in foreign currency exchange rate may have a potential impact on the statement of profit and loss and equity. This arises from transactions entered into foreign currency and assets / liabilities which are denominated in a currency other than the functional currency of the Company.

The Group imports raw materials, traded goods, consumables etc and such transactions are denominated in US Dollars. The Group does not take major exposure in any other foreign currency. The group also exports services which are billed in US dollars. The Group has a hedging policy approved and reviewed by the Board of Directors to mitigate its risks. Details of foreign currency exposure in USD are as follows:

Particulars	As at March 31, 2019	As at March 31, 2018
Trade Receivables (Amount in INR)	1,96,578	2,32,287
Trade Receivables (Amount in USD)	2,842	3,571
Trade Payables (Amount in INR)	94,57,443	1,67,48,919
Trade Payables (Amount in USD)	1,36,587	2,57,501

#### C. Credit risk

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk covers both the direct risk of default and the risk of deterioration of creditworthiness as well as concentration risks.

Trade receivables constitute the financial instruments that are exposed to credit risk. The Group policy is to deal only with creditworthy counterparts. The Company management considers that all the financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due. None of the Group financial assets are secured by collateral or other credit enhancements.

The Group exposure to credit risk is limited to the carrying amount of financial assets recognised at the balance sheet date.

### Note 33: Capital Management

The Group capital management is intended to maximise the return to shareholders for meeting the long-term and short-term goals of the Group through the optimization of the debt and equity balance.

The Group determines the amount of capital required on the basis of annual and long-term operating plans and strategic investment plans. The funding requirements are met through equity and long-term/short-term borrowings. The Group monitors the capital structure on the basis of Net debt to equity ratio and maturity profile of the overall debt portfolio of the Group.

For the purpose of capital management, capital includes issued equity capital, securities premium and all other reserves attributable to the equity shareholders of the Group. Net debt includes all long and short-term borrowings as reduced by cash and cash equivalents.

The following table summarises the capital of the Group:

Particulars	As at March 31, 2019	As at March 31, 2018
Debt*	8,89,41,114	7,65,83,473
Cash and Cash Equivalents	5,62,092	4,16,472
Net debt	8,83,79,022	7,61,67,001
Equity**	43,37,81,880	42,09,93,507
Total Capital (Debt+Equity)	52,21,60,902	49,71,60,508
Net Debt to Equity Ratio	0.17	0.15

\*Debt is defined as long-term and short-term borrowings

\*\*Equity includes all capital and reserves of the company that are managed as capital.

### Note 34:

Previous Year figures have been regrouped / rearranged wherever necessary to conform to the current year presentation.

As per our report attached

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

S N Shivakumar  
Partner  
Membership No.: 88113

Place: Bengaluru  
Date: May 25, 2019

For and on behalf of the Board of Directors

H V Gowthama  
Director  
DIN: 00250122

Ram N Agarwal  
Chairman & Managing Director  
DIN: 00006399

Sandeep Goyal  
Chief Financial Officer

Sujata A Lele  
Company Secretary

Place: Bengaluru  
Date: May 25, 2019



# Independent Auditor's Report

To the Members

WeP Solutions Ltd

Report on the Audit of the Standalone Ind AS Financial Statements

## Opinion

1. We have audited the standalone Ind AS financial statements of **WeP Solutions Ltd** ("the Company"), which comprise the balance sheet as at 31<sup>st</sup> March 2019, the statement of Profit and Loss, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS 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, of the financial position of the Company as at March 31, 2019, and its financial performance, including other comprehensive income, its cash flows, and the changes in equity for the year ended on that date.

## Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India, together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013, and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1	<p><i>Accuracy of recognition, measurement, presentation and disclosures of revenues and other related balances in view of adoption of Ind AS 115 "Revenue from Contracts with Customers" (new revenue accounting standard)</i></p> <p>The application of the new revenue accounting standard involves certain key judgements relating to identification of distinct performance obligations, determination of transaction price of the identified performance obligations, the appropriateness of the basis used to measure revenue recognised over a period. Additionally, new revenue accounting standard contains disclosures which involves collation of information in respect of disaggregated revenue and periods over which the remaining performance obligations will be satisfied subsequent to the balance sheet date.</p> <p>Refer notes 1.A.4 and 23 to the Standalone financial statements.</p>	<p><u>Principal Audit Procedures</u></p> <p>We assessed the Company's process/basis of</p> <ul style="list-style-type: none"> <li>- Identification of Contract with the Customer</li> <li>- Identification of performance obligation</li> <li>- Determination of transaction price</li> <li>- Allocation of transaction price</li> </ul> <p>Satisfaction of performance obligation</p> <p>Selected a sample of contracts and performed the following procedures:</p> <ul style="list-style-type: none"> <li>• read, analysed and identified the distinct performance obligations in these contracts;</li> <li>• compared these performance obligations with that identified and recorded by the Company;</li> <li>• considered the terms of the contracts to determine the transaction price including any variable consideration to verify the transaction price used to compute revenue and to test the basis of estimation of the variable consideration;</li> <li>• verified performance obligation that gets satisfied at a point in time upon physical delivery of goods to customer with delivery proofs;</li> <li>• verified performance obligation that gets satisfied over a period of time upon passage of time with actual passage of time;</li> <li>• tested sample of revenues disaggregated by type with the performance obligations specified in the underlying contracts; and</li> <li>• performed analytical procedures for reasonableness of revenues disclosed by type.</li> </ul>

Sr. No.	Key Audit Matter	Auditor's Response
2	<p>Adequacy of Provision for bad &amp; doubtful debts / Adequacy of allowance for Credit losses against Trade Receivables.</p> <p>As at March 31, 2019, carrying amount of allowance for credit losses is Rs.8.01 crores against total dues of Rs.20.39 crores from Trade receivables.</p>	<p><u>Principal Audit Procedures</u></p> <p>We obtained the Company's process / policy / basis of</p> <ul style="list-style-type: none"> <li>- identifying and classifying Trade receivables into following categories: <ul style="list-style-type: none"> <li>a. trade Receivables considered good;</li> <li>b. trade Receivables which have significant increase in credit risk; and</li> <li>c. trade Receivables which are credit impaired; calculating amount of allowance thereon;</li> </ul> </li> </ul> <p>Our audit approach consisted of the following procedures:</p> <ul style="list-style-type: none"> <li>- assessing reasonableness of basis of identifying and classifying into different categories as mentioned above;</li> <li>- verifying basis of calculating amount of allowance thereon;</li> <li>- selecting sample of parties and verifying the identification and classification of parties based on the company's policy into different categories, as mentioned above; and</li> <li>- recalculating the amount of allowance on the selected sample of parties based on Company's policy.</li> </ul>

## Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

5. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records, in accordance with the provisions of the Act, for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
6. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
7. Those on the Board of Directors are also responsible for overseeing the Company's financial reporting process.

### Auditors responsibilities for the Audit of the Financial Statements.

8. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
9. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
  - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
  - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
  - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
  - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention, in our

auditor's report, to the related disclosures in the financial statements or, if such disclosures are inadequate, modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
10. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
  11. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
  12. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on Other Legal and Regulatory Requirements

13. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the **Annexure A** a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
14. As required by Section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account, as required by law, have been kept by the Company, so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure B**".
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 29 to the financial statements.
    - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts.
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For N.M.Raiji & Co.  
Chartered Accountants  
Firm's Registration Number: 108296W

S.N. Shivakumar  
Partner  
Membership No.: 88113

Place: Camp Bengaluru  
Date: May 25, 2019

## ANNEXURE - A

### To the Independent Auditors' Report of even date on the standalone financial statements of WeP Solutions Limited (referred to in paragraph 13 under the heading of "report on other legal and regulatory requirements" of our report of even date)

- i.
  - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - b) In accordance with the phased programme for verification of fixed assets, certain items of fixed assets were physically verified by the management during the year and no material discrepancies were noticed on such verification.
  - c) In respect of immovable properties of land that have been taken on finance lease and disclosed as property, plant and equipment in the financial statements, the lease agreements are in the name of the company, where the Company is the lessee in the agreement as at Balance Sheet date.
- ii. Stocks of inventories have been physically verified during the year by the management. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification between the physical stock and the book stock were not material in relation to the operations of the Company and have been properly dealt with in the books of account.
- iii. In respect of a loan given by the company during the year, to its 100% subsidiary:
  - a) the terms and conditions of the loan are not prejudicial to the Company's interest
  - b) the schedule of repayment has presently not been stipulated;
  - c) In the absence of repayment schedule there are presently no overdue amounts.
- iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Companies Act, 2013, in respect of loans, investments, guarantees and security.
- v. In our opinion, the Company has not accepted any deposits within the meaning of Section 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014, (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable to the Company.
- vi. We have broadly reviewed the books of account maintained by the Company, pursuant to the rules made by the central government for the maintenance of Cost records under sub-section (1) of Section 148 of the Companies Act, 2013 and of the opinion that prima facie, the prescribed accounts have been made and maintained.
- vii.
  - a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-tax, GST, Custom Duty, cess and any other dues, during the year, with the appropriate authorities.
  - b) According to the information and explanations given to us, following are the dues of Income-tax, GST, Sales-tax, Excise Duty, Service Tax, Custom Duty, value added tax and cess which have not been deposited on account of disputes with the related authorities.

Sl. No	Nature of the statue	Nature of the Dues	Forum where dispute is pending	Financial year to which the matter pertains	Amount*
1	Finance Act, 1994	Service Tax	CESTAT, Bengaluru	2010-11 to 2013-14	5,81,29,154
2	K VAT Act, 2003	Value added Tax	The Deputy Commissioner (Appeals), Ernakulam	2012-13	3,70,798
3	K VAT Act, 2003	Value added Tax	Value added Tax Appellate Tribunal, Ernakulam	2013-14	7,52,520
<b>Grand Total</b>					<b>5,92,52,472</b>

\*(Net of amount paid under protest Rs.68,30,906)

- viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions or banks. The Company does not have any outstanding debentures.

- ix. Term loans were applied for the purposes for which those are raised. The Company has not raised moneys by way of initial public offer or further public offer.
- x. To the best of our knowledge and belief and according to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees was noticed or reported during the year.
- xi. The Company has not paid any Managerial remuneration for the year 2018-19, consequently, the provisions of clause 3 (xi) of the Order are not applicable to the Company.
- xii. To the best of our knowledge and belief, the Company is not a Nidhi Company. Consequently, the provisions of clause 3(xii) of the Order are not applicable to the Company.
- xiii. To the best of our knowledge and belief and according to the information and explanations given to us, all transactions with related parties are in compliance with section 177 and 188 of the Act, where applicable, and the requisite details have been disclosed in the financial statements, as required by the applicable accounting standards.
- xiv) To the best of our knowledge and belief and according to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Consequently, the provisions of clause 3(xiv) of the Order are not applicable to the Company.
- xv. To the best of our knowledge and belief and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him. Consequently; the requirement under clause (xv) is not applicable to the Company.
- xvi. To the best of our knowledge and belief, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of clause 3(xvi) of the Order are not applicable to the Company.

For N.M.Raiji & Co.  
Chartered Accountants  
Firm's Registration Number: 108296W

Place: Camp Bengaluru  
Date: May 25, 2019

S.N. Shivakumar  
Partner  
Membership No.: 88113



## Annexure - B

### To the Independent Auditor's Report of even date on the Standalone Financial Statements of WeP Solutions Limited (referred to in paragraph 14 point (f) under the heading of "report on other legal and regulatory requirements" of our report of even date)

#### 1. Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of WeP Solutions Limited ("the Company") as at March 31, 2019, in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### 2. Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company, considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### 3. Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### 4. Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### 5. Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or

improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## 6. Opinion

In our opinion, to the best of our information and according to explanation given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For N.M.Rajji & Co.  
Chartered Accountants  
Firm's Registration Number: 108296W

Place: Camp Bengaluru  
Date: May 25, 2019

S.N. Shivakumar  
Partner  
Membership No.: 88113



**WeP Solutions Limited**  
Balance Sheet as at March 31, 2019

(in ₹)

PART I – BALANCE SHEET				
	Particulars	Note No.	As at March 31, 2019	As at March 31, 2018
1)	<b>ASSETS</b>			
	<b>Non-current assets</b>			
	a) Property, Plant and Equipment	2	29,51,84,448	32,06,84,138
	b) Capital Work-in-Progress	2&3	2,56,44,968	82,90,630
	c) Other Intangible Assets	3	1,61,34,195	72,29,922
	d) Financial Assets			
	i. Investments	4(a)	7,10,70,280	4,92,52,345
	ii. Other Financial Assets	4(e)	46,61,797	61,56,972
	e) Deferred Tax Assets (net)	5	3,46,74,823	3,30,06,113
	f) Other Non-Current Assets	6	3,92,22,339	3,03,89,324
			<b>48,65,92,850</b>	<b>45,50,09,444</b>
2)	<b>Current assets</b>			
	a) Inventories	7	10,13,08,560	10,96,40,820
	b) Financial Assets			
	i. Trade Receivables	4(b)	12,37,81,734	12,94,99,526
	ii. Cash and Cash Equivalents	4(d)	1,16,209	40,556
	iii. Bank Balances other than (ii) above	4(f)	15,00,916	15,17,540
	iv. Other financial assets	4(e)	83,71,224	76,10,889
	v. Loans	4(c)	88,06,543	-
	c) Other Current Assets	8	2,71,37,521	1,59,79,911
			<b>27,10,22,707</b>	<b>26,42,89,242</b>
	<b>Total Assets</b>		<b>75,76,15,557</b>	<b>71,92,98,686</b>
3)	<b>EQUITY AND LIABILITIES</b>			
	<b>Equity</b>			
	(a) Equity Share capital	9(a)	26,20,98,545	25,12,31,545
	(b) Other Equity			
	i. Reserves & Surplus	9(b)	23,98,44,251	19,27,13,595
	ii. Others	9(c)	-	1,50,00,000
			<b>50,19,42,796</b>	<b>45,89,45,140</b>
4)	<b>LIABILITIES</b>			
	<b>Non-current liabilities</b>			
	(a) Financial Liabilities			
	i. Borrowings	10(a)	3,76,32,030	-
	(b) Provisions	11	1,00,64,952	1,02,59,780
	(c) Other non-current liabilities	12	16,54,913	23,83,057
			<b>4,93,51,895</b>	<b>1,26,42,837</b>
5)	<b>Current liabilities</b>			
	(a) Financial Liabilities			
	i. Borrowings	10(a)	3,64,94,285	7,65,83,473
	ii. Trade payables	10(b)		
	a) Total outstanding dues of Micro and small enterprises		84,498	7,10,223
	b) Total outstanding dues of creditors other than micro and small enterprises		3,57,54,244	7,64,71,025
	iii. Other financial liabilities	10(c)	9,02,61,335	4,95,11,794
	(b) Other current liabilities	12	4,16,41,695	4,26,24,858
	(c) Provisions	11	20,84,809	18,09,336
			<b>20,63,20,866</b>	<b>24,77,10,709</b>
	<b>Total Equity and Liabilities</b>		<b>75,76,15,557</b>	<b>71,92,98,686</b>

See Accompanying Notes to the Financial Statements  
As per our report attached

For N M Raiji & Co  
Chartered Accountants  
Firm Reg. No.: 108296W  
S N Shivakumar

Partner  
Membership No.: 88113  
Place: Bengaluru  
Date: May 25, 2019

For and on behalf of the Board of Directors

H V Gowthama  
Director  
DIN: 00250122

Ram N Agarwal  
Chairman & Managing Director  
DIN: 00006399

Sandeep Goyal  
Chief Financial Officer  
Place: Bengaluru  
Date: May 25, 2019

Sujata A Lele  
Company Secretary

**WeP Solutions Limited**  
Statement of Profit and Loss for the year ended March 31, 2019

(in ₹)

PART II – STATEMENT OF PROFIT AND LOSS				
Particulars		Note No.	For the year ended March 31, 2019	For the year ended March 31, 2018
I	Revenue From Operations	13	73,91,12,659	79,83,73,763
II	Other Income	14	91,31,937	88,88,993
<b>III</b>	<b>Total Income (I+II)</b>		<b>74,82,44,596</b>	<b>80,72,62,756</b>
<b>EXPENSES</b>				
a	Cost of Materials Consumed	15	22,56,52,682	24,29,83,530
b	Purchases of Stock-in-Trade	16	7,87,40,562	10,19,13,025
c	Changes in Inventories of Work-in-Progress, Stock-in-Trade and Finished Goods	17	14,71,273	3,02,73,622
d	Employee Benefits Expense	18	11,98,27,531	11,21,37,052
e	Other Expenses	19	20,62,60,508	19,66,17,609
<b>IV</b>	<b>Total Expenses</b>		<b>63,19,52,556</b>	<b>68,39,24,838</b>
	<b>Profit / (Loss) before Depreciation, Interest, exceptional items &amp; tax</b>	<b>(III-IV)</b>	<b>11,62,92,040</b>	<b>12,33,37,918</b>
f	Finance Costs	20	1,06,75,526	94,36,281
g	Depreciation and Amortization Expense	21	10,75,19,033	9,36,76,214
<b>V</b>	<b>Profit / (Loss) before exceptional items and tax</b>		<b>(19,02,519)</b>	<b>2,02,25,423</b>
VI	Exceptional Items		-	-
<b>VII</b>	<b>Profit / (Loss) before tax (V-VI)</b>		<b>(19,02,519)</b>	<b>2,02,25,423</b>
<b>VIII</b>	<b>Tax Expense:</b>			
	1) Current Tax		14,80,156	72,18,862
	2) Tax Adjustments Pertaining to Previous Year		(11,19,396)	-
	3) Deferred tax		(3,43,309)	(9,86,277)
<b>IX</b>	<b>Profit / (Loss) for the year from continuing operations (VII-VIII)</b>		<b>(19,19,970)</b>	<b>1,39,92,838</b>
<b>X</b>	<b>Other Comprehensive Income</b>			
	A (i) Items that will not be reclassified to profit or loss		(3,06,230)	1,32,881
	(ii) Income tax relating to items that will not be reclassified to profit or loss		85,193	(43,934)
	B (i) Items that will be reclassified to profit or loss		-	-
	(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
<b>XI</b>	<b>Total Comprehensive Income for the year (IX+X)</b> (Comprising Profit / (Loss) and Other Comprehensive Income for the year)		<b>(21,41,007)</b>	<b>1,40,81,785</b>
<b>XII</b>	<b>Earnings per Equity Share:</b>			
	1) Basic	27	(0.08)	0.56
	2) Diluted	27	(0.07)	0.54

See Accompanying Notes to the Financial Statements  
As per our report attached

For N M Rajji & Co  
Chartered Accountants  
Firm Reg. No.: 108296W  
S N Shivakumar

Partner  
Membership No.: 88113  
Place: Bengaluru  
Date: May 25, 2019

For and on behalf of the Board of Directors

H V Gowthama  
Director  
DIN: 00250122

Ram N Agarwal  
Chairman & Managing Director  
DIN: 00006399

Sandeep Goyal  
Chief Financial Officer  
Place: Bengaluru  
Date: May 25, 2019

Sujata A Lele  
Company Secretary

# WeP Solutions Limited

## Statement of Cash Flows for the year ended March 31, 2019

(in ₹)

Particulars		March 31, 2019	March 31, 2018
<b>A</b>	<b>Cash Flow From Operating Activities</b>		
	Profit / (Loss) before Income tax from Continuing Operations	(19,02,519)	2,02,25,423
	<b>Profit before Income tax</b>	<b>(19,02,519)</b>	<b>2,02,25,423</b>
	<b>Adjustment for:</b>		
	Depreciation & Amortisation	10,75,19,033	9,36,76,214
	Provision for doubtful debts	89,84,754	34,47,317
	Employee share based payment expense	49,05,132	62,02,334
	Actuarial Gains/Losses recognised in Other Comprehensive Income	(3,06,230)	1,32,881
	Loss / (Profit) on Sale of Fixed Assets	18,91,080	16,54,250
	Net Exchange differences	2,68,089	(11,22,114)
	Interest Income	(14,42,843)	(8,84,555)
	Interest Expense	1,06,75,526	94,36,281
	<b>Changes in Operating assets and liabilities</b>		
	(Increase) / Decrease in Inventories	1,55,29,988	1,48,60,162
	(Increase) / Decrease in Trade Receivables	(1,79,16,094)	(1,51,11,517)
	(Increase) / Decrease in Other Current Assets	(1,11,57,611)	(73,67,105)
	(Increase) / Decrease in Other Bank Balances	16,624	55,160
	(Increase) / Decrease in Other Current Financial Assets	(7,60,336)	(1,08,686)
	(Increase) / Decrease in Other Non Current Financial Assets	14,95,175	-
	(Increase) / Decrease in Other Non Current Assets	7,96,671	(34,286)
	Increase / (Decrease) in Provisions	80,644	(64,45,502)
	Increase / (Decrease) in Trade Payables	(4,16,10,594)	(1,12,45,887)
	Increase / (Decrease) in Other Current Liabilities	(9,83,164)	(71,04,426)
	Increase / (Decrease) in Other Non Current Liabilities	(7,28,144)	6,49,222
	Increase / (Decrease) in Other Financial Liabilities	2,59,34,741	26,89,506
	<b>Cash Generated from Operations</b>	<b>10,12,89,922</b>	<b>10,36,04,672</b>
	Income taxes paid	1,12,30,653	94,49,954
	<b>Net Cash From Operating Activities</b>	<b>9,00,59,269</b>	<b>9,41,54,718</b>
<b>B</b>	<b>Cash Flow From Investing Activities</b>		
	Purchase of Property, Plant & Equipment (including CWIP)	(9,54,39,268)	(10,51,19,577)
	Purchase of Investments	(2,00,00,000)	(4,00,00,000)
	Purchase of Intangible Assets	(1,48,36,116)	(68,51,884)
	Proceeds from Sale of Fixed Assets	1,06,352	87,958
	(Increase) / Decrease in Loans	(88,06,543)	1,00,00,000
	Interest Income	14,42,843	8,84,555
	<b>Net Cash Used In Investing Activities</b>	<b>(13,75,32,732)</b>	<b>(14,09,98,948)</b>
<b>C</b>	<b>Cash Flow From Financing Activities</b>		
	Proceeds from Issue of Shares	4,58,67,000	4,29,000
	Proceeds from Issue of Warrants	-	1,50,00,000
	Interest paid	(1,06,75,525)	(94,36,280)
	Proceeds / (Repayment) of Borrowings	(4,00,89,189)	4,07,77,821
	Proceeds of Term Loan	5,24,46,830	-
	<b>Net Cash From / (Used for) Financing Activities</b>	<b>4,75,49,116</b>	<b>4,67,70,541</b>
	<b>Net Increase / (Decrease) in cash and cash equivalents - (A+B+C)</b>	<b>75,653</b>	<b>(73,689)</b>
	Cash and Cash Equivalents at the beginning of the year	40,556	1,14,245
	<b>Cash and Cash Equivalents at the end of the year</b>	<b>1,16,209</b>	<b>40,556</b>

See Accompanying Notes to the Financial Statements  
As per our report attached

For N M Raiji & Co  
Chartered Accountants  
Firm Reg. No.: 108296W  
S N Shivakumar

Partner  
Membership No.: 88113  
Place: Bengaluru  
Date: May 25, 2019

For and on behalf of the Board of Directors

H V Gowthama  
Director  
DIN: 00250122

Ram N Agarwal  
Chairman & Managing Director  
DIN: 00006399

Sandeep Goyal  
Chief Financial Officer  
Place: Bengaluru  
Date: May 25, 2019

Sujata A Lele  
Company Secretary

## WeP Solutions Limited

### Statement of Changes in Equity for the year ended March 31, 2019

#### A. Equity Share Capital

Particulars	As at March 31, 2019	As at March 31, 2018
Balance at the beginning of the reporting year	25,12,31,545	25,08,02,545
Changes in equity share capital during the year	1,08,67,000	4,29,000
<b>Balance at the end of the reporting year</b>	<b>26,20,98,545</b>	<b>25,12,31,545</b>

#### B. Other Equity

Particulars	Reserves and Surplus					Total
	Capital Reserve	General Reserve	Securities Premium	Stock Options Outstanding	Retained Earnings	
<b>Opening Balance at April 1, 2017</b>	<b>3,13,27,459</b>	<b>1,05,912</b>	<b>8,72,53,612</b>	<b>17,53,192</b>	<b>5,08,36,956</b>	<b>17,12,77,131</b>
-						
Profit for the year					1,39,92,838	1,39,92,838
Other Comprehensive Income for the year net of taxes					88,947	88,947
Employee stock options Subsidiary				11,52,345		11,52,345
Transfer to General Reserve		25,234		(25,234)		-
Transfer from Stock Options Outstanding a/c			3,50,456	(3,50,456)		-
Employee stock options expense				62,02,334		62,02,334
<b>Closing Balance as at March 31, 2018</b>	<b>3,13,27,459</b>	<b>1,31,146</b>	<b>8,76,04,068</b>	<b>87,32,181</b>	<b>6,49,18,741</b>	<b>19,27,13,595</b>
<b>Opening Balance at April 1, 2018</b>	<b>3,13,27,459</b>	<b>1,31,146</b>	<b>8,76,04,068</b>	<b>87,32,181</b>	<b>6,49,18,741</b>	<b>19,27,13,595</b>
Impact due to adoption of Ind AS115 under cumulative catch-up method					(74,51,404)	(74,51,404)
Profit for the year					(19,19,970)	(19,19,970)
Other Comprehensive Income for the year net of taxes					(2,21,037)	(2,21,037)
Transfer to General Reserve		5,47,774		(5,47,774)		-
Premium on Conversion of Warrants			5,00,00,000			5,00,00,000
Transfer from Stock Options Outstanding a/c			23,88,117	(23,88,117)		-
Employee stock options Subsidiary				18,17,935		18,17,935
Employee stock options expense				49,05,132		49,05,132
<b>Closing Balance as at March 31, 2019</b>	<b>3,13,27,459</b>	<b>6,78,920</b>	<b>13,99,92,185</b>	<b>1,25,19,357</b>	<b>5,53,26,330</b>	<b>23,98,44,251</b>

- Capital Reserve** – This represents the value of bargain purchase gain upon acquisition and is not freely available for distribution
- Retained Earnings / General Reserve** – These are free reserves that are available for distribution of dividends. Retained earnings comprises of the Company's undistributed earnings after taxes.
- Securities premium reserve:** Securities premium reserve is used to record the premium on issue of shares. The reserve is utilized in accordance with the provision of section 52 of the Companies Act, 2013.
- Share option outstanding account** - The share option outstanding account is used to recognize the value of equity-settled sharebased payments provided to employees, including key management personnel.
- Other Comprehensive Income:** Changes in the fair value of financial instruments measured at fair value through other comprehensive income and actuarial gains and losses on defined benefit plans are recognized in other comprehensive income (net of taxes), and presented within equity as other comprehensive income.

See Accompanying Notes to the Financial Statements  
As per our report attached

For N M Raiji & Co  
Chartered Accountants  
Firm Reg. No.: 108296W  
S N Shivakumar

Partner  
Membership No.: 88113  
Place: Bengaluru  
Date: May 25, 2019

For and on behalf of the Board of Directors

H V Gowthama  
Director  
DIN: 00250122

Ram N Agarwal  
Chairman & Managing Director  
DIN: 00006399

Sandeep Goyal  
Chief Financial Officer  
Place: Bengaluru  
Date: May 25, 2019

Sujata A Lele  
Company Secretary



# Corporate Information

The Company is principally engaged in the business of providing Managed Printing Solutions and Services, Manufacturing and Distribution of Retail Billing Products and providing Digital Services like GST, etc. to both enterprise and retail customers, pan India. The Company is a public company domiciled in India and is incorporated under the provisions of the Companies Act 1956. Its shares are listed on the Bombay Stock Exchange and the registered office of the Company is located at 40/1A, Basappa Complex, Lavelle Road, Bangalore - 560 001.

## 1. Significant Accounting Policies and Other Explanatory Information to the Financial Statements for the year ended March 31, 2019

### A. Significant accounting policies

The significant accounting policies applied by the Company in the preparation of its financial statements are listed below. Such accounting policies have been applied consistently to all the periods presented in these financial statements, unless otherwise indicated.

#### A.1. Statement of Compliance

These financial statements have been prepared in accordance with the Indian Accounting Standards (referred to as "Ind AS") as prescribed under section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules as amended from time to time.

#### A.2. Basis of Preparation

These financial statements have been prepared in Indian Rupees (₹) which is the functional currency of the company.

These financial statements have been prepared on historical cost basis, except for certain financial instruments which are measured at fair value or amortised cost at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods or services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. All assets and liabilities have been classified as current and non-current as per the Company's normal operating cycle.

#### A.3. Use of Estimates

The preparation of these financial statements is in conformity with the recognition and measurement principles of Ind AS which requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures of contingent liabilities as at the date of the financial statements and the reported amounts of income and expense for the periods presented.

The estimates and the underlying assumptions are reviewed on an ongoing basis. Changes in estimates are reflected in the financial statements in the period in which the changes are made.

Significant judgements and estimates relating to the carrying amounts of assets and liabilities include useful lives of property, plant and equipment and intangible assets, impairment of property, plant and equipment, intangible assets, provision for employee benefits and other provisions and recoverability of deferred tax assets.

#### A.4. Revenue Recognition

The Company earns revenue primarily from Managed Printing Solutions and Services, Manufacturing and Distribution of Retail Billing Products and providing Digital Services like GST etc. to both enterprise and retail customers, pan India.

Effective April 1, 2018, the Company has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue and Ind AS 11 Construction Contracts. The Company has adopted Ind AS 115 using the cumulative catch-up method. The effect of initially applying this standard is recognised at the date of initial application (i.e. April 1, 2018). The standard is applied retrospectively only to contracts that are not completed as at the date of initial application and the comparative information in the statement of profit and loss is not restated – i.e. the comparative information continues to be reported under Ind AS 18.

Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those products or services.

- Contracts with customers are considered for revenue recognition only if (a) the contract having commercial substance is approved and the parties have committed to perform their respective obligations; (b) respective rights of the parties with respect to goods or services to be transferred are identified; (c) the payment terms for goods or services to be

transferred are clear and (d) it is probable that consideration would be collected in exchange for the goods or services that would be transferred to the customer. At the inception of the contract, either a transfer of distinct good or service to the customer or a series of distinct goods and services that are substantially the same and that have the same pattern of transfer to the customer are identified as performance obligation. Revenue is recognised when the performance obligation is satisfied by transferring the promised good or service to a customer and the customer obtains controls over it.

- Revenue from sale of devices is recognised at the point in time when the physical possession is transferred and the right to receive payment is established

Dividend income from investments is recognised when the shareholder's right to receive payment has been established. Interest income is recognised on a time proportion basis.

#### A.5. Inventories

Inventories are stated at lower of cost and net realizable value. Cost is determined using the weighted average method. Costs comprise direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value is the price at which the inventories can be realised in the normal course of business, after allowing for the cost of conversion from their existing state to a finished condition and for the cost of selling and distribution.

Obsolete, slow moving and defective inventories are identified from time to time and where necessary, a provision is made for such inventories.

#### A.6. Property, plant and equipment

An item of property, plant and equipment is recognised as an asset if it is probable that future economic benefits associated with the item will flow to the Company and its cost can be measured reliably. This recognition principle is applied to the costs incurred initially to acquire an item of property, plant and equipment and also to costs incurred subsequently to add to, replace part of, or service it. Borrowing cost directly attributable to the construction or production of qualifying assets are capitalised as a part of cost. All other repair and maintenance costs, including regular servicing, are recognised in the Statement of Profit and Loss, as and when incurred.

All property, plant and equipment are stated at cost of acquisition or construction, less accumulated depreciation and impairment loss, if any. Cost includes all direct costs and expenditures incurred to bring the asset to its working condition and location for its intended use. Capital Work-in-Progress is stated at cost, comprising of direct cost and related incidental expenditure.

The gain or loss arising on disposal of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset, and is recognised in the Statement of Profit and Loss.

#### A.7. Intangible assets

Software costs, both acquired and internally generated, are recognised as intangible assets only where they are clearly linked to long term economic benefits for the Company. They are amortized on a straight-line basis over their estimated useful lives. All other costs on software are expensed in the Statement of Profit and Loss as and when incurred.

Expenditure during development phase of internally generated software is recognized as intangible assets if all of the following conditions are met:

- i) completion of the development is technically feasible;
- ii) it is the intention to complete the intangible asset and use or sell it;
- iii) it is clear that the intangible asset will generate probable future economic benefits;
- iv) adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
- v) it is possible to reliably measure the expenditure attributable to the intangible asset during its development.

Recognition of costs as an asset is ceased when the project is complete and available for its intended use, or if these criteria no longer apply.

Where development activities do not meet the conditions for recognition as an asset, any associated expenditure is treated as an expense in the period in which it is incurred

#### A.8. Depreciation and amortization of property, plant and equipment and intangible assets

Depreciation or amortization is provided on the straight-line method over the useful lives of assets as estimated by the management. The estimated useful lives of assets are as follows:

Assets	Useful Life applied (In Years)
Computers	3.00
Furniture and Fixtures - Owned Premises	10.00
Furniture and Fixtures - Leased Premises	5.00
Office Equipment	5.00
Plant and Equipments including Electrical installations	4.00
Computer Peripherals - on Use and Pay	4.00
Vehicles	8.00
Air Conditioners	4.00
Moulds, Dies & Patterns	5.00
Building	30.00

Individual Assets costing less than Rs 5,000 are depreciated in full in the year of purchase. Depreciation for assets purchased/ sold during the year is proportionately charged.

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

Asset	Amortization (In Years)
Computer Software – ERP Systems	4.00
Computer Software	2 to 3 years
Technical Know-how	5.00

#### A.9. Impairment of Assets

At each balance sheet date, the Company reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that the carrying amount of those assets may not be recoverable through continuing use.

If any such indication exists, the recoverable amount of the asset is reviewed in order to determine the extent of impairment loss, if any. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of the fair value, less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value, using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset, for which the estimates of future cash flows have not been adjusted. An impairment loss is recognised in the Statement of Profit and Loss as and when the carrying amount of an asset exceeds its recoverable amount.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

#### A.10. Foreign Currency Transactions

Foreign currency transactions are recorded at the exchange rate prevailing on the date of transaction.

At the end of each reporting period, all monetary items denominated in foreign currencies are translated at the rates prevailing as at the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

The exchange difference arising on account of the difference between the rates prevailing on the date of transaction and on the date of settlement, as also on translation of monetary items at the end of the year is recognized as income or expense, as the case may be, in the Statement of Profit and Loss for the year.



## A.11. Financial Instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability. Transaction costs directly attributable to the acquisition of financial assets and financial liabilities at fair value through profit and loss, are immediately recognised in the Statement of Profit and Loss.

### **Effective interest method**

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period.

#### **a) Financial assets**

##### **Financial assets at amortised cost**

Financial assets are subsequently measured at amortised cost, if these financial assets are held within a business model whose objective is to hold these assets, in order to collect contractual cash flows, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

**Investment in subsidiaries/ associates are accounted at cost.**

##### **Financial assets measured at fair value**

Financial assets are measured at fair value through other comprehensive income, if these financial assets are held within a business model, whose objective is to hold these assets in order to collect contractual cash flows, or to sell these financial assets, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets not measured at amortised cost, or at fair value through other comprehensive income, are carried at fair value through profit or loss.

##### **Impairment of financial assets**

The Company assesses, on a forward looking basis, the expected credit losses associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Company has applied the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables with effect from April 1, 2017.

##### **Derecognition of financial assets**

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all risks and rewards of ownership of the asset to another entity.

#### **b) Financial liabilities and equity instruments**

##### **Classification as debt or equity**

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

##### **Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity is recorded at the proceeds received, net of direct issue costs.

##### **Financial Liabilities**

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method.

Interest-bearing bank loans, overdrafts and issued debt are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Company's accounting policy for borrowing costs.

## Derecognition of financial liabilities

The Company derecognises financial liabilities when the Company's obligations are discharged, cancelled or they expire.

### A.12. Employee Benefits

#### i. Short Term Employee Benefits

Short Term Employees Benefits are recognized as an expense at the undiscounted amount in the Statement of Profit and Loss of the year in which the related services is rendered.

#### ii. Other long-term employee benefit obligations

**Leave Encashment:** Liability in respect of leave encashment as at the balance sheet date is determined based on actuarial valuation, by using the Projected Unit Credit Method and gains/losses for the year are recognized immediately in the Statement of Profit and Loss.

#### iii. Post Employment Benefits

**Provident Fund:** The Company contributes monthly at a determined rate. These contributions are remitted to the Employee Provident Fund Commissioner office and are charged to the Statement of Profit and Loss on accrual basis.

**Gratuity:** The Company provides for gratuity (a defined benefit retirement plan) to all the eligible employees. The benefit is in the form of lump sum payments to vested employees on retirement, on death while in employment, or termination of employment for an amount equivalent to 15 days' salary, payable for each completed year of service. Vesting occurs on completion of five years of service. Liability in respect of gratuity as at the balance sheet date is determined on the basis of actuarial valuation, using the Projected Unit Credit Method. Re-measurement gains and losses of the net defined benefit liability / (asset) are recognised immediately in other comprehensive income. The service cost, net interest on the net defined benefit liability / (asset) is treated as a net expense within employment costs and are recognized immediately in the Statement of Profit and Loss.

#### iv. Employee Stock Options

All employee services received in exchange for the grant of any share based remuneration are measured at their fair values. These are indirectly determined by reference to the fair value of the share options awarded. Their value is appraised at the grant date and excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets).

All share-based remuneration is ultimately recognised as an expense in the Statement of Profit and Loss, with a corresponding credit to Employee Stock Compensation Reserve. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised, if there is any indication that the number of share options expected to vest differs from previous estimates. Once vested, no adjustment is made to expense recognised in prior periods if, ultimately, fewer share options are exercised than originally estimated. Upon exercise of share options, the proceeds received (net of any directly attributable transaction costs) up to the nominal value of the shares issued are allocated to share capital with any excess being recorded as Securities Premium.

### A.13. Borrowing Costs

Borrowing costs that are directly attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of those assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for intended use. All other borrowing costs are recognised as an expense in the Statement of Profit and Loss in the period in which they are incurred.

### A.14. Earning Per Share

In accordance with the Ind AS 33 "Earnings Per Share", basic / diluted earnings per share is computed by taking the weighted average number of shares outstanding during the year.

### A.15. Taxation

Tax expense for the year comprises of current tax and deferred tax.

The tax currently payable is based on the taxable profit for the year. Taxable profit differs from net profit, as reported in the Statement of Profit and Loss, because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences. In contrast, deferred tax assets for all deductible temporary differences and unused tax losses are only recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred tax assets are reviewed at each balance sheet date for the appropriateness of their respective carrying values.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred tax are recognised as an expense or income in the Statement of Profit and Loss, except when they relate to items credited or debited either in other comprehensive income or directly in equity, in which case the tax is also recognised in other comprehensive income or directly in equity.

Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, which gives rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax during the specified period. Accordingly, MAT entitlement is recognised as an asset in the Balance Sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with it will fructify. Such asset is reviewed at each balance sheet date and the carrying amount of MAT credit asset is written down to the extent there is no longer a convincing evidence for the effect that the company will pay normal income tax during the specified period.

#### A.16. Warranty Cost

The Company accrues the estimated cost of warranties at the time when the revenue is recognised. The accruals are based on the Company's historical experience of material usage and service delivery cost.

#### A.17. Provisions

Provisions are recognized in the balance sheet when the Company has a present obligation (legal or constructive) as a result of a past event, which is expected to result in an outflow of resources embodying economic benefits which can be reliably estimated. Each provision is based on the best estimate of the expenditure required to settle the present obligation at the balance sheet date. When appropriate, provisions are measured on a discounted basis.

Constructive obligation is an obligation that derives from a Company's actions where:

- a) by an established pattern of past practice, published policies or a sufficiently specific current statement, the Company has indicated to other parties that it will accept certain responsibilities; and
- b) as a result, the Company has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

#### A.18. Leases

The Company determines whether an arrangement contains a lease by assessing whether the fulfillment of a transaction is dependent on the use of a specific asset and whether the transaction conveys the right to use that asset to the Company, in return for payment. Where this occurs, the arrangement is deemed to include a lease and is accounted for either as finance or operating lease.

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rentals payable under operating leases are charged to the Statement of Profit and Loss on a straight line basis, over the term of the relevant lease, unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

#### A.19. Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, demand deposits with bank, and other short term highly liquid investments, with original maturities of 3 months or less.

Note 2: Property, Plant and Equipment

Particulars	Leasehold - Land	Building - Factory	Plant & Equipment	Moulds, Dies & Patterns	Computers	Computer Peripherals - On Use and Pay	Furniture & Fixture	Vehicles	Total	Capital work in progress
<b>Year ended March 31, 2018</b>										
Opening gross carrying amount	6,68,56,988	3,80,22,641	40,86,604	44,87,986	50,49,767	25,89,37,598	30,49,305	5,86,258	38,10,77,147	1,13,59,857
Additions	-	2,60,000	1,46,340	52,08,442	44,46,868	9,72,58,039	8,69,115	-	10,81,88,804	-
Disposals	-	-	-	-	-	68,93,291	62,505	-	69,55,796	-
<b>Closing gross carrying amount</b>	<b>6,68,56,988</b>	<b>3,82,82,641</b>	<b>42,32,944</b>	<b>96,96,428</b>	<b>94,96,635</b>	<b>34,93,02,346</b>	<b>38,55,915</b>	<b>5,86,258</b>	<b>48,23,10,155</b>	<b>82,90,630</b>
<b>Accumulated Depreciation</b>										
Opening accumulated depreciation	8,05,506	13,62,005	12,08,958	3,24,846	20,02,206	6,89,66,292	6,93,537	1,09,578	7,54,72,928	-
Additions	8,05,506	13,96,672	13,74,038	11,76,390	27,30,649	8,31,95,470	5,78,376	1,09,576	9,13,66,677	-
Disposals	-	-	-	-	-	52,03,092	10,496	-	52,13,588	-
<b>Closing accumulated depreciation</b>	<b>16,11,012</b>	<b>27,58,677</b>	<b>25,82,996</b>	<b>15,01,236</b>	<b>47,32,855</b>	<b>14,69,58,670</b>	<b>12,61,417</b>	<b>2,19,154</b>	<b>16,16,26,017</b>	<b>-</b>
<b>Net carrying amount</b>	<b>6,52,45,976</b>	<b>3,55,23,964</b>	<b>16,49,948</b>	<b>81,95,192</b>	<b>47,63,780</b>	<b>20,23,43,676</b>	<b>25,94,498</b>	<b>3,67,104</b>	<b>32,06,84,138</b>	<b>82,90,630</b>
<b>Year ended March 31, 2019</b>										
Gross carrying amount										
Opening gross carrying amount	6,68,56,988	3,82,82,641	42,32,944	96,96,428	94,96,635	34,93,02,346	38,55,915	5,86,258	48,23,10,155	82,90,630
Additions	-	-	9,52,117	4,45,720	16,20,897	7,46,09,915	4,56,282	-	7,80,84,931	-
Disposals	-	-	52,743	-	-	1,01,88,999	4,00,764	-	1,06,42,506	-
<b>Closing gross carrying amount</b>	<b>6,68,56,988</b>	<b>3,82,82,641</b>	<b>51,32,318</b>	<b>1,01,42,148</b>	<b>1,11,17,532</b>	<b>41,37,23,262</b>	<b>39,11,433</b>	<b>5,86,258</b>	<b>54,97,52,580</b>	<b>2,56,44,968</b>
<b>Accumulated Depreciation</b>										
Opening accumulated depreciation	16,11,012	27,58,677	25,82,996	15,01,236	47,32,855	14,69,58,670	12,61,417	2,19,154	16,16,26,017	-
Additions	8,05,506	14,14,005	10,83,578	20,12,494	28,17,114	9,28,05,294	5,39,622	1,09,576	10,15,87,190	-
Disposals	-	-	7,693	-	-	85,28,566	1,08,815	-	86,45,074	-
<b>Closing accumulated depreciation</b>	<b>24,16,518</b>	<b>41,72,682</b>	<b>36,58,881</b>	<b>35,13,730</b>	<b>75,49,969</b>	<b>23,12,35,398</b>	<b>16,92,224</b>	<b>3,28,730</b>	<b>25,45,68,132</b>	<b>-</b>
<b>Net carrying amount</b>	<b>6,44,40,470</b>	<b>3,41,09,959</b>	<b>14,73,437</b>	<b>66,28,418</b>	<b>35,67,563</b>	<b>18,24,87,864</b>	<b>22,19,209</b>	<b>2,57,528</b>	<b>29,51,84,448</b>	<b>2,56,44,968</b>

Note:

- Details of assets offered as security is provided in Note 10
- Leasehold Land is the land situated at Baddi, Himachal Pradesh, which has been obtained under a 85 years lease from the Department of Industries, Himachal Pradesh.

### Note 3: Intangible Assets

Particulars	Computer Software	Computer Software - ERP System	Total	Capital work in progress
<b>Year ended March 31, 2018</b>				
<b>Gross carrying amount</b>				
Opening gross carrying amount	34,28,024	1,61,233	35,89,257	-
Additions	26,19,895	42,31,989	68,51,884	
Disposals	-	-	-	
<b>Closing gross carrying amount</b>	<b>60,47,919</b>	<b>43,93,222</b>	<b>1,04,41,141</b>	<b>-</b>
<b>Accumulated Depreciation</b>				
Opening accumulated depreciation	7,59,791	1,41,891	9,01,682	
Depreciation charge during the year	19,37,530	3,72,007	23,09,537	
Disposals	-	-	-	
<b>Closing accumulated depreciation</b>	<b>26,97,321</b>	<b>5,13,898</b>	<b>32,11,219</b>	
<b>Net carrying amount</b>	<b>33,50,598</b>	<b>38,79,324</b>	<b>72,29,922</b>	<b>-</b>
<b>Year ended March 31, 2019</b>				
<b>Gross carrying amount</b>				
Opening gross carrying amount	60,47,919	43,93,222	1,04,41,141	-
Additions	27,93,860	1,20,42,256	1,48,36,116	
Disposals	-	-	-	
<b>Closing gross carrying amount</b>	<b>88,41,779</b>	<b>1,64,35,478</b>	<b>2,52,77,257</b>	<b>-</b>
<b>Accumulated Depreciation</b>				
Opening accumulated depreciation	26,97,321	5,13,898	32,11,219	
Additions	24,19,209	35,12,634	59,31,843	
Disposals	-	-	-	
<b>Closing accumulated depreciation</b>	<b>51,16,530</b>	<b>40,26,532</b>	<b>91,43,062</b>	
<b>Net carrying amount</b>	<b>37,25,249</b>	<b>1,24,08,946</b>	<b>1,61,34,195</b>	<b>-</b>

Note: a) Computer Software includes capitalised development costs being an internally generated intangible asset.

## Note 4: Financial Assets

### 4 (a) Non Current Investments

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Equity Investments (fully paid-up)</b>		
Unquoted		
Investment in Subsidiary 68,09,999 Equity shares of WeP Digital Services Limited (Face Value - ₹ 10 each) (March 31, 2018 : 48,09,999)	7,10,70,280	4,92,52,345
<b>Total Non Current Investments</b>	<b>7,10,70,280</b>	<b>4,92,52,345</b>
Aggregate amount of Unquoted investments	7,10,70,280	4,92,52,345
Aggregate amount of impairment in the value of investments	-	-

### 4 (b) Trade Receivables

Particulars	As at March 31, 2019	As at March 31, 2018
Trade Receivables	20,36,57,904	20,01,52,633
Receivables from related parties	2,25,623	4,63,931
Allowances for Credit Losses	(8,01,01,793)	(7,11,17,038)
<b>Total Receivables</b>	<b>12,37,81,734</b>	<b>12,94,99,526</b>
Current portion	12,37,81,734	12,94,99,526
Non-current portion	-	-

### Break-Up of Security details

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Outstanding for more than six months from the due date</b>		
Secured, considered good	-	-
Unsecured, considered good	76,75,733	72,33,884
Receivables which have significant increase in Credit Risk	7,33,49,971	7,01,14,163
	8,10,25,704	7,73,48,047
Allowances for Credit Losses	(7,33,49,973)	(7,01,14,163)
<b>Sub total</b>	<b>76,75,731</b>	<b>72,33,884</b>
<b>Other receivables</b>		
Secured, considered good	-	-
Unsecured, considered good	11,61,06,003	12,22,65,642
Receivables which have significant increase in Credit Risk	67,51,820	10,02,874
	12,28,57,823	12,32,68,516
Allowances for Credit Losses	(67,51,820)	(10,02,874)
<b>Sub total</b>	<b>11,61,06,003</b>	<b>12,22,65,642</b>
<b>Total Trade Receivables</b>	<b>12,37,81,734</b>	<b>12,94,99,526</b>

**4 (c) Loans**

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Current</b>		
Unsecured, considered good		
Loan to subsidiary	88,06,543	-
<b>Total Loans</b>	<b>88,06,543</b>	<b>-</b>

**4 (d) Cash and Cash Equivalents**

Particulars	As at March 31, 2019	As at March 31, 2018
Balances with Banks		
- in current accounts	1,16,209	40,556
<b>Total Cash and Cash Equivalents</b>	<b>1,16,209</b>	<b>40,556</b>

**4 (e) Other Financial Assets**

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Non current</b>		
Security Deposits	25,29,739	41,83,119
Other Deposits	12,69,919	11,80,100
Margin money deposits with bank	7,74,672	7,18,049
Interest accrued on margin money deposits with bank	87,467	75,704
<b>Total Other Financial Assets - Non Current</b>	<b>46,61,797</b>	<b>61,56,972</b>
<b>Current</b>		
Security Deposits	77,08,144	74,21,329
Other Deposits	6,63,080	1,89,560
<b>Total Other Financial Assets - Current</b>	<b>83,71,224</b>	<b>76,10,889</b>

**4 (f) Other Bank Balances**

Particulars	As at March 31, 2019	As at March 31, 2018
Balance in Unclaimed Dividend Accounts with Banks	15,00,916	15,17,540
<b>Total other Bank Balances</b>	<b>15,00,916</b>	<b>15,17,540</b>

**Note 5: Deferred Tax Assets**

Particulars	As at March 31, 2019	As at March 31, 2018
Defined Benefit obligations & allowance on payment basis	39,46,581	45,18,616
Allowance for doubtful debts - trade receivables	2,22,84,318	2,35,13,426
Others	11,21,576	16,27,912
<b>Total deferred tax Assets</b>	<b>2,73,52,475</b>	<b>2,96,59,954</b>
Depreciation on Property, plant and equipment	91,92,435	1,31,39,727
	<b>91,92,435</b>	<b>1,31,39,727</b>
<b>Net deferred tax assets</b>	<b>1,81,60,040</b>	<b>1,65,20,227</b>
MAT Credit Receivable	1,65,14,783	1,64,85,886
<b>Net deferred tax assets</b>	<b>3,46,74,823</b>	<b>3,30,06,113</b>



Note 6: Other Non Current Assets

Particulars	As at March 31, 2019	As at March 31, 2018
Prepayments	8,60,953	16,41,042
Taxes / Refunds recoverable	3,83,61,386	2,87,48,282
<b>Total Other Non-Current Assets</b>	<b>3,92,22,339</b>	<b>3,03,89,324</b>

Note 7: Inventories

Particulars	As at March 31, 2019	As at March 31, 2018
(At lower of cost and net realisable value)		
Raw Materials		
- In Stock	2,27,58,081	3,22,02,624
Work-in-progress	18,33,535	-
Finished goods		
- In Stock	21,06,124	23,82,105
- In Transit	6,06,101	-
Traded goods		
- In Stock	1,76,79,670	1,41,16,870
Spares and Consumables		
- In Stock	5,62,08,950	6,09,37,004
- In Transit	1,16,099	2,217
<b>Total Inventories</b>	<b>10,13,08,560</b>	<b>10,96,40,820</b>

Note 8: Other Current Assets

Particulars	As at March 31, 2019	As at March 31, 2018
Prepayments	60,03,654	61,64,678
Balance with Excise / Customs / GST input credit	1,87,91,786	89,14,472
Claims Receivable	23,42,081	9,00,761
<b>Total Other Current Assets</b>	<b>2,71,37,521</b>	<b>1,59,79,911</b>

Note 9 (a): Equity Share Capital

i) Authorised Equity Share Capital

Particulars	As at March 31, 2019	As at March 31, 2018
3,00,00,000 Equity Shares of Rs. 10 each	30,00,00,000	30,00,00,000
<b>Total</b>	<b>30,00,00,000</b>	<b>30,00,00,000</b>

ii) Issued, Subscribed and paid up capital

Particulars	As at March 31, 2019	As at March 31, 2018
2,62,09,272 Equity Shares of Rs. 10 each fully paid up (31 <sup>st</sup> March, 2018 - 2,51,22,572)	26,20,92,720	25,12,25,720
<b>Total</b>	<b>26,20,92,720</b>	<b>25,12,25,720</b>

iii) Movements in Equity Share Capital

Particulars	As at March 31, 2019	Amount
<b>As at April 1, 2017</b>	2,50,79,672	25,08,02,545
Exercise of options - proceeds received	42,900	4,29,000
Preferential Issue	-	-
<b>As at March 31, 2018</b>	<b>2,51,22,572</b>	<b>25,12,31,545</b>
Exercise of options - proceeds received	86,700	8,67,000
Issue of Equity on Conversion of Warrants	10,00,000	1,00,00,000
<b>As at March 31, 2019</b>	<b>2,62,09,272</b>	<b>26,20,98,545</b>

*Terms and Rights Attached to Equity Shares*

Equity shares have a par value of INR 10. They entitle the holder to participate in dividends, and to share in the proceeds of winding up the company in proportion to the number of and amounts paid on the shares held.

Every holder of equity shares present at a meeting in person or by proxy, is entitled to one vote per share

*Shares Reserved for Issue under Options*

Information relating to ESOP plans of the company, including details of the options issued, exercised and lapsed during the financial year and options outstanding at the end of the reporting period, is set out in Note 25.

iv) Shares in the Company held by each Shareholder holding more than 5 percent of the Shares:

Name of Shareholders	As at March 31, 2019	As at March 31, 2018
<b>RNAWEP Investments Private Limited</b>		
No of Shares	32,60,403	32,60,403
% Holding	12.44%	12.98%
<b>Ram N Agarwal</b>		
No of Shares	30,05,056	30,05,056
% Holding	11.47%	11.96%
<b>WeP Peripherals Limited</b>		
No of Shares	30,58,319	20,24,994
% Holding	11.67%	8.06%
<b>Wipro Limited</b>		
No of Shares	18,36,000	18,36,000
% Holding	7.01%	7.31%
<b>Sharad Kanayalal Shah</b>		
No of Shares	14,33,285	14,12,035
% Holding	5.47%	5.62%

v) Aggregate Number of Shares Issued for Consideration other than Cash

Particulars	As at March 31, 2019	As at March 31, 2018
Shares issued as consideration for acquisition of business	2,22,13,645	2,22,13,645

Note 9 (b): Reserves and Surplus

Particulars	As at March 31, 2019	As at March 31, 2018
Securities Premium Reserve	13,99,92,185	8,76,04,068
Share options outstanding account	1,25,19,357	87,32,181
Capital Reserve	3,13,27,459	3,13,27,459
General Reserve	6,78,920	1,31,146
Retained earnings	5,53,26,330	6,49,18,741
<b>Total Reserves and Surplus</b>	<b>23,98,44,251</b>	<b>19,27,13,595</b>

i) Securities Premium

Particulars	As at March 31, 2019	As at March 31, 2018
Opening Balance	8,76,04,068	8,72,53,612
Preferential Issue	5,00,00,000	-
Exercise of Options	23,88,117	3,50,456
<b>Closing Balance</b>	<b>13,99,92,185</b>	<b>8,76,04,068</b>

ii) Share Options Outstanding Account

Particulars	As at March 31, 2019	As at March 31, 2018
Opening Balance	87,32,181	17,53,192
Employee stock options expense	49,05,132	62,02,334
Employee stock options of subsidiary	18,17,935	11,52,345
Transfer to Securities Premium on exercise of options	(23,88,117)	(3,50,456)
Transfer to General Reserve	(5,47,774)	(25,234)
<b>Closing Balance</b>	<b>1,25,19,357</b>	<b>87,32,181</b>

iii) Capital Reserve

Particulars	As at March 31, 2019	As at March 31, 2018
Opening Balance	3,13,27,459	3,13,27,459
<b>Closing Balance</b>	<b>3,13,27,459</b>	<b>3,13,27,459</b>

iv) General Reserve

Particulars	As at March 31, 2019	As at March 31, 2018
Opening Balance	1,31,146	1,05,912
Transfer from Stock options outstanding	5,47,774	25,234
<b>Closing Balance</b>	<b>6,78,920</b>	<b>1,31,146</b>

v) Retained earnings

Particulars	As at March 31, 2019	As at March 31, 2018
Opening Balance	6,49,18,741	5,08,36,956
Adjustment for Ind AS 115 Impact under cumulative catch-up method	(74,51,404)	
Net profit for the period	(19,19,970)	1,39,92,838
<b>Items of other comprehensive income</b>		
Actuarial Gains / (Losses) net of taxes	(2,21,037)	88,947
<b>Closing Balance</b>	<b>5,53,26,330</b>	<b>6,49,18,741</b>

Note 9 (c): Others

Particulars	As at March 31, 2019	As at March 31, 2018
Opening Balance	1,50,00,000	-
Up Front Consideration received on Issue of Warrants pending conversion	-	1,50,00,000
Utilised on Conversion of Warrants to Equity Shares	1,50,00,000	-
<b>Closing Balance</b>	<b>-</b>	<b>1,50,00,000</b>

Note:

On December 28, 2017, the company had granted 10,00,000 warrants at a price of INR 60 per warrant, on a preferential basis after the same was duly approved by the members. The company received the initial consideration of 25% i.e. Rs. 1,50,00,000/- in FY 2017-2018 and the same was classified as other Equity. The allottee had a period of 18 months from the date of allotment of warrants to convert into Equity shares, failing which the initial amount paid shall be forfeited as per the terms of the allotment and regulations as applicable. The Allottee has exercised all the options to convert the warrant into equity shares in the current financial year and has paid the balance consideration for conversion.

Note 10: Financial Liabilities

a) Borrowings

Particulars	As at March 31, 2019	As at March 31, 2018
<b><u>Non Current</u></b>		
<b>Secured</b>		
From Banks		
Term Loan	3,76,32,030	-
<b>Total Non Current Borrowings</b>	<b>3,76,32,030</b>	<b>-</b>
<b><u>Current</u></b>		
<b>Loans Repayable on Demand</b>		
<b>Secured</b>		
From Banks		
Cash Credit Account	3,64,94,285	7,65,83,473
<b>Total Current Borrowings</b>	<b>3,64,94,285</b>	<b>7,65,83,473</b>

i) Cash Credit facilities are secured by hypothecation of Inventories & book debts of the company

ii) Term Loan amounting to ₹ 5.25 Crores (March 31, 2019) is repayable in 60 installments. It carries an interest rate of 10 % p.a. and is secured by - a) Primary Security: Hypothecation of Devices (Computers Peripherals - on Use and Pay) purchased using the term loan. b) Collateral Security: Equitable Mortgage of Leashold land situated at Baddi, Himachal Pradesh

iii) There is no breach of Loan Agreement.

b) Trade Payables

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Current</b>		
Trade payables	3,57,54,244	7,47,61,640
Trade payables to MSME	84,498	7,10,223
Trade payables to related parties	-	17,09,385
<b>Total Trade Payables</b>	<b>3,58,38,742</b>	<b>7,71,81,248</b>

c) Other Financial Liabilities

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Current</b>		
Customer, Dealer and Other Deposits	2,00,89,560	1,97,58,054
Current maturities of Long Term Borrowings**	1,48,14,800	-
Capital Creditors	5,38,56,059	2,82,36,200
Unclaimed Dividend	15,00,916	15,17,540
<b>Total Other Current Financial Liabilities</b>	<b>9,02,61,335</b>	<b>4,95,11,794</b>

\*\*Refer footnote to Note No. 10(a)

Note 11: Provisions

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Non Current</b>		
Employee Benefits (Refer Note 24)	95,85,515	87,59,339
Warranty expenses (Refer Note 28)	4,79,437	15,00,441
<b>Total Non Current Provisions</b>	<b>1,00,64,952</b>	<b>1,02,59,780</b>
<b>Current</b>		
Employee Benefits (Refer Note 24)	7,46,945	6,10,334
Warranty expenses (Refer Note 28)	13,37,864	11,99,002
<b>Total Current Provisions</b>	<b>20,84,809</b>	<b>18,09,336</b>

Note 12: Other Liabilities

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Non Current</b>		
Income received in advance	16,54,913	23,83,057
<b>Total other Non Current Liabilities</b>	<b>16,54,913</b>	<b>23,83,057</b>
<b>Current</b>		
Income received in advance	29,20,270	26,51,974
Advance from customers	5,31,612	2,53,015
Statutory payables	67,33,891	41,34,612
Other payables	47,46,302	35,06,101
Expenses payable	2,67,09,620	3,20,79,156
<b>Total Other Current Liabilities</b>	<b>4,16,41,695</b>	<b>4,26,24,858</b>

Note 13: Revenue from Operations

Particulars	For the year ended April 1, 2018 to March 31, 2019	For the year ended April 1, 2017 to March 31, 2018
Sale of Products	29,53,87,448	38,27,22,980
Sale of Services	44,34,01,724	41,52,82,520
Other Operating Revenue	3,23,487	3,68,263
<b>Total Revenue from Operations</b>	<b>73,91,12,659</b>	<b>79,83,73,763</b>

Note 14: Other Income

Particulars	For the year ended April 1, 2018 to March 31, 2019	For the year ended April 1, 2017 to March 31, 2018
Interest Income on Financial Assets measured at amortised cost - Interest on Deposits with banks	1,30,833	1,23,084
Other Interest	13,12,009	7,61,471
Rental Income	23,60,000	23,58,106
Exchange Gain	-	11,22,114
Miscellaneous Income	20,58,977	24,13,801
Credit balances / Provision no longer required written back	32,70,118	21,10,417
<b>Total Other Income</b>	<b>91,31,937</b>	<b>88,88,993</b>

Note 15: Cost of Materials Consumed

Particulars	For the year ended April 1, 2018 to March 31, 2019	For the year ended April 1, 2017 to March 31, 2018
Raw materials / Spares and consumables at the beginning of the year	9,31,41,845	7,77,28,385
Add: Purchases during the year / period	21,15,93,966	25,22,99,478
Less: Closing stocks	7,90,83,129	9,31,41,845
<b>Cost of Material Consumed</b>	<b>22,56,52,682</b>	<b>23,68,86,018</b>
Excise Duty paid	-	60,97,512
<b>Total Cost of Material Consumed</b>	<b>22,56,52,682</b>	<b>24,29,83,530</b>

Note 16: Purchase of Stock-in-Trade

Particulars	For the year ended April 1, 2018 to March 31, 2019	For the year ended April 1, 2017 to March 31, 2018
Purchases of stock-in-trade	7,87,40,562	10,19,13,025
<b>Total Purchase of Stock in trade</b>	<b>7,87,40,562</b>	<b>10,19,13,025</b>

Note 17: Changes in Inventories of Work-in-Progress, Stock-in-Trade and Finished Goods

Particulars	For the year ended April 1, 2018 to March 31, 2019	For the year ended April 1, 2017 to March 31, 2018
<b>Opening Stock</b>		
Work-in-progress	-	1,25,91,178
Finished goods**	95,79,834	64,17,944
Traded goods	1,41,16,870	2,77,63,476
<b>Total Opening Stock</b>	<b>2,36,96,704</b>	<b>4,67,72,598</b>
<b>Closing Stock</b>		
Work-in-progress	18,33,535	-
Finished goods**	27,12,226	23,82,106
Traded goods	1,76,79,670	1,41,16,870
<b>Total Closing Stock</b>	<b>2,22,25,431</b>	<b>1,64,98,976</b>
<b>Total Changes in Inventories of Work-in-Progress, Stock-in-Trade and Finished Goods</b>	<b>14,71,273</b>	<b>3,02,73,622</b>

\*\* Please refer Note No. 23

Note 18: Employees Benefit Expenses

Particulars	For the year ended April 1, 2018 to March 31, 2019	For the year ended April 1, 2017 to March 31, 2018
Salaries, wages and bonus	9,89,27,426	9,08,49,947
Gratuity and Leave encashment expense	22,48,951	45,27,879
Employee share-based payment expense	49,05,132	62,02,334
Contribution to provident and other fund	51,24,740	43,99,463
Staff welfare expenses	86,21,282	61,57,429
<b>Total Employee Benefit Expenses</b>	<b>11,98,27,531</b>	<b>11,21,37,052</b>



Note 19: Other Expenses

Particulars	For the year ended April 1, 2018 to March 31, 2019	For the year ended April 1, 2017 to March 31, 2018
Power and fuel	44,30,705	52,87,532
Insurance	7,93,284	8,91,121
Repairs & Maintenance - Buildings	22,83,350	18,70,048
Repairs & Maintenance - IT	70,40,412	37,22,046
Rent	2,33,00,445	2,38,41,370
Rates and taxes	35,53,371	41,82,713
Warranty Expenses	15,26,651	18,05,687
Carriage and Freight outwards	2,28,24,112	2,10,65,759
Commission on sales	33,47,387	27,88,931
Support Charges	1,47,92,579	1,61,33,334
<b>Auditors' Remuneration</b>		
for Audit fees	5,75,000	5,75,000
for Taxation matters	1,00,000	1,00,000
for Reimbursement of expenses	1,08,255	1,66,507
for Other Services	-	-
Advertisement and sales promotion	1,21,21,783	98,53,824
Directors' Commission and Sitting fees	6,40,000	8,10,000
Loss on disposal of assets	18,91,080	16,54,250
Travelling and Conveyance	1,45,52,976	1,44,04,803
Communication Expenses	48,85,800	71,37,309
Legal and Professional charges	88,15,467	92,31,186
Manpower support service charges	5,31,94,979	5,12,73,133
Office Maintenance	86,44,846	92,15,345
Cloud Expenses	42,85,482	37,83,551
Provision for doubtful debts / advances	89,84,754	34,47,317
Bad Debts Write off	2,62,716	3,07,405
Exchange Differences (Net)	2,68,089	-
Recruitment Expenses	9,33,888	14,49,474
Miscellaneous expenses	21,03,097	16,19,964
<b>Total Other Expenses</b>	<b>20,62,60,508</b>	<b>19,66,17,609</b>

Note 20: Finance Costs

Particulars	For the year ended April 1, 2018 to March 31, 2019	For the year ended April 1, 2017 to March 31, 2018
Interest Expenses	96,90,406	75,37,795
Other Borrowing costs	9,85,120	18,98,486
<b>Total finance Costs</b>	<b>1,06,75,526</b>	<b>94,36,281</b>

Note 21: Depreciation and Amortisation Expense

Particulars	For the year ended April 1, 2018 to March 31, 2019	For the year ended April 1, 2017 to March 31, 2018
Depreciation of property, plant and equipment	10,15,87,190	9,13,66,677
Amortisation of intangible assets	59,31,843	23,09,537
<b>Total Depreciation and Amortisation expense</b>	<b>10,75,19,033</b>	<b>9,36,76,214</b>

Note 22: Related Party Transactions

A) List of related parties

Name of Related Party	Relationship
Ram Narayan Agarwal	Chairman & Managing Director
G H Visweswara	Independent Director
Sudhir Prakash	Independent Director
A L Rao	Non-Executive Director
H V Gowthama	Independent Director
Mythily Ramesh	Independent Director
Shankar Jaganathan	Independent Director
Prashee Agarwal*	Non-Executive Director
Sandeep Kumar Goyal	Chief Financial Officer
Sujata A Lele	Company Secretary & Compliance Officer
WeP Digital Services Limited (formerly eRM Solutions Private Limited)	Subsidiary Company (100% owned)
wep solutions india limited	Promoter Group
RNAWEP Investments Private Limited	Promoter Group
WeP Peripherals Limited	Promoter

\* Director till July 27, 2018

B) Remuneration Paid

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Remuneration paid to Key Management Personnel	59,51,551	59,27,830

C) Transaction with other related parties

Transactions	WeP Peripherals Limited	
	For the year ended March 31, 2019	For the year ended March 31, 2018
Purchase of Goods and Services (excluding taxes)	74,92,090	84,34,300
Interest paid	2,17,000	-
Amount received for allotment of Equity Shares / Warrants	4,50,00,000	1,50,00,000
Transactions	WeP Digital Services Limited	
	For the year ended March 31, 2019	For the year ended March 31, 2018
Purchase of Goods and Services	7,94,254	1,44,240
Sale of Goods and Services	21,81,139	37,80,273
Interest received on Loan (Gross of TDS)	6,64,759	2,28,596
Investment made	2,18,17,935	4,11,52,345

D) Amount due to related parties

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Trade payables to WeP Digital Services Limited	-	17,09,385

E) Amount receivable from related parties

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Loan amount receivable from WeP Digital Services Limited (Unsecured)	88,06,542	-
Maximum Amount of Loan Outstanding during the year		
- WeP Digital Services Limited	1,81,94,615	1,00,00,000
Trade receivable from WeP Digital Services Limited (Net of TDS)	2,25,623	4,63,931

Note 23: Revenue from Contracts with Customers

The Company has, with effect from April 1, 2018, adopted IND AS 115 "Revenue from Contracts with Customers" by opting for the cumulative catch-up method, which is applicable for all contracts that were not completed as on April 1, 2018. Consequently, the comparatives have not been retrospectively adjusted. Necessary adjustments for adoption of the aforesaid standard have been made resulting in a decrease in loss before tax for the year 31<sup>st</sup> March, 2019 by ₹ 72,05,361 respectively. Further, an amount of ₹ 74,51,404 has also been adjusted against retained earnings as on April 1, 2018.

During the year ended March 31, 2019, the company recognised revenue of ₹ 26,39,316/- arising from opening income received in advance of 1<sup>st</sup> April 2018

Disaggregate revenue information

The table below presents disaggregated revenues from contracts with customers and the disaggregation best depicts how the nature, timing and uncertainty of revenue and cash flows are affected by market and economic factors:

Segment	For the year ended March 31, 2019	For the year ended March 31, 2018
a. Printer Business	27,55,26,839	37,74,67,079
b. MPS Business	45,97,94,660	41,90,66,284
c. Digital Services	37,91,159	18,40,400
	<b>73,91,12,659</b>	<b>79,83,73,763</b>

Performance Obligations:

- The performance obligation is satisfied by transferring the promised good or service to a customer and the customer obtains controls over it.
- The company payment terms range from advance to 60 days.
- The Company earns revenue primarily from Managed Printing Solutions and Services, Manufacturing and Distribution of Retail Billing Products and providing Digital Services like GST etc. to both enterprise and retail customers, pan India.
- The Company generally offers Standard warranties of 6 to 12 months for its products sold.

Note 24: Employee Benefit Plans

The Company provides to its employees following retirement benefits:

- Gratuity
- Leave Accrual

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

**Gratuity:** The Company provides for gratuity for employees as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary for each completed year of service. The company accounts for gratuity benefits payable in the future based on the actuarial valuation. The company is exposed to actuarial risk with respect to this plan.

The following table sets out the amounts recognised in the financial statements for Gratuity.

#### Principal Actuarial Assumptions

Particulars	As at March 31, 2019	As at March 31, 2018
Salary Escalation	7.00%	7.00%
Discount Rate (per annum)	7.55%	7.80%
Mortality	India Assured Lives Mortality (2006-2008)	India Assured Lives Mortality (2006-2008)

#### Amount recognized in the Balance Sheet are as follows

Particulars	As at March 31, 2019	As at March 31, 2018
Present value of Funded defined benefit obligation	58,14,108	52,24,325
Fair value of plan assets	(16,22,104)	(22,19,383)
Present value of unfunded obligations	-	-
<b>Net Liability</b>	<b>41,92,004</b>	<b>30,04,942</b>
Current	-	-
Non - current	41,92,004	30,04,942

#### Amount recognised in Statement of Profit & Loss is as follows

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Current Service Cost	8,61,436	12,45,801
Interest on Defined Benefit Obligation	2,16,201	1,03,462
Past Service cost	-	3,09,495
<b>Total</b>	<b>10,77,637</b>	<b>16,58,758</b>

#### Amount recognised in Other Comprehensive Income

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Remeasurements during the period due to		
<i>Changes in financial assumptions</i>	1,20,108	(3,60,361)
<i>Experience adjustments</i>	94,520	1,91,100
<i>Actual return on plan assets less interest on plan assets</i>	91,602	36,380
<b>Closing amount recognised in OCI outside statement of profit and loss</b>	<b>3,06,230</b>	<b>(1,32,881)</b>

### Reconciliation statement

Particulars	As at March 31, 2019	As at March 31, 2018
<b>a) Change in Defined Benefit Obligation</b>		
Opening Defined Benefit Obligation	52,24,325	49,19,857
Current Service Cost	8,61,436	12,45,801
Past service cost	-	3,09,495
Interest on Defined Benefit Obligation	3,89,189	2,75,218
Actuarial Losses / (Gain)		
Remeasurements due to:		
<i>Actuarial loss / (gain) arising from change in financial assumptions</i>	1,20,108	(3,60,361)
<i>Actuarial loss / (gain) arising on account of experience changes</i>	94,520	1,91,100
Benefits Paid	(6,78,665)	(3,71,400)
Acquisition / Transfer adjustment for Inter group transfer	(1,96,805)	(9,85,385)
<b>Closing Defined Benefit Obligation</b>	<b>58,14,108</b>	<b>52,24,325</b>
<b>b) Change in Fair Value of Assets</b>		
Opening Fair Value of Plan Assets	22,19,383	24,55,407
Interest on plan assets	1,72,988	1,71,756
Remeasurements due to:		
<i>Actual return on plan assets less interest on plan assets</i>	(91,602)	(36,380)
Contribution by Employer	-	-
Benefit Paid	(6,78,665)	(3,71,400)
<b>Closing Fair Value of Plan Assets</b>	<b>16,22,104</b>	<b>22,19,383</b>
<b>c) Change in Net Liability / (asset)</b>		
Opening net defined benefit liability / (asset)	30,04,943	24,64,451
Expense charged to profit & loss account	10,77,637	16,58,758
Amount recognised outside profit & loss account	3,06,230	(1,32,881)
Contribution by Employer	-	-
Impact of liability assumed or (settled) on account of inter group transfer	(1,96,805)	(9,85,385)
<b>Closing net defined benefit liability / (asset)</b>	<b>41,92,005</b>	<b>30,04,943</b>

### Maturity Profile of defined benefit obligations

Particulars	As at March 31, 2019	As at March 31, 2018
1 year	4,33,564	2,53,930
2 to 5 years	14,90,108	16,47,012
6 to 9 years	27,60,295	22,47,657
10 years and Above	74,81,390	67,77,377

### Sensitivity Analysis

Particulars	As at March 31, 2019	As at March 31, 2018
Increase / (decrease) on present value of defined benefits obligation at the end of the year		
<b>50 bps increase in discount rate</b>		
Increase / (decrease) in %	(4.0%)	(4.1%)
Increase / (decrease) in ₹	(2,35,337)	(2,06,521)
<b>50 bps decrease in discount rate</b>		
Increase / (decrease) in %	4.3%	4.4%
Increase / (decrease) in ₹	2,50,342	2,19,879
<b>50 bps increase in rate of salary escalation</b>		
Increase / (decrease) in %	3.8%	3.9%
Increase / (decrease) in ₹	2,20,614	1,92,676
<b>50 bps decrease in rate of salary escalation</b>		
Increase / (decrease) in %	(3.8%)	(3.8%)
Increase / (decrease) in ₹	(2,18,515)	(1,91,385)

### Note 25: Employee Stock Option Plan

The Company, from time to time, provides share based payments to its employees. These payments are provided in the form of stock options that can be exercised once the employee has completed specified service term with the Company. All share based employee payments will be settled in equity. The details of Stock options are provided below.

Particulars	ESOP 2011	ESOP 2016
Date of Shareholders' approval	27 <sup>th</sup> Sep 2011	22 <sup>nd</sup> Sep 2016
Total number of options approved under the scheme	6,00,000	6,00,000
Vesting Schedule		
On completion of 12 months from the date of grant of Options	30% vesting	30% vesting
On completion of 24 months from the date of grant of Options	30% vesting	30% vesting
On completion of 36 months from the date of grant of Options	40% vesting	40% vesting
Exercise Price	Rs.10 per share	Rs.10 per share
Exercise Period	5 years from the date of vesting	5 years from the date of vesting
Option movements during the year		
Options outstanding at the beginning of the year	4,25,400	1,32,000
Options granted during the year	-	-
Options Lapsed & Forfeited during the year	58,800	-
Options vested and available for exercise	3,49,700	39,600
Options exercised during the year	79,200	7,500
Variations of terms of options	None	None
Money realised by exercise of options (Rs.)	7,92,000	75,000
<b>Total number of options in force as at the end of the year</b>	<b>2,87,400</b>	<b>1,24,500</b>
Vested and available for exercise	1,51,400	32,100
Unvested	1,36,000	92,400

### Summary of the status of Options

Particulars	As at March 31, 2019	As at March 31, 2018
Options outstanding at the beginning of the year	5,57,400	3,92,300
Options granted during the year	-	2,25,000
Options Lapsed & Forfeited during the year	58,800	17,000
Options vested and available for exercise	3,89,300	2,86,300
Options exercised during the year	86,700	42,900
Total number of options in force as at the end of the year	4,11,900	5,57,400

**Note 26:** Disclosures of dues / payments to Micro, Small and Medium enterprises to the extent such enterprises are identified by the company:

Particulars	As at March 31, 2019	As at March 31, 2018
a. Amount due on account of suppliers as at the end of the accounting year	84,498	7,10,223
b. Principal amount paid (includes unpaid) beyond the appointed date	NIL	NIL
c. Interest paid during the year;	NIL	NIL
d. Interest payable at the end of the year;	NIL	NIL
e. Interest accrued and unpaid at the end of the accounting year; has not been provided.	NIL	NIL

The information has been given in respect of such vendors to the extent they could be identified as "Micro, Small and Medium" enterprises on the basis of information available with the Company during the year.

**Note 27:** Earning Per Share (EPS) computed in accordance with Ind AS 33

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>Basic</b>		
Profit / (Loss) after tax as per accounts	(19,19,970)	1,39,92,838
Number of Shares issued (Weighted average no.)	2,54,65,479	2,51,00,743
<b>Earning Per Share</b> (of nominal value of equity share of Rs.10/- each)	<b>(0.08)</b>	<b>0.56</b>
<b>Diluted</b>		
Profit / (Loss) after tax as per accounts	(19,19,970)	1,39,92,838
Number of Shares issued (Weighted average no.)	2,58,77,379	2,57,68,691
<b>Earning Per Share</b> (of nominal value of equity share of Rs.10/- each)	<b>(0.07)</b>	<b>0.54</b>

### Calculation of Weighted average number of shares used as the denominator

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Weighted average number of equity shares used as the denominator in calculating basic earning per share	2,54,65,479	2,51,00,743
Adjustments for calculation of diluted earnings per share		
Stock options	4,11,900	4,13,153
Convertible Warrants	-	2,54,795
Weighted average number of equity shares used as the denominator in calculating diluted earning per share	<b>2,58,77,379</b>	<b>2,57,68,691</b>



**Note 28: Warranty**

The Group generally offers 6 to 12 months warranties for its products. Management estimates the related provision for future warranty claims based on historical warranty claim information, as well as recent trends that might suggest that past cost information may differ from future claims. Provision is made for estimated warranty claims in respect of products sold which are still under warranty at the end of the reporting period.

Movement in provision during the financial year	Warranty Provision	
	For the year ended March 31, 2019	For the year ended March 31, 2018
Opening Provision	26,99,444	1,12,04,846
Additions during the year	18,17,300	26,99,444
Reversal during the year	26,99,444	1,12,04,846
Closing Provision	18,17,300	26,99,444

**Note 29: Contingent Liabilities**

Particulars	As at March 31, 2019	As at March 31, 2018
Claims against the company not acknowledged as debt		
Value Added Tax	11,23,318	11,23,318
Service Tax	5,81,29,154	5,81,29,154
Others	-	19,09,305
<b>Total</b>	<b>5,92,52,472</b>	<b>6,11,61,777</b>

**Note 30: Segment Reporting**

For management purposes, the company is organised into business units based on its products and services and has three reportable segments, as follows:

- The Printers business which is into design, manufacturing and distribution of Retail Billing Printers and other impact printers
- The Managed Printing Solutions (MPS) business which is into providing office printing solutions and services to corporate customers
- The Digital Services business which is into providing Digital services like GST.

Particulars	Printer Business		MPS Business		Digital Services		Total	
	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18
<b>Revenue</b>								
Net Sales / Income from Operations	27,55,26,839	37,74,67,079	45,97,94,660	41,90,66,284	37,91,159	18,40,400	73,91,12,659	79,83,73,763
Less:- Intersegment Revenue	-	-	-	-	-	-	-	-
<b>Segment Revenue</b>	<b>27,55,26,839</b>	<b>37,74,67,079</b>	<b>45,97,94,660</b>	<b>41,90,66,284</b>	<b>37,91,159</b>	<b>18,40,400</b>	<b>73,91,12,659</b>	<b>79,83,73,763</b>
<b>Segment Result before exceptional items, interest, tax and Depreciation</b>								
Add: Interest Income	69,58,858	2,23,40,699	12,08,00,449	12,46,13,837	(1,15,98,100)	(2,37,39,701)	11,61,61,206	12,32,14,835
Less: Finance Cost							1,30,833	1,23,084
Less: Depreciation and amortisation expenses							1,06,75,526	94,36,281
<b>Profit before exceptional items and tax</b>							10,75,19,033	9,36,76,214
Less: Exceptional items							(19,02,519)	2,02,25,423
<b>Profit Before tax</b>							-	-
Less: Tax Expenses							(19,02,519)	2,02,25,423
<b>Profit After Tax</b>							17,451	62,32,585
<b>Other Information</b>							(19,19,970)	1,39,92,838
Segment Assets	16,59,45,152	19,65,65,381	50,75,27,516	46,85,65,716	8,41,42,887	5,41,67,587	75,76,15,554	71,92,98,685
Segment Liabilities	5,70,93,073	9,08,53,943	10,78,92,166	8,86,03,500	17,46,404	43,12,628	16,67,31,643	18,37,70,072
<b>Capital Employed</b>	<b>10,88,52,079</b>	<b>10,57,11,438</b>	<b>39,96,35,350</b>	<b>37,99,62,216</b>	<b>8,23,96,482</b>	<b>4,98,54,959</b>	<b>59,08,83,911</b>	<b>53,55,28,613</b>

### Note 31: Financial Instruments

This section gives an overview of the significance of financial instruments for the Company and provides additional information on balance sheet terms that contain financial instruments.

The details of significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument is disclosed in Note 1 to the financial statements.

#### (i) Classification of Financial Assets and Liabilities

All financial assets and financial liabilities are valued at amortised cost.

#### (ii) Fair Value Hierarchy

There are no financial assets or liabilities of the Company, which, after their initial recognition, have been fair valued either during the year or in the previous year.

#### (iii) Financial Risk Management Policies and Objectives

The Company, in the course of its business, is exposed to a variety of financial risks, viz., market risk, credit risk and liquidity risk which can adversely impact the financial performance. The Company's endeavour is to foresee the unpredictability of financial markets and seek to minimise potential adverse effects on its financial performance. The Company has a risk management policy that not only covers the foreign exchange risk but also other risks such as interest rate risk and credit risk which are associated with financial assets and liabilities.

##### A. Market Risk

Market risk is the risk of any loss in future earnings, in realisable fair values or in future cash flows that may result from a change in the value of financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, equity price fluctuations, liquidity and other market changes. Future specific market movements cannot be normally predicted with reasonable accuracy.

##### B. Foreign currency exchange rate risk

The fluctuations in foreign currency exchange rate may have a potential impact on the statement of profit and loss and equity. This arises from transactions entered into foreign currency and assets/liabilities which are denominated in a currency other than the functional currency of the Company.

The Company imports raw materials, traded goods, consumables etc and such transactions are denominated in US Dollars. The Company does not take major exposure in any other foreign currency. The Company also exports goods which are billed in US dollars. The Company has a hedging policy approved and reviewed by the Board of Directors to mitigate its risks. Details of foreign currency exposure in USD are as follows:

Particulars	As at March 31, 2019	As at March 31, 2018
Trade Payables (Amount in INR)	94,57,443	1,67,48,919
Trade Payables (Amount in USD)	1,36,587	2,57,501

##### C. Credit risk

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk covers both the direct risk of default and the risk of deterioration of creditworthiness as well as concentration risks.

Trade receivables constitute the financial instruments that are exposed to credit risk. The Company's policy is to deal only with creditworthy counterparts. The Company management considers that all the financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due. None of the Company financial assets are secured by collateral or other credit enhancements.

The Company's exposure to credit risk is limited to the carrying amount of financial assets recognised at the balance sheet date.

### Note 32: Capital Management

The Company's capital management is intended to maximise the return to shareholders for meeting the long-term and short-term goals of the Company through the optimization of the debt and equity balance.

The Company determines the amount of capital required on the basis of annual and long-term operating plans and strategic investment plans. The funding requirements are met through equity and long-term / short-term borrowings. The Company

monitors the capital structure on the basis of Net debt to equity ratio and maturity profile of the overall debt portfolio of the Company.

For the purpose of capital management, capital includes issued equity capital, securities premium and all other reserves attributable to the equity shareholders of the Company. Net debt includes all long and short-term borrowings as reduced by cash and cash equivalents.

The following table summarises the capital of the Company:

Particulars	As at March 31, 2019	As at March 31, 2018
Debt*	8,89,41,115	7,65,83,473
Cash and Cash Equivalents	1,16,209	40,556
Net debt	8,88,24,906	7,65,42,918
Equity**	50,19,42,796	45,89,45,140
Total Capital (Debt+Equity)	59,07,67,702	53,54,88,057
Net Debt to Equity Ratio	0.15	0.14

\*Debt is defined as long-term and short-term borrowings

\*\*Equity includes all capital and reserved of the company that are managed as capital.

#### Note 33: Income Tax

Income Tax Expenses has been allocated as follows:

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>Current Tax</b>		
In respect of current year	14,80,156	72,18,862
In respect of prior years	(11,19,396)	-
<b>Deferred Tax</b>		
In respect of Current Year	(3,43,309)	(9,86,277)
Total income tax gain recognised in the current year relating to continuing operations		
The income tax expense for the year can be reconciled to the accounting profit as follows:		
Profit before tax from continuing operations	(19,02,519)	2,02,25,423
Income tax expense calculated at 27.82%	(5,29,281)	66,87,133
Effect on opening adjustment due to adoption of Ind AS 115	(20,72,980)	-
Adjustments recognised in current year relating to previous years	(11,19,396)	-
Effect of other temporary differences now recognised as DTA, net	37,39,108	(4,54,547)
Tax recognised in Profit & Loss Statement	17,451	62,32,586

#### Note 34:

Previous Year figures have been regrouped / rearranged wherever necessary to conform to the current year presentation.

As per our report attached  
For N M Raiji & Co  
Chartered Accountants  
Firm Reg. No.: 108296W  
S N Shivakumar  
Partner  
Membership No.: 88113  
Place: Bengaluru  
Date: May 25, 2019

For and on behalf of the Board of Directors

H V Gowthama  
Director  
DIN: 00250122

Ram N Agarwal  
Chairman & Managing Director  
DIN: 00006399

Sandeep Goyal  
Chief Financial Officer  
Place: Bengaluru  
Date: May 25, 2019

Sujata A Lele  
Company Secretary



## WeP Solutions Limited

Regd. Office: 40/1-A, Basappa Complex,  
Lavelle Road, Bengaluru 560 001. Karnataka - India.  
Tel.: +91 80 6611 2000. Fax: +91 80 6611 2055  
[www.wepsolutions.co.in](http://www.wepsolutions.co.in)