

Sustaining Green... Managed Printing Solutions



BOARD OF DIRECTORS



From left to right :

Mr. Sudhir Prakash, Mr. G H Visweswara, Mr. H V Gowthama, Mr. Ram N Agarwal, Mr. H K Nanjunda Swamy, Mr. Shankar Jaganathan and Dr. AL Rao.

Mr. B R Ganesh and Mr. Tej Sharma (Not in picture)



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Company Secretary & Compliance Officer
S Kannan

Auditors
CGS & Co.,
Chartered Accounts, Bangalore

Bankers
Axis Bank Ltd.,
HDFC Bank Ltd.,



LETTER TO SHAREHOLDERS

Dear Shareholders,

This is my first communication to you as Chairman of Datanet Systems Limited. I am proud and excited to lead the entire team of Datanet for exploitation of immense business opportunities in the Managed Printing Solutions (MPS) business. MPS market is expanding the world over particularly in India. Indian MPS market is currently estimated to be about 6 billion pages per month. Of these, we are currently printing about 40 million pages per month on 16,000 printers under our management across India. MPS market in India is growing in excess of 25% per annum and likely to grow even faster in value as the color printing takes shape in India. As the only organized sector pan-India, MPS provider, we are in unique position to offer a value promise to our customers in every part of the country. Let us get together and build the business for all around benefits to our stakeholders.



We are pioneers in spreading MPS culture in the country and we must maintain our leadership status which is envied by many multinationals.

I thank all the shareholders, customers, vendors, employees and all others for the continued support and encouragement.

All the best in coming years.

A handwritten signature in black ink, appearing to read 'Ram N Agarwal'.

Ram N Agarwal
Executive Chairman



NEWLY JOINED DIRECTORS OF THE COMPANY

Ram N Agarwal

Executive Chairman

Ram Narayan Agarwal (Ram) pioneered to create India's largest employee owned company Wipro e-Peripherals in 2000. He led an employee buy-out of IT Peripherals business from Wipro.

Prior to this, during his tenure of 23 years at Wipro, Ram led multiple business units and functional areas. Ram led many of Wipro's initiatives in Brand Building, Innovation and Six Sigma. He also seeded Wipro's Software business during its early stages and was responsible for many Technical Collaboration Agreements.

Ram has been an Executive Council Member of Manufacturing Association of Information Technology, an IT Product Promotion body in India. Ram is a first generation leader from Jhansi, a small town in India.

Ram completed Engineering Graduation from IIT, Kanpur with Post Graduation in Management from IIM, Kolkata.

Shankar Jaganathan

Director

Shankar Jaganathan, aged 50 years, is a Chartered Accountant and Law Graduate. He has varied experience in Corporate, academic and social sectors.

He worked with Wipro Limited for 18 years. He was Corporate Treasurer for the period from 1995 to 2003. He also headed the Technology Initiative Program and Academic and Pedagogy function in Azim Premji Foundation from 2003 to 2006.

He is currently practicing as a Management Consultant and focused in research, writing and teaching. He is the author of the book Corporate Disclosures 1553-2007, published by Routledge.

Dr. A L Rao

Director

Dr. A. L. Rao is a reputed consultant in the areas of IT Strategies, R & D and Quality Management.

Prior to becoming an IT consultant, Dr. Rao worked in a leading IT company for more than 26 years. He joined as a founder member and contributed significantly towards building a multi billion dollar IT Business. During his years as Head of R&D, he spearheaded the development and launch of locally designed computers in the Indian market. He has been instrumental in seeding and growing a number of IT business practices and IT services including Testing Services, Business Intelligence, Data Warehousing and e-Enabling.

Dr. Rao was elected a Fellow of the Indian National Academy of Engineering for distinguished contribution to Computer Science & Engineering. Dr. Rao did his MSc. and PhD from Andhra University, Vizakhapatnam, India.



LEADERSHIP TEAM



SANDEEP KUMAR GOYAL

S KANNAN

SANJEEV ARORA

DEEPAK A. CHARI

BUSINESS OVERVIEW

Communication of information has a pivotal role in the business. The on-going demands of communication led to the invention of the type-writer. Typewriter is the primary ancestor of the printer industry.

The era of “impact printers” began soon, where usage of dot matrix printers and ink-jet printers commenced and type writers were sidelined. Dot-matrix printers were widely used for official and commercial purposes until laser-jet came into picture.

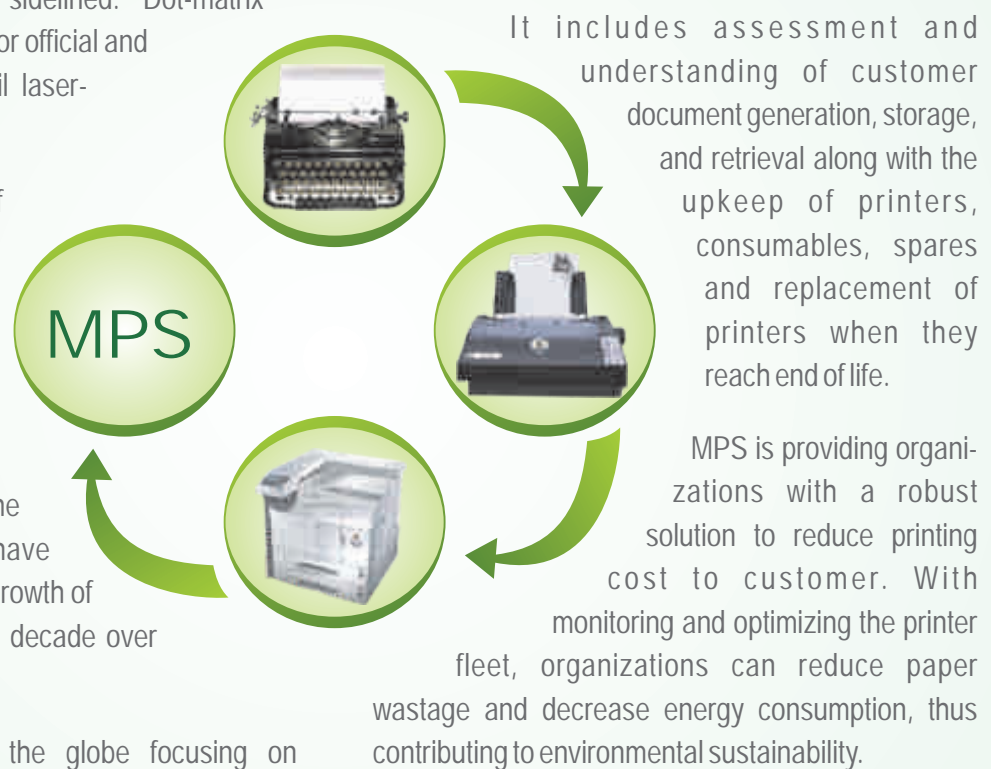
After the invention of laserjet printers in the year 1969, by a leading manufacturer of printers/copiers, the printer industry never looked behind. Improving technology, speed and the emerging IT industry have continuously boosted the growth of the printer market in India decade over decade.

With companies across the globe focusing on reducing costs, there emerged a requirement for new and innovative solutions to cut down on printing costs and increase efficiency. Organizations are especially looking at a switch from the capex to opex model by getting in to complete document management by an external consultancy with an expertise on Managed Printing Solutions (MPS). The implementation of MPS can reduce costs up to 30% of the total printing cost per annum along with significant reduction in the carbon foot print.

Hence, the printing industry is now moving to a new

era, the future of the printing and imaging industry - Managed Printing Solutions.

MPS, being the future of the printing and imaging industry, focuses on providing complete management of printing / copying / scanning /document handling.



Managed Print Solutions market continues to experience explosive growth, according to research¹. Studies indicate that the world market grew from \$20B in 2008, further to \$24B in 2009, and is forecasted to become a \$68B market by 2014. The market's 24% compound annual growth rate (CAGR) continued, despite the 2008 economic crisis and slow recovery in North America and Western Europe. As per forecasts, this rapid double-digit growth will continue for the next five years at a 22% increase in CAGR (2009-14).



MPS in India

With India emerging as a favorite IT destination and as an international hub of business and knowledge outsourcing during the global downturn, a huge opportunity was created for the MPS business. Enterprises started focussing on the core competencies, and non-core job of printing was given to MPS experts. This led to enhancement of personnel productivity, system efficiency and reduction in cost for the organisations. MPS, being phenomenally accepted in the Indian market, currently draws US\$86 million² in annual revenue and is expected to grow at US\$140 million by 2014.

Major industries for MPS adoption include IT, BPO, financial services, manufacturing and healthcare, of which the majority are enterprise customers. Although enterprise corporate in India are the most likely to engage in an MPS program, the number of Small and Medium Business is also growing. There is still an untapped MPS Small and Medium Business market, which is very large. There are 35 million SMB units in India, making it the second largest SMB market amongst BRIC (Brazil, Russia, India and China) and US market.³

SERVICE LOCATIONS

- 90+ locations across India
- All connected online through ERP

OUR MPS BUSINESS

WeP is the pioneer of Managed Printing Solutions in India, with business starting from the year 2002. With our extensive network and expertise in the business; we have grown over the period and manage close to 16000+ printers/copiers across 1500+ locations for 600 customers.

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

1. MPS Market Size, Share, and Forecast Report" from Photizo Group, leading research and consulting firm for the managed print services market.
2 & 3. Mpsinsights from Photizo Group





OUR OFFERING IN MPS

ASSET PLUS SOLUTION (APS)

We offer Asset Plus Service Solution under MPS, offering customers an option of No capital investment from their end. We monitor and understand customer's current and future requirements and deploy appropriate assets to meet the same.

We provide laser printers, multifunction devices, dot matrix, line matrix, scanners, ID card printers etc., which are best suited for customer requirements. These products are designed with long lasting components and adhere to the environmental standards to reduce energy consumption and minimize the adverse effect on the environment through better e-waste management.

FULL SOLUTION (FSS)

As the MPS business grew and customer expectation from MPS increased, we decided to leverage on our expertise and explore the opportunities of managing the customer's existing printer infrastructure. This line of service is highly challenging as it involves managing of a vast range of different printer/copier brands. We conduct a complete assessment and analysis on the current set up of the client to suggest optimization for the control and monitoring of the documents.

We are a brand agnostic company, and believe in providing solutions and not merely products to meet the customers' printing requirement. Our forte lies in managing any type of printers like dot-matrix, ink-jet and laser-jet at any location in India.

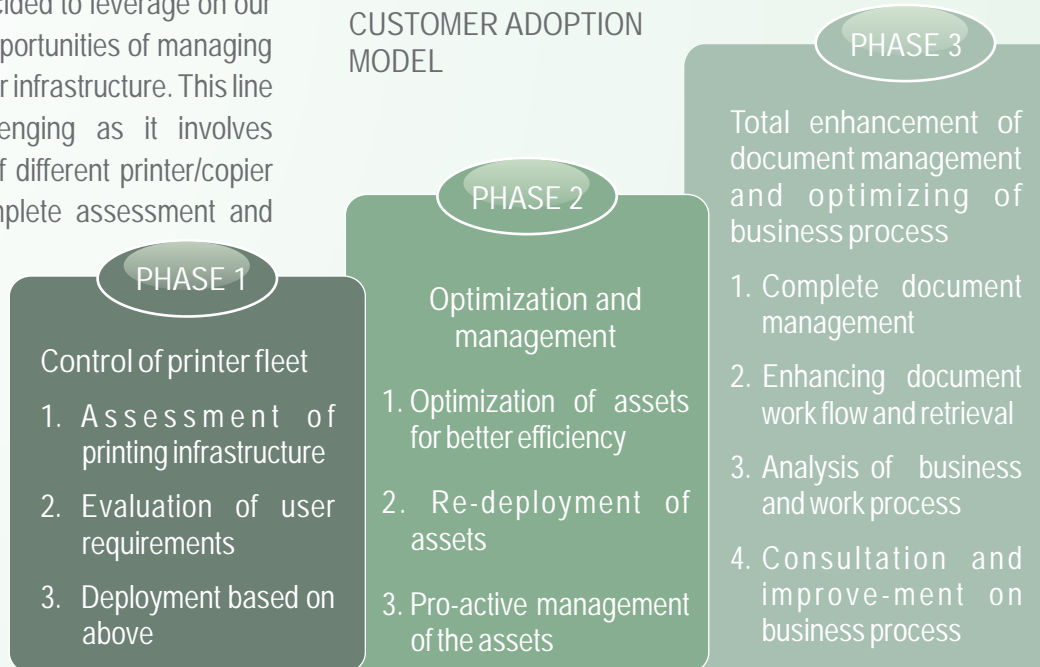
FSS includes supply of toners, consumables, maintenance kits, plastic parts, maintenance and upkeep of printer. FSS also offers replacement of the printers as and when they reach end of life.

BULK PRINTING SOLUTIONS (BPS)

Bulk Printing Solutions comprises of large scale printing jobs for customers. We take up bulk printing either at the customer site by deploying printers/scanners during the project period to ensure the security of documents or off-site in our location based on the criticality and confidentiality. We have successfully delivered many Government projects.

We have opened two exclusive print centers at Bangalore for bulk printing and to provide instant and easy access to printing and finishing solutions.

CUSTOMER ADOPTION MODEL



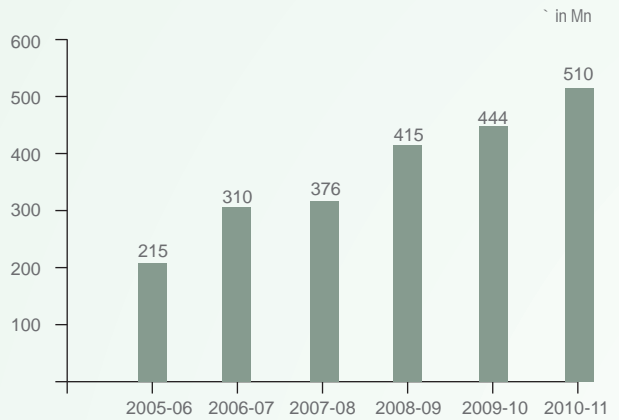
Being in this business for more than 8 years now, we take pride in successfully completing the Phase 1 and 2 services to our customers. As a growing organization with skills, industry knowledge and capabilities we are striving to engage in Phase 3 of MPS to become a complete Document Management Partner to the customer.



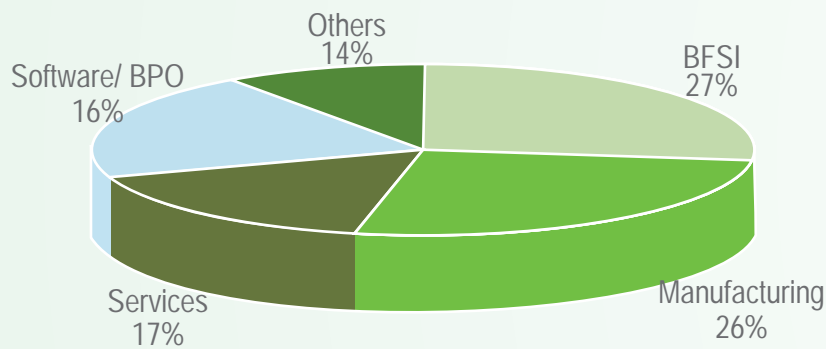
Assets Under Management



Asset Base



Segment wise revenue 2010-11



BENEFITS TO DATANET CUSTOMER

As an MPS provider we strive to understand customer's pain area in management of printing and imaging infrastructure. Benefits offered by us put us in a unique leading position in the industry:

- A single window solution for multi location support for all printing and imaging technologies across India under a single contract
- Management of customer owned printers thus saving cost
- Various customized reports to customers to control and optimize costs
- Provide best in class and latest technology solutions like secure printing, color printing
- Option for a mix of capex / opex model based on customer needs
- Fulfillment of long term as well as short term printing requirements
- Reduction in e-waste

Implementation of MPS at customer organizations has resulted in continuous reduction in printing costs to the customer



JOIN HANDS TO SUSTAIN GREEN

Growing awareness of climate change is making corporate sustainability strategies a powerful way to demonstrate to employees and shareholders that environmental issues are being taken seriously.

Do you think "Go Green" refers to just switching off the computer, turning off the lights and promoting green by planting few plants in organizations?

Think again.....

Few facts-

- The world's consumption of paper has multiplied by 4 times in the last 40 years.
- 60% of the total trees cut around the world are used in paper industries.
- Rainforests are being cut down at the rate of 100 acres per minute.
- To produce 15,000 sheets of paper it takes one whole tree.
- The average office worker uses 12,000 sheets of paper each year – that's about a tree per person per year!
- Printing waste is 20% - or more – of total paper produced.
- Greenhouse gases are emitted heavily in the industrial process used to make paper.
- 70% less energy is required to recycle paper compared with making it from new raw materials.
- Printers and copiers consume a large amount of electricity.
- The average printer cartridge takes 3 gallons of oil to produce. If it is not recycled, it takes over

1,000 years for the cartridge to decompose in a landfill.

We tend to ignore the Printers and Copiers which have an impact on the environment.

At this stage, the required step for organizations is to adopt MPS. MPS enables control over document printing and reduces paper and resource wastage.

Save Cost

Save Trees

Sustain Green!!

DATANET TO SUSTAIN GREEN

With increasing number of organizations turning eco-conscious and constantly driving initiatives towards following 'Go Green' practices, Datanet takes pride in contributing to this initiative by partnering with the organizations in:

Monitored and Controlled printing:

With monitoring and control on prints, there will be considerable reductions in wastage of paper and consumption of electricity.

Deployment of Green Printers:

The printers deployed by us are specially designed to adhere to environmental standards. These printers consist of enduring and efficient components and are designed to emit less heat and noise.

Optimizing the printer fleet:

With our expertise on the job, we review organizations' actual usage and recommend optimization. This leads to reduction in the number of printers per employee in an organization. Less printers, less obsolescence, hence less e-waste.



E-waste management:

Under MPS strategy, the printers and consumables that reach end of life are collected back and are scrapped through a certified e waste management mechanism so that the processed metal and the acid used in the course of processing the waste are recycled. The waste does not go to land fill.

Minimize Carbon Footprint:

Fleet optimization includes consolidating redundant devices; reducing paper wastage by usage of the duplex printing enables to decrease the organization's carbon footprint.

DATANET INITIATIVE TO 'GO GREEN!'

E-waste today is a major concern for our ecology, since it is the greatest contributor of toxins to landfill. Every organization generates e-waste, like old computer systems, tube lights and other electronic appliances etc. which are thrown into a landfill, emitting more greenhouse gases and plastic contaminating the environment.

E-WASTE MANAGEMENT

As a responsible company, we strongly adhere to e-waste management standards and have partnered with leading e-waste management companies to dispose exhausted printers, empty toner shells and other plastic components. We have received a certificate from the Central Pollution Control Board recognizing our efforts towards disposal of e-waste in the most eco-friendly way to establish the sustainability.

We encourage green practices not only in our company but also support our stake holders to take appropriate actions for sustainability of the environment.

As a part of "Go Green" campaign, WeP in association with APOLLO Hospital conducted a month long promotion of MPS concept supporting and contributing to the GREEN initiative.

ADOPTION OF MPS BY THE ORGANIZATIONS BY 2012 :

- It is estimated that by next year if the organizations adopt MPS, there will be reduction in the carbon content equivalent to removing off over 300, 0000 cars from the road.
- Energy saved is good enough to support more than 2 lakh homes.
- Duplex printing saves 700+ tons of paper per annum.



DIRECTORS' REPORT

Your Directors present the 16th Annual Report and the audited accounts of your Company for the year ended 31st March 2011.

FINANCIAL HIGHLIGHTS

₹ in '000s

Particulars	For the year ended 31st March 2011	For the year ended 31st March 2010
Sales and Services	333,868.57	3,414.91
Other Income	2,160.62	2,147.09
Total Income	336,029.19	5,562.00
Profit /(Loss) Before Depreciation, Interest & Taxes (PBDIT)	96,916.95	(5,961.70)
Interest	4,487.19	8.10
Depreciation	59,471.04	391.22
Profit / (Loss) Before Tax	32,958.72	(6,361.02)
Provision for Tax	(14,472.80)	0.00
Net profit / (loss) before exceptional item	47,431.52	(6,361.02)
Profit on sale of investments	0.00	0.00
Net profit/(loss) after exceptional item	47,431.52	(6,361.02)
Earnings Per Share (₹)	4.21	(0.51)
Equity shares, par value ₹ 10/-each		
Basic/Diluted (₹ per share)		
Before exceptional item	4.21	(0.51)
After exceptional item	4.21	(0.51)

PERFORMANCE

During the year under review, under the Scheme of Arrangement as approved by the Hon'ble High Court of Karnataka, the Managed Printing Solutions division of M/s. wep solutions India limited was acquired as a new line of business. The financials given above for the year 2010-11 are not comparable to the previous year. The Management Discussion and Analysis forms part of the Annual Report.



DIRECTORS

Dr. A L Rao was appointed as additional director with effect from 30th April 2011.

Mr. Ram N Agarwal was appointed as additional director and Executive Chairman of the Company with effect from 9th July 2011. Remuneration payable to Mr. Ram N Agarwal is detailed in the notice to the AGM seeking approval of members.

Mr. G H Visweswara joined our Company in 1995 as Senior General Manager. In October 2006, he was elevated to the post of the Chief Executive Officer & Managing Director. The company has immensely benefited under the leadership of Mr. Visweswara. He offered his resignation from the Post of Chief Executive Officer & Managing Director. However, considering his vast experience and expertise your Board appointed him as an additional director of the company with effect from 9th July 2011.

Mr. Sudhir Prakash and Mr. Tej Sharma, retire at the forthcoming Annual General Meeting. Being eligible, Mr. Sudhir Prakash offers himself for reappointment. Mr. Tej Sharma retires from the board.

Mr. Ram N Agarwal, Dr. A L Rao, Mr. G H Visweswara, all additional directors seek election to the Board at the Annual General Meeting.

A brief profile of the Directors is given in the Notice of the Annual General Meeting.

DIVIDEND

In view of the current economic situation and the financial needs of the company to sustain growth and enhanced investments for targeted growth of the company, it has been decided to conserve and retain our earnings.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- (a) In the preparation of the annual accounts for the financial year ended 31st March 2011, the applicable accounting standards have been followed along with proper examination relating to material departures;
- (b) The Directors have selected such accounting policies and applied them consistently except where otherwise stated in the notes on accounts and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profits of the company for the year under review;
- (c) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) The Directors had prepared the accounts for the financial year ended 31st March 2011 on a 'going concern' basis.



CORPORATE GOVERNANCE

Your company adheres to all the Corporate Governance Code as prescribed by the Stock Exchanges and SEBI. A detailed report on Corporate Governance is provided in this Annual Report. The Auditors Certificate on compliance with the standards also forms part of this Annual Report.

DEPOSITORY SYSTEM

Equity shares of your company are compulsorily tradable in dematerialized form. Your company has signed agreements with National Securities Depository Limited and Central Depository Services (India) Limited for de-materialization of its equity shares.

PUBLIC DEPOSITS

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

RESEARCH & DEVELOPMENT

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

SUBSIDIARY COMPANY

As on 31st March 2011, company has no subsidiary. Hence requirement of reporting the statement pursuant to Section 212 of the Companies Act, 1956 and other statutory financial statements of a subsidiary does not arise.

EMPLOYEE STOCK OPTION PLAN

There is no ESOP scheme in the Company subsequent to the implementation of the scheme of Arrangement approved by the Hon'ble High Court of Karnataka.

AUDITORS

Auditors M/s CGS& Co., Chartered Accountants retire at the ensuing Annual General Meeting and they do not offer themselves for re-appointment. Hence, your Board recommends appointment of M/s N M Rajji & Co., Mumbai as the Statutory Auditors of the Company. Suitable resolution is proposed in the notice sent to shareholders for the 16th Annual General Meeting.

PERSONNEL

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

HUMAN RESOURCES

Your directors take this opportunity to record their appreciation for the contribution of all employees of your company during the year. As on 31.03.2011, the employee strength of your company stood at 1. However, subsequent to the implementation of the Scheme of Arrangement and merger of the business unit Managed Printing Solutions with the company, the strength of employees as of 30th June 2011 stood at 118.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS/OUTGO

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



ACKNOWLEDGMENTS

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

For and on Behalf of the Board of Directors

Bangalore
Date: 6th August 2011

RAM NAGARWAL
Executive Chairman

ANNEXURE TO DIRECTORS' REPORT

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

A. Conservation of Energy

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

B. Foreign Exchange Earnings and Outgo

During the year earning in foreign exchange is Rs. Nil (previous year Rs. Nil).

Outgo on account of foreign currency during the year was Rs. 73.82 Mn (previous year Rs. Nil)

For and on Behalf of the Board of Directors

Bangalore
Date: 6th August 2011

RAM NAGARWAL
Executive Chairman



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.

OVERALL ECONOMIC REVIEW

The Global Economy, post the unprecedented economic downturn in 2008-09, has seen signs of steady recovery. While the economy is not completely out of woods, there is lot more reason for optimism. While the developed economies are experiencing subdued growth, the developing economies are growing at a healthy pace. Another important change that is gaining momentum is the ecological sustenance.

While our economy is built on strong fundamentals there are some inherent challenges which the country is facing in the form of Inflation and the current much talked about issue of corruption. Inflation has been on the higher side over the last 12 -18 months and is expected to continue to be so till a large part of this financial year. This is expected to impact corporates and economy in general as major expansion

initiatives might take a backseat which in turn results in a cycle of skepticism for growth and investment. Rising costs is a matter of concern and we hope that the situation would reverse in the current year. However, the onus of finding ways of compensating inflation led cost increases through better efficiencies and increased productivity rest with us.

The Managed Printing Solutions Business (MPS) of Datanet is a uniquely positioned business which provides the customers with an opportunity to convert their fixed printing costs to variable. This option, given the current market and economic scenario is a blessing in disguise for corporates which are not untouched by this volatility. Further, the business spread across segments of customers makes it possible for the company to provide the best solutions for the customers in these testing times.



COMPANY'S OVERALL PERFORMANCE AND ANALYSIS

The company has acquired during the year the Managed Printing Solutions (MPS) Business from M/s WeP Solutions India Limited by way of Scheme of arrangement duly approved by the Hon'ble High court of Karnataka. The acquisition was with effect from April 1, 2010.

Datanet now owns a business which is a pioneer in the MPS industry. This business, though new to Datanet is being run by WeP for more than seven years. The MPS business is a unique offering whereby the customers are provided with an option to pay based on their usage of print. The customers have the flexibility to chose from a wide range of options available ranging from mono printing, color printing, bulk printing apart from availing various other value added services like print monitoring etc.

During the year, the company clocked revenues of Rs.333.86Mn as against Rs.3.4 Mn in FY 2009-10. The company's revenues are from the MPS business acquired in the FY 2010-11. Consequently, the profitability of the company also significantly improved from a Profit after Tax of Rs.(6.36)Mn to a healthy Rs.47.43Mn during the current year.

The company's installed base increased to well above 16000 spread across more than 1500 locations in India. The company's customer base increased significantly to more than 600. With the goal to target the Top 2000 corporates in India, the company is well positioned to make an impact in the MPS industry.

The financial position of the company, after the acquisition, has become fairly strong with the Networth being Rs.179.41 Mn as at March 2011 against Rs. 3.34 Mn as at March 2010. The Debt Equity Ratio of the company was 0.33. The company invested Rs. 67 Mn during the year in capital assets which will result in revenue growth in the coming years.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

HUMAN RESOURCE DEVELOPMENT / INDUSTRIAL RELATIONS

The Company has adopted a progressive policy of development of its human resources through continuous training and motivation to achieve greater efficiencies and competencies. Progress made by the company was possible in no small measure by efforts of the entire team. Industrial relations were harmonious at all our units. Safety, welfare and training at all levels of our employees continue to be areas of major focus for the Company.



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. Excellent Geographical Reach and Support Network.
2. Alliances with World's leading Technology Providers.
3. Proficient mix of employee team.
4. Empanelment with many Government Nodal Agencies
5. Experience in handling turnkey projects
6. Cost effective solutions to Customers

WEAKNESSES

1. Key field positions to be strengthened.
2. Inadequate Inventory Management and Supply Chain Process.
3. Lack of Long term funds curtailing the ability to invest.
4. Inability to scale up in new businesses at the desired pace.

OPPORTUNITIES

1. The MPS business is in high growth area.

2. Increased focus on IT driven Governance by State/Central Governments.
3. Enhanced level of penetration in existing Business relationships.
4. Wide acceptance of MPS concept by all types of corporate.
5. Significant movement ahead by customers to look for total Document Management Solutions for their enterprises

THREATS

1. Continued pressure for reduction in operational expenses by companies upsetting our revenue plans.
2. Strict Competition from Multiple players specifically from the unorganized sector forces us to cut our prices steep resulting in uneconomical operation.
3. Assets under deployment are reaching their cycle of replacement, thereby creating a pressure on the Investment plans of the company
4. Constant pressure to drive down costs from customers resulting in low pricing contracts thereby impacting margins of the company
5. Significant revenues of the company are from the Banking, Financial Service and Insurance (BFSI) Segments. Any direct or indirect impact on the BFSI industry can impact the revenues of the company.



RISK AND MITIGANTS

FOREIGN EXCHANGE RISKS

A good amount of Import of stocks is done in order to meet the consumables, spares and printers requirement. The time involved from the date of order, receipt of the stock from the vendor and supply to the customer will be anywhere between 30 to 45 days. This time lag is potential enough to affect the profitability of your company due to fluctuation in the currency exchange rate.

Mitigants :

Your company has a defined policy for managing its foreign exchange exposure. The company tracks the forex market closely and takes appropriate hedging decisions from time to time.

RECEIVABLE RISKS

It is a fact that the economy is better with an all round improved performance by the Agriculture, Manufacturing industries, Services sector, Exports etc. However, the credit position has not yet improved substantially. This impacts our financial position, more specifically working capital requirements.

Mitigants :

Your company is carefully monitoring and controlling the financial exposure to those customers whom it considers as credit risk.

INVENTORY OBSOLESCENCE RISK

The company needs to maintain printers for a period

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

Mitigants :

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

ACQUISITION RISK

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

Mitigants:

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



REPORT ON CORPORATE GOVERNANCE

COMPANY'S GOVERNANCE PHILOSOPHY

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

Our business modules revolve around the core values of Consumer Proactive, Consistency with Integrity, Precision, Socially responsible, accountability, innovative, law abiding and empowerment.

CODE OF CONDUCT

Your Company has a Code of Conduct for its senior employees and directors and it is available on its website.

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

Name of the Director (Directors as on 31st March 2011)	Category	No. of meetings held	No. of meetings attended	Attendance at last AGM
Ram N Agarwal*	Executive Chairman	N. A.	N.A.	N.A.
H K Nanjunda Swamy	NEID***	9	5	Yes
Sudhir Prakash	NEID	9	1	No
Tej Sharma	NEID	9	-	No
B R Ganesh	NEID	9	7	Yes
G H Visweswara	NEID	9	9	Yes
H V Gowthama	NEID	9	8	Yes
Shankar Jaganathan	NEID	9	7	No
Dr. A L Rao**	NEID	N.A.	N.A.	N.A.

*Appointed as additional director and Executive Chairman with effect from 9th July 2011.

**Appointed as additional director with effect from 30th April 2011.

*** NEID - Non Executive Independent Director.

BOARD OF DIRECTORS

As on 1st August 2011, the Board of Directors of your Company comprises of Nine (9) Directors of which One is the Executive Director and all the other Eight (8) Directors are Non-Executive, Independent Directors. The Company has an Executive Chairman. The composition of the Board is as per clause 49 of the Listing Agreement and exceeds the percentage stipulated therein. Your directors are eminent persons and professionals with rich experience in management, finance, law and banking.

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

During the year under review Nine (9) Board Meetings were held on 24th April 2010, 8th May 2010, 28th May 2010, 20th July 2010, 31st July 2010, 26th August 2010, 11th November 2010, 12th February 2011 and 2nd March 2011.



REMUNERATION OF DIRECTORS

Whole time / Managing Director

No remuneration was paid to the whole time / Managing Director during the period under review.

Non Whole Time Directors

As per the Articles of Association of the Company directors are payable with Sitting fee of Rs.1000/- (Rs. One Thousand Only) for every meeting of the Board. Sitting fees were paid to the non-whole time directors during the year 2010-11 amounting to Rs. 3000/-

AUDIT COMMITTEE

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

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

The following Directors are members of the Audit Committee:

Mr. H V Gowthama, Chairman, Mr. B R Ganesh, Mr. Sudhir Prakash, Mr. H K Nanjunda Swamy

During the Financial Year 2010-11, the Audit Committee meetings were held on 28th May 2010, 31st July 2010, 11th November 2010, and 12th February 2011.

Meetings and attendance during the year are as below:

Members	No. of meetings held	No. of meetings attended
H V Gowthama	4	4
B R Ganesh	4	4
Sudhir Prakash	4	1
H K Nanjunda Swamy	4	3



SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE

To facilitate prompt redressal of investors' complaints and to strengthen investor relations, an Investors' Grievance Committee has been constituted. The Committee looks into redressal of investors' grievances pertaining to transfer of shares, dematerialisation of shares, non-receipt of share certificates and other related issues.

Mr. H K Nanjunda Swamy, Chairman, Mr. B R Ganesh, and Mr. H V Gowthama are members of the Shareholders' / Investors' Grievance Committee

The committee meets as and when required. As on 31.03.2011, there were no outstanding complaints or shares pending for transfer.

SHARE TRANSFER COMMITTEE

A Share Transfer Committee has been constituted to approve the share transfers, transmission, split, consolidation, issue of new certificates, rematerialisation of shares, etc. The Committee meets as often as required.

Sri. H V Gowthama, Chairman, Mr. G H Visweswara and Mr. H K Nanjunda Swamy are members of the Share Transfer Committee:

GENERAL BODY MEETING

Details of last three Annual General Meetings.

Year	Venue	Date	Time
2009-10	Hotel Ajantha Paradise Pvt. Ltd., Bangalore*	8.10.2010	4.30 PM
2008-09	Hotel Ajantha Paradise Pvt. Ltd., Bangalore	24.09.2009	9.30 AM
2007-08	Hotel Ajantha Paradise Pvt. Ltd., Bangalore	18.09.2008	9.30 AM

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

COURT CONVENED MEETING

During the year under review, a Court Convened Meeting of the Shareholders of the company was held on 20th November 2010, seeking approval of members for the scheme of arrangement for acquiring Managed Printing Solutions business of M/s. WeP Solutions India Limited.

POSTAL BALLOTS

During the year under review a Postal Ballot was conducted seeking approval of the members for amendment to the Object Clause of the Memorandum of Association of the Company as per the Orders of the Hon'ble High Court of Karnataka, while approving the Scheme of Arrangement for acquisition of Managed Printing Solutions Division of M/s. wep solutions india limited.

DISCLOSURES

Other than the transactions stated in the Auditor's Report under Schedule 15, there are no materially significant related party transactions with the company's promoters, directors, the management and their relatives that may have potential conflict with the interest of the company at large.

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

MEANS OF COMMUNICATION

The company's financial year begins on April 1 and ends on March 31 each year. Quarterly financial results of the company are filed with the Bombay Stock Exchange within the stipulated time. The results are also published in leading financial news



papers and in a vernacular news paper immediately after the approval of the financials by the Audit Committee/Board. The financial results are also uploaded in the company's website.

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.wepmps.com

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

CFO certification forms part of this annual report

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

GENERAL SHAREHOLDER INFORMATION

Annual General Meeting : Tuesday,
27th September 2011

Time : 2.30 PM

Venue : Basappa Complex,
Lavelle Road,
Bangalore – 560001

Book Closure Dates : 24.09.2011- 27.09.2011
(Both days inclusive)

Listing Details:

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

Company Code in BSE : 532373.

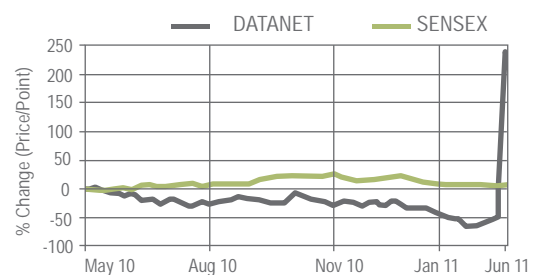
International Securities Identification Number (ISIN): INE434B01029

MARKET PRICE DATA

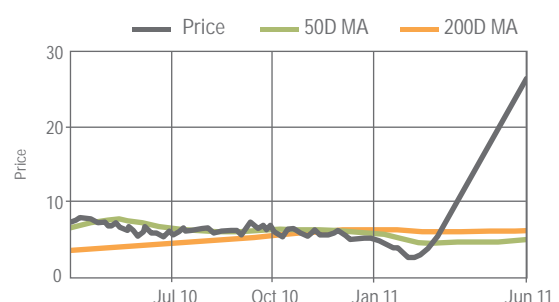
(Source : www.bseindia.com)

Month	High Price (Rs.)	Low Price (Rs.)	No. of Shares traded
Apr-10	9.65	6.77	199785
May-10	8.40	6.99	36587
Jun-10	7.98	5.59	38541
Jul-10	7.05	5.21	127654
Aug-10	6.82	5.31	110768
Sep-10	6.75	5.37	238406
Oct-10	7.69	5.75	212389
Nov-10	6.50	5.02	108637
Dec-10	6.25	5.14	24940
Jan-11	5.45	4.65	12547
Feb-11	4.55	2.70	32952
Mar-11	3.93	2.57	23503
Jun-11	27.82	18.25	361521

INDEX COMPARISON



PRICE MOVEMENT



SHARE TRANSFER SYSTEM

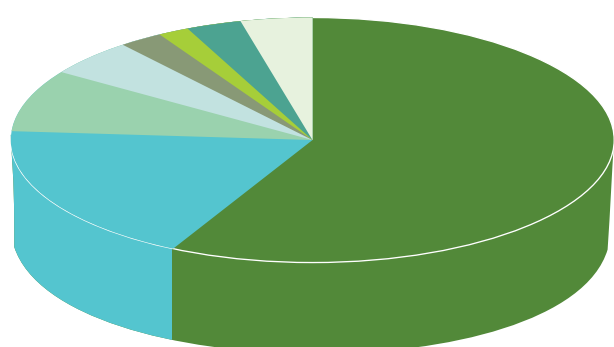
Shares sent for physical transfer are generally registered and returned within 15 days from the date of receipt if the documents are clear in all respects. Cameo Corporate Services Limited is the Registrar and Transfer agents of the company. The powers of share transfer are delegated to Share Transfer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

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

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

Distribution of shareholdings according to number of shares held as on June 30th 2011 subsequent to implementation of the Scheme of Arrangement.

Value of shares held (in `)	No. of share holders	Percentage of share holders	Value of shares held (in `)	% to the total paid up capital
Less than 5000	1,691	57.46	1,336,290	1.19
5001 - 10000	552	18.76	3,824,470	3.40
10001 - 20000	250	8.49	3,524,020	3.13
20001 - 30000	136	4.62	3,361,070	2.98
30001 - 40000	70	2.38	2,437,420	2.16
40001 - 50000	49	1.66	2,225,660	1.98
50001 - 100000	92	3.13	6,261,590	5.56
100001 and above	103	3.50	89,656,220	79.60
TOTAL	2,943	100.00	112,626,740	100.00



Distribution of capital

in `	
■	Less than 5000
■	5001 - 10000
■	10001 - 20000
■	20001 - 30000
■	30001 - 40000
■	40001 - 50000
■	50001 - 100000
■	100001 and above

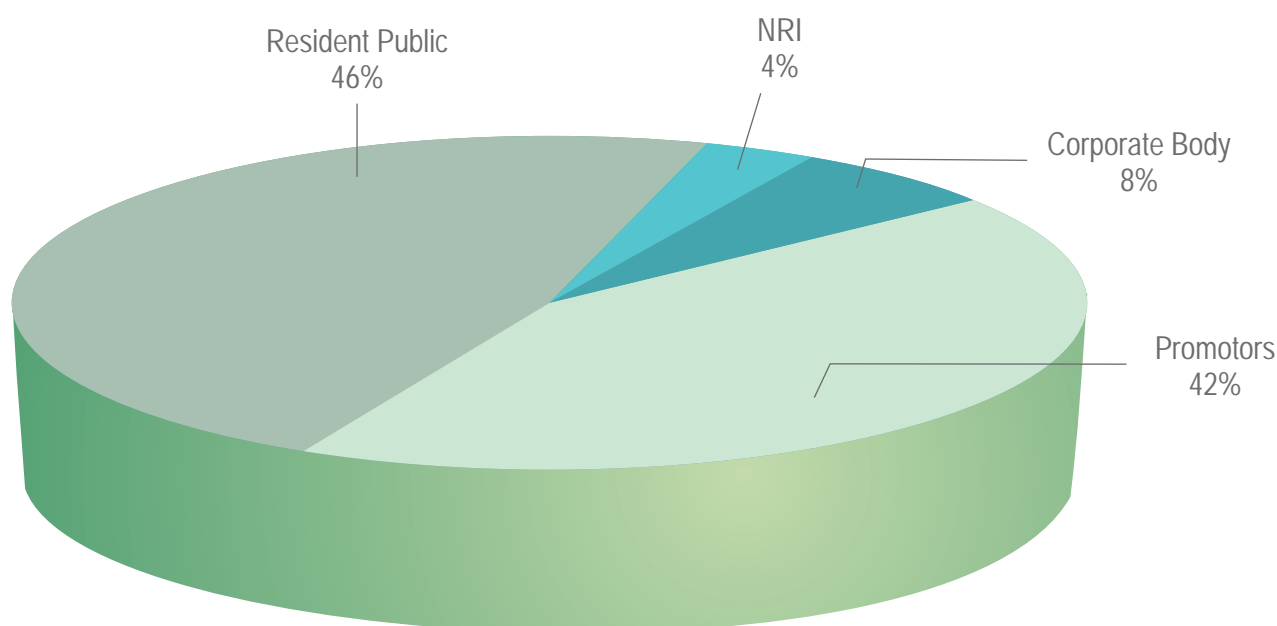


SHAREHOLDING PATTERN AS AS ON JUNE 30TH 2011 SUBSEQUENT TO IMPLEMENTATION OF THE SCHEME OF ARRANGEMENT.

Category of Shareholder	No. of Share holders	Total No. of shares	Total shareholding as a percentage of total number of shares
A. SHAREHOLDING OF PROMOTER AND PROMOTER GROUP			
a. Individuals	6	2,234,823	19.84
b. Bodies Corporate	2	2,523,973	22.41
Total Promoters Holding	8	4,758,796	42.25
B PUBLIC SHAREHOLDING			
a. Bodies Corporate	79	884,548	7.85
b. Individuals -			
I. Individual Shareholders Holding Nominal Share Capital upto ` 1 Lakh	2,716	1,372,830	12.19
II. Individual Shareholders Holding Nominal Share Capital in excess of ` 1 Lakh	79	3,709,936	32.94
Clearing Members	11	10,169	0.09
Hindu Undivided Families	27	38,230	0.34
Non Resident Indians	21	486,944	4.32
Trusts	2	1,221	0.01
Total Public Shareholding	2,935	6,503,878	57.75
Total (A)+(B)	2,943	11,262,674	100.00

Note: Total foreign holding in number of shares and percentage shareholding is 486944 and 4.32 % respectively. The Company has not issued any ADRs or GDRs. The foreign shareholding consists of holdings by NRIs and other foreign nationals only.

The Distribution Schedule and the Shareholding pattern are given as on 30th June 2011 since the figures for 31st March 2010 do not reflect the correct status of the paid up capital and the number of shareholders subsequent to the implementation of the Scheme of Arrangement.



DEMATERIALISATION OF SHARES

Trading of shares of the company is under compulsory electronic mode. As on 30th June 2011 11,012,148 equity shares of the company representing 97.78% of the total subscribed capital of the company were dematerialised.

Particulars	As on 30.06.2011	
	No. of shares	% of holding
Physical	250,526	2.22
Electronic	11,012,148	97.78
TOTAL	11,262,674	100.00

ADDRESS FOR CORRESPONDENCE

The Corporate Secretarial Department is located at the company's Corporate Office situated at:

40/1-A, Basappa Complex,
Lavelle Road,
Bangalore – 560 001
Telephone : 080-66112000
Email: s.kannan@wepsol.in

REGISTRAR AND TRANSFER AGENTS

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

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



CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION

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

- (a) We have reviewed balance sheet and profit and loss account for the year ended 31st March 2011 and all its schedules and notes on accounts, as well as the cash flow statement and directors' report and to the best of our knowledge and belief report that:
 - (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- (c) We are responsible for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if, any, of which we are aware and we have taken proper steps to rectify these deficiencies.
- (d) We have disclosed to the auditors and the Audit Committee
 - (i) Significant changes in internal control over financial reporting during the year;
 - (ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

Bangalore
Date: 5th August 2011

Sandeep Kumar Goyal
Chief Financial Officer

DECLARATION BY EXECUTIVE CHAIRMAN FOR AFFIRMATION OF COMPLIANCE OF CODE OF CONDUCT

I, Ram N Agarwal, Executive Chairman hereby affirm that all the members of the Board and Senior management have complied with the code of conduct of the company.

Bangalore
Date: 5th August 2011

Ram N Agarwal
Executive Chairman

AUDITOR'S REPORT ON CORPORATE GOVERNANCE

The Members of Datanet Systems Limited
23/57, 1st Floor
41st Cross, east End 'C' Main road,
Jayanagar 9th Block,
Bangalore – 560 069

We have reviewed the implementation of Corporate Governance procedure by Datanet Systems Limited for the year ended on 31st March 2011, as stipulated in the listing agreement in Clause 49 of Bombay Stock Exchange Limited.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to the procedure and implementation thereof, adopted by the Company, for ensuring such compliance and is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and explanations given to us, the company has complied with the requirements of Corporate Governance as stipulated in the above mentioned listing agreement. We further state that as per the records of the company, there are no investor grievances pending.

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

For CGS & Co.
Chartered Accountants
Firm No. 005830S

A. R. Valisha Shakeel
Partner
Membership No. 203926

Bangalore
Date : 6th August 2011

AUDITOR'S REPORT TO THE MEMBERS OF DATANET SYSTEMS LIMITED



We have audited the attached Balance Sheet of DATANET SYSTEMS LIMITED as at March 31, 2011, the Profit and Loss account for the year ended on that date annexed thereto and the Cash Flow statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to in paragraph 3 above, we report as follows:

- (a) we have obtained all 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 maintained by the Company, so far as it appears from our examination of those books of accounts.
- (c) the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
- (d) in our opinion the the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
- (e) in our opinion, and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2011;
 - ii) in the case of the Profit and Loss account, of the profit for the year ended on that date; and
 - iii) in the case of Cash Flow statement of the cash flows for the year ended on that date.

On the basis of written representations received from directors of the Company as at March 31, 2011, and taken on record by the Board of Directors, we report that none of the directors is prima facie disqualified from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For CGS & Co.
Chartered Accountants
Registration No: 005830S

A R Valisha Shakeel
Partner
Membership No. 203926

Place: Bangalore
Date : 6th August, 2011



ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date)

In terms of the information and explanations given to us and the books and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state as under:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.
 - (b) The fixed assets have been physically verified by the Management during the year. We have been informed that no material discrepancies were noticed on such verification and there is a regular programme of verification which in our opinion is reasonable having regard to the size of the company and nature of its business.
 - (c) Fixed assets disposed off during the year, in our opinion do not constitute a substantial part of the fixed assets of the company.
- (ii) (a) The inventory has been physically verified during the year by the management at reasonable intervals.
 - (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
 - (c) The company is maintaining proper records of inventory. The discrepancies noticed on physical verification between the physical stocks and book records were not material; however the same have been properly dealt with the books of accounts.
- (iii) (a) The company has neither granted nor taken any loans, secured or unsecured to or from companies, firms or other parties covered in the register maintained under section 301 of the Act.
 - (iv) As the company has neither granted nor taken any loans, secured or unsecured to or from companies, firms or other parties covered in the register maintained under section 301 of the Act, reporting under clause 4 (iii) (b), (c) and (d) of Companies (Auditors' Report) Order, 2003 is not applicable.
 - (v) In our opinion, and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business for the purchase of inventory and fixed assets and for the sale of software and other products. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control.
 - (v) (a) According to the information and explanations given to us the particulars of contracts and arrangements that needs to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
 - (b) Where each of such transaction is in excess of Rs.5.00 Lakhs in respect of any party, the transaction have been made at prices which are prima facie reasonable having regard to the prevailing market prices at the relevant time.
 - (vi) The Company has not accepted / renewed any deposits from the public during the year.
 - (vii) We are of the opinion that there is no internal audit system which is commensurate with the size and nature of its business.
 - (viii) As informed to us maintenance of cost records has not been prescribed for the operations of the

company by the Central Government under clause (d) of sub-section (1) of the Section 209 of the Companies Act, 1956.

- (ix) (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 regular in depositing undisputed statutory dues including Provident Fund, Income-tax (TDS) and Service Tax applicable to it during the year with appropriate authorities. The undisputed dues which are payable for a period of more than six months from the date they became payable as at 31st March 2011 is NIL.
- (b) According to the information and explanations given to us, there are no amounts in respect of income tax, customs duty, wealth tax, cess that have not been deposited with the appropriate authorities on account of any dispute.
- (x) The accumulated losses of the Company does not exceed fifty percent of its net worth as at March 31, 2011. The company has not incurred cash losses during the current financial year ended March 31, 2011.
- (xi) In our opinion and according to the information and explanation given to us, the company has not borrowed funds from any financial institutions or banks and has not issued any debentures.
- (xii) According to the information and explanations given by the management, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The Company is not a chit fund / nidhi / mutual benefit fund / society.
- (xiv) According to the information and explanations given by the management, the Company is not dealing or trading in shares, securities,

debentures & other investments.

- (xv) According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) According to the information and explanation given to us, the company has not taken any term loan.
- (xvii) According to the information and explanations given to us and on overall examination of the Financial Statements of the Company, we report that no funds raised on short term basis have been used for long term investment. The company has not raised any funds on long term basis.
- (xviii) The company has not made any preferential allotment of shares to parties or companies to be covered in the register maintained under Section 301 of the Companies Act, 1956 and hence clause 4 (xviii) of Companies (Auditors' Report) Order, 2003 is not applicable.
- (xix) The Company did not have outstanding debentures during the year. Accordingly, no securities have been created.
- (xx) The Company has not raised any money by public issue during the year.
- (xxi) According to the information and explanations given by the management, no fraud on or by the Company has been noticed or reported during the year.

For CGS & Co.
Chartered Accountants
Firm Regn No: 005830S

A R Valisha Shakeel
Partner



BALANCE SHEET

Balance Sheet as at March 31, 2011

in ₹.

Particulars	Schedule	As at March, 31 2011	As at March, 31 2010
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	112,620,905	125,925,500
Reserves and Surplus	2	150,295,694	8,399,000
		262,916,599	134,324,500
Loan Funds			
Un Secured Loans	3	58,469,213	-
		58,469,213	-
TOTAL		321,385,812	134,324,500
APPLICATION OF FUNDS			
Fixed Assets	4		
Gross Block		509,848,252	1,992,247
Less : Depreciation		396,616,098	1,738,323
Net Block		113,232,154	253,924
Capital Work in Progress and advances		-	-
		113,232,154	253,924
Deferred Tax Asset (Net)		1,753,841	-
Current Assets, Loans and Advances			
Inventories	5	115,445,462	27,490
Sundry Debtors	6	97,192,238	420,637
Cash and Bank balances	7	7,873,020	24,131
Loans and Advances	8	19,571,778	7,821,413
		240,082,498	8,293,671
Less : Current Liabilities and Provisions			
Liabilities	9	114,380,996	4,543,329
Provisions	10	2,800,644	610,240
		117,181,640	5,153,569
Net Current Assets		122,900,858	3,140,102
Miscellaneous expenditure (to the extent not written off or adjusted) Profit & Loss Account		83,498,959	130,930,474
TOTAL		321,385,812	134,324,500

As per our report attached

For and on behalf of the Board of Directors

For CGS & Co.
Chartered Accountants

Ram N Agarwal
Whole time Director

H.V.Gowthama
Director

A.R.Valisha Shakeel
Partner
Member ship No.203926

Sandeep Goyal
CFO

S Kannan
Company Secretary

Place : Bangalore
Date : 6th August 2011

PROFIT & LOSS ACCOUNT

Profit and Loss Account for the period April ,1 2010 to March 31, 2011

in `.

Particulars	Schedule	2010-11	2009-10
INCOME			
Sales & Services		333,868,568	3,414,910
Other Income	11	2,160,618	2,147,092
		336,029,186	5,562,002
EXPENDITURE			
Cost of materials consumed	12	122,911,241	6,562,338
Selling , General and Administrative Expenses	13	115,196,286	4,961,360
Financial Charges	14	5,491,898	8,103
Depreciation		59,471,044	391,221
		303,070,469	11,923,022
PROFIT BEFORE TAX		32,958,717	(6,361,020)
Provision for taxation - Current Tax		3,418,780	-
MAT Credit Entitlement		(3,414,060)	-
Deferred Tax		(3,875,577)	-
Provision for Deferred tax relating to previous year		(10,601,941)	-
PROFIT AFTER TAX		47,431,515	(6,361,020)
Balance in Profit and Loss Account brought forward		(130,930,474)	(124,569,454)
Profit available for appropriation		(83,498,959)	(130,930,474)
Earnings Per Share (Equity Shares par value Rs 10/- each)			
- Basic		4.21	(0.51)
- Diluted		4.21	(0.51)
Significant accounting policies	15.I		
Notes on accounts	15.II		
As per our report attached	For and on behalf of the Board of Directors		
For CGS & Co. Chartered Accountants	Ram N Agarwal <i>Whole time Director</i>	H.V.Gowthama Director	
A.R.Valisha Shakeel Partner Member ship No.203926	Sandeep Goyal <i>CFO</i>	S Kannan Company Secretary	
Place : Bangalore Date : 6th August 2011			



SCHEDULES TO THE FINANCIALS

in `.

SCHEDULE 1 : SHARE CAPITAL	As at March 31, 2011	As at March 31, 2010
Authorised 15,000,000 Equity Shares of Rs 10 each	150,000,000	150,000,000
	150,000,000	150,000,000
Issued, Subscribed and paid-up 11,262,674 Equity shares of Rs 10 each fully paid up (of this 10,471,681 shared allotted for consideration other than cash)	112,626,740	126,013,000
Less: Allotment money in Arrears	5,835	87,500
TOTAL	112,620,905	125,925,500

SCHEDULE 2 : RESERVES AND SURPLUS	As at March 31, 2011	As at March 31, 2010
Capital Reserve		
Opening Reserve	-	-
Add :Addition on acquisition of business	31,239,289	-
Add: Addition due to capital reduction	110,657,405	-
Closing Reserve	141,896,694	-
Shares Premium		
Opening Reserve	7,500,000	7,500,000
Closing Reserve	7,500,000	7,500,000
Subsidy Received		
Opening Reserve	899,000	899,000
Closing Reserve	899,000	899,000
TOTAL	150,295,694	8,399,000

SCHEDULE 3 : UNSECURED LOANS	As at March 31, 2011	As at March 31, 2010
From Others		
Loan from wep solutions india limited*	58,469,213	-
TOTAL	58,469,213	-

* Loan of wep solutions india limited transferred subsequent to implementation of scheme of arrangement, pending sanction of credit limits from banks

SCHEDULE 4 : FIXED ASSETS

in `

Sl. No.	DESCRIPTION	Gross Block				Accumulated Depreciation				Net Block			
		Opening block as on 1-Apr-10	Additions on 1-Apr-10*	Additions during the year	Deductions during the year	Closing block as at 31-Mar-2011	Depreciation as at 1-Apr-10	Additions on 1-Apr-10*	Depreciation for the year	Depreciation adjustment	Total as at 31-Mar-11	As at 31-Mar-11	As at 31-Mar-10
1	PLANT & MACHINERY	-	673,141	-	-	673,141	-	601,916	37,056	-	638,972	34,169	-
2	COMPUTERS	1,279,480	10,393,357	7,082,278	1,279,480	17,475,635	1,183,703	10,393,351	2,964,974	1,279,480	13,262,548	4,213,087	95,777
3	ASSETS ON USE AND PAY	-	427,977,335	58,499,271	-	486,476,606	-	324,130,569	55,415,448	-	379,546,017	106,930,589	-
4	OFFICE EQUIPEMENT	612,823	-	-	612,823	-	458,052	-	154,771	612,823	-	-	154,771
5	FURNITURE & FIXTURES	99,944	2,709,389	30,907	99,944	2,740,296	96,568	2,297,203	168,852	99,944	2,462,679	277,617	3,376
6	VEHICLES	-	2,219,946	1,455,111	1,192,483	2,482,574	-	770,923	729,943	794,984	705,882	1,776,692	-
	TOTAL	1,992,247	443,973,168	67,067,567	3,184,730	509,848,252	1,738,323	338,193,962	59,471,044	2,787,231	396,616,098	113,232,154	253,924

*Additions due to acquisition of Managed Printing solutions business pursuant to scheme of arrangement



in `.

SCHEDULE 5 : INVENTORIES	As at March 31, 2011	As at March 31, 2010
Spares & Traded goods	115,445,462	27,490
TOTAL	115,445,462	27,490

Basis of stock valuation :

Inventory is valued at cost or net realisable value whichever is lower

SCHEDULE 6 : SUNDRY DEBTORS	As at March 31, 2011	As at March 31, 2010
Unsecured		
Over six months		
Considered good	8,877,654	-
Considered doubtful	26,200,291	-
Less than six months		
Considered good	88,314,584	420,637
Sub total	123,392,529	420,637
Less : Provision for doubtful debts	26,200,291	-
TOTAL	97,192,238	420,637

SCHEDULE 7 : CASH AND BANK BALANCES	As at March 31, 2011	As at March 31, 2010
Cash and Cheques on hand	7,802,139	2,603
Balances with scheduled banks		
On Current account	70,881	21,528
TOTAL	7,873,020	24,131

in ₹.

SCHEDULE 8 : LOANS AND ADVANCES	As at March 31, 2011	As at March 31, 2010
Unsecured		
Advances recoverable in cash or in kind or for value to be received		
Considered good	13,474,481	7,604,800
Considered doubtful	-	-
Less : Provision for doubtful advances	-	-
Sub Total	13,474,481	7,604,800
Advance income tax and TDS receivables (net of provision)	3,559,004	216,613
Balances with Excise and Customs	334,389	-
Sundry deposits	2,203,904	-
TOTAL	19,571,778	7,821,413

SCHEDULE 9 : LIABILITIES	As at March 31, 2011	As at March 31, 2010
Sundry creditors	94,651,331	1,708,536
Other liabilities	14,376,829	-
Customer Deposits	4,352,836	-
Due to Directors	1,000,000	2,834,793
TOTAL	114,380,996	4,543,329

SCHEDULE 10 : PROVISIONS	As at March 31, 2011	As at March 31, 2010
Employee retirement benefits	2,800,644	610,240
TOTAL	2,800,644	610,240

SCHEDULE 11 : OTHER INCOME	As at March 31, 2011	As at March 31, 2010
Interest Income - Others	-	23,987
Credit Balances written back	1,812,169	1,996,405
Miscellaneous income	348,449	126,700
TOTAL	2,160,618	2,147,092



in `.

SCHEDULE 12 : COST OF MATERIALS CONSUMED	As at March 31, 2011	As at March 31, 2010
Opening Stock	27,490	6,490,319
Add: Transfer on Acquisition of business	59,288,807	-
Purchases	179,040,406	-
Less : Closing stocks	115,445,462	27,490
Sub total	122,911,241	6,462,829
System support, Operating & Maintenance	-	99,509
TOTAL	122,911,241	6,562,338

SCHEDULE 13 : SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	As at March 31, 2011	As at March 31, 2010
Power and fuel	1,690,154	-
Employee Compensation cost	30,533,051	3,276,994
Staff welfare Expenses	1,230,525	-
Insurance	324,779	-
Repairs and Maintenance	2,641,134	-
Rent	8,007,594	309,000
Rates and taxes	1,579,295	108,415
Carriage and Freight outwards	10,774,530	-
Support Charges	25,269,288	-
Audit Fees	140,000	40,000
Advertisement and sales promotion	2,224,875	215,430
Traveling and Conveyance	2,963,157	51,582
Communications	4,299,193	93,477
Directors' sitting fees	3,000	-
Legal and Professional charges	4,689,089	204,030
Office Maintenance	11,630,783	213,340
Provision for Bad debts / advances	5,759,918	193,867
Exchange Differences (Net)	668,337	-
Recruitment Expenses	360,954	-
Miscellaneous expenses	406,630	255,225
TOTAL	115,196,286	4,961,360

SCHEDULE 14 : FINANCIAL CHARGES	As at March 31, 2011	As at March 31, 2010
Bank charges	1,004,704	-
Interest	4,487,194	8,103
TOTAL	5,491,898	8,103



SCHEDULE 15
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

I. SIGNIFICANT ACCOUNTING POLICIES

A. Basis of preparation of financial statements

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

B. Use of Estimates

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

C. Fixed assets, intangible assets, leased assets and work-in-progress

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

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

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

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

D. Depreciation and amortization

Assets acquired on acquisition of MPS business are

depreciated on Straight Line Method based on estimated useful life, which is higher than the rates specified in Schedule XIV.

Asset	Depreciation Rate Applied	Rates as per Schedule XIV
Computers	50.00%	16.21%
Furniture and Fixtures	20.00%	6.33%
Office Equipments	20.00%	4.75%
Plant and Machinery	25.00%	4.75%
Use and Pay Assets	25.00%	16.21%
Vehicles	25.00%	9.50%

Individual Assets costing less than Rs 5,000 are depreciated in full in the year of purchase. Depreciation for assets purchased / sold during the period is proportionately charged. Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis

Asset	Amortization period
Computer Software	24 months
Computer Software - ERP Systems	48 months

E. Impairment of Assets

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

F. Borrowing Cost

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



recognised as an expense in the period they are incurred.

G. Inventories

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

H. Contingencies and events occurring after the Balance Sheet date

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

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

I. Foreign Currency Transactions

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

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

Non monetary foreign currency items are carried at cost.

J. Revenue Recognition

Sales are accounted net of Excise duty, Sales Tax /VAT, Service Tax and discounts. Income from Managed Printing Solution is recognized based on accrual basis. Other Income is recognised on accrual basis.

K. Employee Benefits

Gratuity: The Company provides gratuity benefit to the employees for which the fund is maintained with LIC. This is the defined benefit plan and the obligation of the company is calculated on the basis of

actuarial valuation.

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

L. Provision for Current and Deferred tax

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

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

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

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

M. Provisions and contingent liabilities

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

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

II. NOTES ON ACCOUNTS

(All figures are reported in Rupees thousands, except data relating to equity share or unless stated otherwise)

A. Share Capital

Issued, Subscribed and Paid up Capital before Reduction of Share Capital	Amount
12,601,300 Equity Shares of ` 10 each (17,500 shares are partly paid at ` 5/-each)	125,926
736,400 shares were held by Employee's Welfare Trust which is cancelled	(7,364)
11,864,900 Equity Shares of ` 10/- each (17,500 shares are partly paid at ` 5/-each)	118,562
Issued, Subscribed and Paid up Capital upon Reduction of Share Capital by 1/15 of paid up capital	
New 790,993 Equity Shares of ` 10 (1,167 shares are partly paid at ` 5/- each)	7,904
Issued, Subscribed and Paid up Capital post scheme of arrangement	
New 790,993 Equity Shares of ` 10 (1,167 shares are partly paid at ` 5/- each)	7,904
New 10,471,681 Equity shares of ` 10 each issued to the Shareholders of Transferor Company	104,717
TOTAL : 11,262,674 Equity Shares of ` 10/- each (1,167 shares are partly paid at ` 5/- each)	112,621

B. Scheme of arrangement

During the year, under Sec 391 – 394 of the Companies Act 1956, Managed Printing Solution business of wep solutions india limited was transferred to the company on a going concern basis as per the Scheme of Arrangement approved by the shareholders of the company, M/s wep solutions india limited and Hon'ble High Court of Karnataka. Accordingly following assets and liabilities have been transferred to the company from the appointed date April 1, 2010 in compliance of the section 2(19AA) of the Income Tax Act, 1961.



Particular	As of April 1, 2010	
Gross Fixes Assets	443,973	
Accumulated Depreciation	(338,194)	
Net Fixed Assets (A)		105,779
Net Current Assets		
Inventories	59,289	
Sundry Debtors	55,581	
Cash & Bank Balances	17,514	
Deferred Tax Liability	(12,724)	
Other Loans and Advances	6,450	
Current Liabilities	(52,920)	
Sub Total (B)		73,190
Total Assets Transferred		178,969
Borrowings		
Proportionate Borrowings (C)	43,013	43,013
Total Net Assets as per Scheme (A+B-C)		135,956

As provided in the scheme of arrangement mentioned above, the company has allotted 4 Equity shares of ₹ 10/- each for every 7 shares held by the shareholders of wep solutions india limited. The difference between the Net assets transferred and the share capital issued is treated as Capital Reserve in the books of the company,

Workings of Capital reserve as of April 1, 2010

Particular	Amount
Total Net Assets as per scheme	135,956
Less:	
Face value of shares allotted as per the Scheme of arrangement	104,717
Capital Reserve	31,239

Consequent to the above acquisition of MPS division, the current year figures are not comparable to the previous year.

C. Details of intangible assets as required by AS –26 is as follows:

Description	Computer Software	Computer Software – ERP Systems
Opening Balance as on April 1, 2010	Nil	Nil
Add: Additions made during the period	902	5,330
Less: : Depreciation charged off	902	1,640
Written down value as on March 31, 2011	-	3,690

D. During the year, deferred tax credited ₹ 14,478 has been taken to Profit and loss account. The breakup of deferred tax as at the Balance Sheet date is given.

Particulars	As at 31st March, 2011
Deferred Tax Asset	
Provision for doubtful debts	8,501
Loss Carried Forward	10,602
Less: Deferred Tax Liability	
Depreciation Difference	17,349
Net Deferred Tax Asset / (Liability)	1,754

E. The company's operations presently are predominantly in one segment. Hence reporting of segment detail does not arise.

F. Details of Managerial Remuneration: Non-Whole time Directors

Names	Sitting Fees
B R Ganesh	1
H V Gowthama	1
Shankar Jaganathan	1
Total	3

G. Statement of Computation of Profit for the purpose of Managerial Remuneration (As per Section 349 of the Companies Act).

Particular	Amount
Profit/(Loss) before tax as per Profit & Loss Account	32,959
Add: The following expenses debited to the profit & loss account before arriving at the profit before tax	
Managerial Remuneration	3
Provision for doubtful debts	5,760
Profit/(Loss) as per section 349	38,722
Eligible Compensation – 1%	387

H. As required by the Accounting Standard - 18 the transaction with the related parties is disclosed below.

a. List of related parties

Sl. No.	Name of Related Party	Relationship	Sl. No.	Name of Related Party	Relationship
1.	G H Visweshwara	Director	6.	H V Gowthama	Director
2.	H K Nanjunda Swamy	Director	7.	Shankar Jaganathan	Director
3.	B R Ganesh	Director	8.	WeP Peripherals Limited	Promoter
4.	Sudhir Prakash	Director	9.	WeP Solutions India Limited	Transferor Company
5.	Tej Sharma	Director			



b. Transactions with key management personnel

Particulars	March 31, 2011	March 31, 2010
Remuneration to Directors	Nil	1,039
Sitting Fess to Director	3	4
Sale of marketing rights and assets	523	Nil
Loan From Director	Nil	300

c. Transaction with other related parties

Transactions	Related Party	
	WeP Peripherals Ltd	WeP Solutions India Ltd
Sale of Goods and Services	1,158	-
Purchase of goods and Services	26,465	-
Loan Outstanding*	-	58,469

* Loan of wep solutions india limited transferred subsequent to implementation of scheme of arrangement, pending sanction of credit limits from banks

d. Amount due to related parties

Particulars	March 31, 2011	March 31, 2010
Remuneration/expenses to Directors	1,000	2,835

I. Auditors remuneration charged to accounts

Particulars	March 31, 2011	March 31, 2010
Audit fees	100	44
Certification and other works	40	15

J. Employee Benefit Plans

The company provides to its employees following retirement benefits:

- i) Gratuity
- ii) Leave Accrual

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

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

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

a. Principal Actuarial Assumptions

Particulars	As at March 31, 2011
Expected Rate of Return on Assets (p.a)	NA
Salary Escalation	7.00%
Discount Rate	8.01%

b. Amount recognized in the Balance Sheet are as follows :

Particulars	As at March 31, 2011
Present value of Funded Obligations	NIL
Fair value of plan assets	NIL
Present value of unfunded obligations	893
Net Liability	893

c. Amount recognized in the Balance Sheet are as follows :

Particulars	As at March 31, 2011
Current Service Cost	893
Interest Cost	NIL
Expected Return on Plan Assets	NIL
Actuarial Gain/(Loss)	NIL
Benefits Paid	NIL
Total included in employee benefit	NIL
Expected Return on Plan assets	NIL

d. Reconciliation of Benefit Obligation & Plan Assets for the Period

Particulars	As at March 31, 2011
Change in Defined Benefit Obligation	
Opening Defined Benefit Obligation	NIL
Current Service Cost	893
Interest Cost	NIL
Actuarial Losses / (Gain)	NIL
Benefit Paid	NIL
Closing Defined Benefit Obligation	893
Change in Fair Value of Assets	
Contribution by Employer	NIL
Benefit Paid	NIL
Closing Fair Value of Plan Assets	NIL
Expected Employer's Contribution Next Year	58



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

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

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

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

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

- a. In the absence of a homogenous unit, it is not practicable to give quantity details of Purchases, Sales and Closing Stock.
- b. Value of Imports on CIF basis

Particulars	As at March 31, 2011
Spares and Traded Goods	73,822

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

Particulars	March 31, 2011	March 31, 2010
Basic/Diluted		
Profit/ (Loss) after tax as per accounts	47,432	(6,361)
Number of Shares issued		
(Weighted average no.)	11,262,674	12,592,550
Earning Per Share (after exceptional item)		
(of nominal value of equity share of ₹ 10/- each)	4.21	(0.51)

N. Comparative figures relating to the previous year have been reclassified wherever necessary to confirm to the classification adopted this year.

CASH FLOW STATEMENT

Cash Flow Statement for the period ending March 31, 2011

in `

DETAILS		March 31, 2011		March 31, 2010	
A	CASH FLOW FROM OPERATING ACTIVITIES				
	Profit Before Tax		32,958,716	-	(6,361,020)
	Add :				
	Depreciation	59,471,044		391,221	
	Provision for doubtful debts and advances	5,759,918			
	Loss / (Profit) on Sale of Fixed Assets	38,646			
	Interest on Borrowings	4,487,194	69,756,802		391,221
	Operating Profit Before Working Capital Changes		102,715,518		(5,969,799)
	Working Capital Changes				
	Inventories	(56,129,165)		6,462,829	
	Receivables	(46,950,805)		177,476	
	Other Current Assets	(12,668,880)		97,658	
	Add / (Less) : Increase /(Decrease) in Current Liabilities	59,108,628	(56,640,222)	(918,316)	5,819,647
	Cash Generated from Operations		46,075,296		(150,152)
	Income Taxes				181,782
	NET CASH FROM OPERATING ACTIVITIES		46,075,296		31,630
B	CASH FLOW FROM INVESTING ACTIVITIES				
	Purchase of Fixed Assets / Advance for purchase of Fixed Assets	(67,067,567)		(72,977)	
	Proceeds from Sale of Fixed Assets	358,853		-	
	NET CASH FLOW / (USED IN) INVESTING ACTIVITIES		(66,708,714)		(72,977)
C	CASH FLOW FROM FINANCING ACTIVITIES				
	Proceeds from Issue of Equity shares				
	Interest paid	(4,487,194)			
	Proceeds from / (Repayments of) Borrowings	15,455,990		(100,000)	
	NET CASH FLOW / (USED IN) FINANCING ACTIVITIES		10,968,796		(100,000)
	NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS - (A + B + C)		(9,664,622)		(141,347)
	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR.		24,131		165,478
	ADD: TRANSFER ON ACQUISITION OF MPS BUSINESS		17,513,511		
	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		7,873,020		24,131

Note:

Assets and liabilities transferred on acquisition of business are not considered for arriving the cash flow for the period

As per our report attached

For and on behalf of the Board of Directors

For CGS & Co.
Chartered Accountants

Ram N Agarwal
Whole time Director

H.V.Gowthama
Director

A.R.Valisha Shakeel
Partner
Membership No. 203926

Sandeep Goyal
CFO

S Kannan
Company Secretary

Place : Bangalore
Date : 6th August 2011

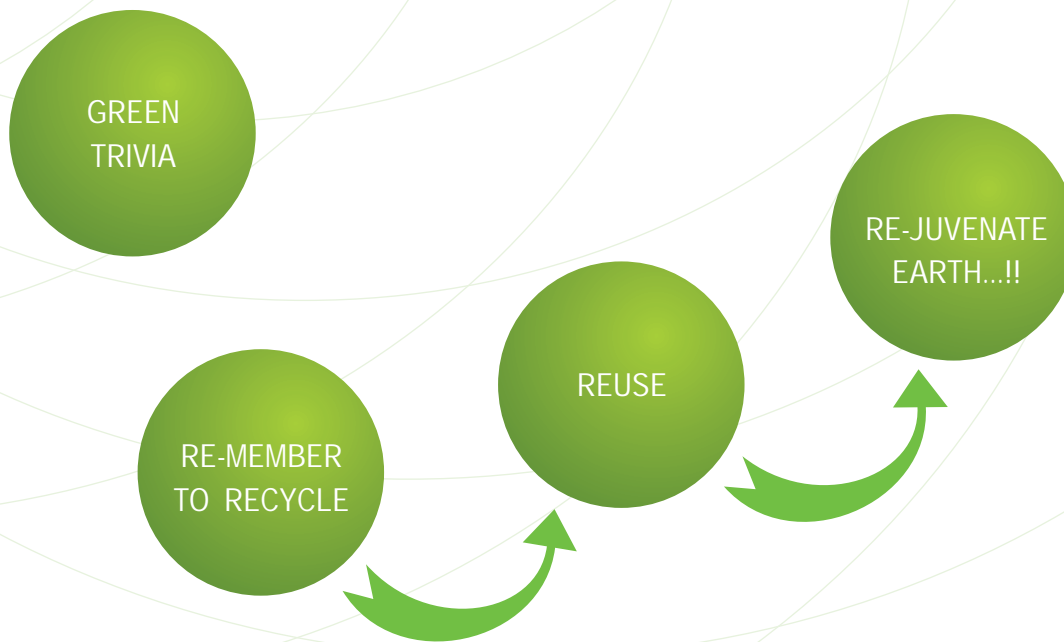


BALANCE SHEET ABSTRACT

ADDITIONAL INFORMATION PURSUANT TO THE PROVISIONS OF PART IV OF SCHEDULE VI TO THE COMPANIES ACT 1956

Balance Sheet Abstract and the Company's General Business Profile

1	Registration Details			
	Registration No.	L85110KA1995LC025617		
	State Code	8		
	Balance Sheet date	March 31st, 2011		
2	Capital raised during the year (` 000s)			
	Public Issue	Nil		
	Rights Issue	Nil		
	Bonus Issue	Nil		
	Private placement	Nil		
	"Issue of Shares on exercise of Employee Stock Options"	Nil		
3	Position of mobilisation of and deployment of Funds (` 000s)			
	Total Liabilities		Total Assets	
	Sources of Funds	321,385,812	Application Fund	321,385,812
	Paid up Capital	112,620,905	Net Fixed Assets	113,232,154
	Reserves & Surplus	150,295,694	P&L Account	83,498,959
	Secured Loans	-	Net Current Assets	122,900,858
	Unsecured Loans	58,469,213	Deferred Tax Asset	1,753,841
	Deferred Tax Liability	-		
4	Performance of Company (` 000s)			
	Turnover			336,029,186
	Total Expenditure			303,070,469
	Profit Before Tax			32,958,717
	Profit after Tax			47,431,515
	Earnings Per Share (`)			4.21
	Dividend			NIL
5	Generic Names of Four Principal Solutions/Services of Company (as per monetary term)			
	Item Code No.(ITC Code)	84715000		
	Product Description	Digital Processing units		
	Item Code No.(ITC Code)	84716026		
	Product Description	Laser jet Printers		
	Item Code No.(ITC Code)	84716029		
	Product Description	Other Printers		
	<i>For and on behalf of the Board of Directors</i>			
	RAM N AGARWAL Chairman	H V GOWTHAMA Director		
	Place : Bangalore Date : 6th August 2011			



- Less than 1% of electricity in United States is generated from solar power.
- Refrigerators built in 1975 used 4 times more energy than current models.
- An aluminum can that is thrown away instead of being recycled will still be a can 500 years from now!
- Plastic bags and other plastic garbage thrown into the ocean kill as many as 1,000,000 sea creatures every year.
- You will save about 45 Kg of carbon for each incandescent bulb that you replace with a compact fluorescent bulb (CFL), over the life of the bulb.
- Glass can be recycled over and over again without ever wearing down.
- Recycling for one year at Stanford University saved the equivalent of 33,913 trees and the need for 636 tons of iron ore, coal, and limestone.
- A tree that provides a home with shade from the sun can reduce the energy required to run the air conditioner and save an additional 90 to 907 Kgs of carbon over its lifetime.
- Washing your clothes in cold or warm water instead of hot water saves 227 Kgs of carbon dioxide a year, and drying your clothes on a clothesline six months out of the year would save another 318 Kgs.
- You'll save 1 Kg of carbon for every 20 glass bottles that you recycle.
- Recycling 100 million cell phones can save enough energy to power 18,500 homes in the U.S. for a year.
- Turning off the tap when brushing your teeth can save about 7.5 liters or more of water per day per person.



h doctors in Bangalore for the Doctors Premier League - DPL
e hospitals in Bangalore are participating in the event that
eb 2011 and will conclude on 13th March 2011.
gural was filled with the noble message of "A Billion Healthy
o Hospitals along with "Go Green Managed Printing Solutions"
ns.



APOLLO DPL Cricket tournament promoting "Go Green":

Our Promise

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

Our Values



Attitude

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



Behaviour

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



Action

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



Delivery

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



Datanet Systems Limited

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