



Rating Rationale

WeP Solutions Ltd.

16 May 2019

Brickwork Ratings reaffirms the ratings for the Bank Loan Facilities of ₹28.50 Crores of WeP Solutions Ltd(WSL).

Particulars

Facility	Amount (₹ Crs)		Tenure	Rating*	
	Previous	Present		Previous (Aug 2017)	Present
Fund based	16	26	Long Term	BWR BBB- (Pronounced as BWR Triple B Minus) Outlook: Stable	BWR BBB- (Pronounced as BWR Triple B Minus) Outlook: Stable Reaffirmed
Non Fund Based	2.5	2.5 (5.5)	Short Term	BWR A3 (Pronounced as BWR A Three)	BWR A3 (Pronounced as BWR A Three) Reaffirmed
Total	18.5	28.5	INR Twenty Eight Crores and Fifty Lakhs Only		

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings
Complete details of Bank facilities is provided in Annexure-I

Ratings: Reaffirmed

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon audited financial upto FY18, Projected financial FY19 and FY20, and information / clarification given by Company's management.

The rating draws strength from the experience of the management team, low gearing and comfortable interest coverage ratio. However the rating is constrained by reduced Operating Profit Margin, negative



Net Profit, reduced Return on Capital Employed over the years, susceptibility to technological obsolescence, and highly competitive market scenario.

Going forward, the ability of the Company to implement future strategies to increase revenue growth by increasing the retail & other businesses including digital services, and required investments in the area of product development, technical upgradation, marketing and resource enhancements would remain the key rating sensitivities

Description of Key Rating Drivers

Credit Strengths:

Management team has sufficient experience in the industry. Gearing Ratio stood at 0.19 times as on 31st Mar 2018. Interest Service Coverage Ratio is 8.75 times in FY18. The Company has been migrating from traditional printer business to digitalization.

Credit Risks:

Operating Profit Margin reduced to 10.33% in FY18 from 11.78% in FY17. Negative Net Profit of ₹1.47 Crs in FY18. Return on Capital Employed reduced to -3.06% as on 31st Mar 2018 from 2.93% as on 31st Mar 2017. Susceptibility to technological obsolescence, and highly competitive market scenario.

Analytical Approach

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

Rating Outlook: Stable

BWR believes the **WeP Solutions Ltd.** business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.



About the Company

Wep Solutions Limited (Wep), promoted by Mr. Ram Narayan Agarwal was incorporated in the year 1995 located at Bangalore. Company is engaged in Managed Printing Solutions (MPS) and, Manufacturing and distribution of IT peripherals, Retail Billing solutions, and Document Management Solutions. The Company has pan India presence having 19 offices and support locations and provides Printing solutions to ~2000 corporates with an install base of 22000+ installations across 2000+ locations across India. WSL has manufacturing facilities situated in Mysore(Karnataka) and in Baddi (Himachal Pradesh) both facilities are ISO certified. In FY18, the Company derived 52% of revenues from the Managed Printing Services, 29% from traditional impact printer business, 17% from retail billing products, and 1% from digital services.

Company Financial Performance

Total Operating Income increased to ₹80.73 Crs in FY18 from ₹78.56 Crs in FY17. Net Profit reduced to ₹-1.47 Crs in FY18 from ₹0.39 Crs in FY17. Net Worth stood at ₹41.16 Crs as on 31st Mar 2018.

Rating History for the last three years

S. No	Facility	Current Rating			Rating History		
		Type	Amount (₹ Crs)	Rating	2018	23.08.2017	21.04.2016
1.	Fund Based Cash Credit Term Loan	Long Term	16 10	BWR BBB- (Pronounced as BWR Triple B Minus) Outlook: Stable	Not Rated	BWR BBB- (Pronounced as BWR Triple B Minus) Outlook: Stable	BWR BBB- (Pronounced as BWR Triple B Minus) Outlook: Stable
2.	Non Fund Based Letter of Credit Bank Guarantee(Sub limit of LC) Bank Guarantee (Sublimit of CC)	Short Term	2.5 (2.5) (3)	BWR A3 (Pronounced as BWR A Three)		BWR A3 (Pronounced as BWR A Three)	BWR A3 (Pronounced as BWR A Three)
	Total		28.5	INR Twenty Eight Crores and Fifty Lakhs Only			

--	--	--	--

Status of non-cooperation with previous CRA (if applicable)- NA

Any other information: Not Available

Key Financial Indicators

Key Parameters	Units	2018	2017
Result Type		Audited	Audited
Operating Revenue	In ₹ Crs	80.73	78.56
EBITDA	In ₹ Crs	8.28	9.21
PAT	In ₹ Crs	-1.47	0.39
Tangible Net worth	In ₹ Crs	41.16	40.66
Total Debt/Tangible Net worth	Times	0.19	0.09
Current Ratio	Times	1.05	1.16

.

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Infrastructure Sector](#)
- [Short Term Debt](#)



For any other criteria obtain hyperlinks from website

Analytical Contacts	Investor Contacts
<p>K S Nagaraj Associate Director - Ratings B : +91 80 4040 9940 nagaraj.ks@brickworkratings.com</p> <p>Dimple Bhut Ratings Analyst B : +91 80 4040 9940 Ext :334 dimple.b@brickworkratings.com</p>	<p>Satish Nair Director - Global Market Development & Investor Relations M : +91 7738875550 B : +91 80 6745 6666 satish.n@brickworkratings.com</p>
1-860-425-2742	

For print and digital media

The Rating Rationale is sent to you for the sole purpose of dissemination through your print, digital or electronic media. While it may be used by you acknowledging credit to BWR, please do not change the wordings in the rationale to avoid conveying a meaning different from what was intended by BWR. BWR alone has the sole right of sharing (both direct and indirect) its rationales for consideration or otherwise through any print or electronic or digital media.

Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, has also been accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a Nationalized Bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 10,00,000 Cr. In addition, BWR has rated over 6300 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹24,440 Cr have been rated.



DISCLAIMER

Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented “as is” without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.