

DIRECTORS' REPORT

The Members of
WALCHAND PEOPLEFIRST LIMITED

Your Directors present herewith the 92nd Annual Report together with the Audited Statement of Accounts and Auditors' Report thereon for the Financial Year ended March 31, 2012.

1. FINANCIAL RESULTS

	(Rs. in Lacs)	
	Financial Year ended 31.03.2012	Financial Year ended 31.03.2011
Profit before interest, depreciation and taxation	391.84	170.76
Less: Interest	27.59	40.10
Less: Depreciation/Amortisation	74.70	51.41
Less: Provision for Taxation - Current / earlier years	98.10	0.00
Less: Deferred Tax recognized	(34.85)	(3.37)
Net Profit	226.30	82.62
Add: Balance brought forward	82.62	0.00
Amount available for appropriation	308.92	82.62
Proposed Dividend	29.04	0.00
Dividend Tax	4.71	0.00
Balance carried to Balance Sheet	275.17	82.62
Total	275.17	82.62

2. DIVIDEND

The Board of Directors declares 10% dividend for the Financial Year ended March 31, 2012.

3. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO (Section 217(1)(e) of the Companies Act, 1956)

Particulars required to be furnished by the Companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988 are as follows:-

- a. Rule 2(A) pertaining to Conservation of Energy and Rule 2(B) pertaining to Technology absorption are not applicable to the Company.
- b. Foreign exchange inflow and outflow – Rule 2(C):

(Rs. in Lacs)

(a) EXPENDITURE IN FOREIGN CURRENCY	Financial Year ended 31.03.2012	Financial Year ended 31.03.2011
Royalty Remitted	126.96	120.83
Others	13.71	6.66
(b) EARNING IN FOREIGN CURRENCY		
Professional Fees	16.98	NIL
Others	2.47	NIL

4. MANAGEMENT DISCUSSION AND ANALYSIS

Industry Structure and Analysis

Despite severe pressures, including inflation, Euro-zone crisis, a slow US recovery, depreciating rupee and lack of political consensus on reforms, India still looks in good economic

health. While there are concerns over implementation of several initiatives, we still remain the second fastest growing economy in the world after China and should be back to higher GDP growth rate of 7.5-8% in the coming year. The impact on the education and training industry continues to be equally strong as a result of that expansion.

With an expected growth rate of 10 to 15 per cent over the next decade, the Indian education and training market has witnessed a series of developments and changes in the last few years, which has resulted in a significant increase in the market size of the education industry compared to previous years. With a combined market size of US\$ 50 billion per annum with more than 450 million students, and investment requirement of approximately US\$ 100 billion by 2014 to meet growing demands of the sector, education industry is one of the largest service sector industries in India.

The education industry in India can be broadly classified into the Regulated segment (K12 and higher education) and the Un-regulated segment (pre-school, multimedia, ICT, coaching cases, vocational training and books). The expected market size of K-12 sector in 2012 (E) is US\$ 34 billion, with a rise of 14 per cent as compared to US\$ 20 billion in 2008. The corresponding figures for the higher education sector are US\$ 10.3 billion in 2012 (E) with a rise of 12 per cent as compared to US\$ 6.5 billion in 2008. The coaching institutes in India will witness a 17 per cent increase from US\$ 0.3 billion in 2008 to US\$ 0.6 billion in 2012 (E). Similarly, the Pre-schools market in the country will witness a rise of 36 per cent from US\$ 0.3 billion to US\$ 1 billion and the vocational training from US\$ 1.6 billion to US\$ 4 billion in 2012 (E).

The Indian pre-school market is set to become the largest in the world. In India, the pre-school segment is currently worth US\$ 750 million and is expected to reach US\$ 1 billion by 2012. Learning and development is the focus area ranging from schools, high schools, graduate, vocational and higher learning institutions. Given the shortage of quality talent in India, now skill-based institutions and the corporate sector have also moved into this space. We should therefore expect a positive and sustained upswing.

On the education segment, Private equity and venture capital investors have pumped US\$ 93 million into 10 education companies and are bullish about the sector's prospects going forward. PE investment in the education sector increased from US\$ 129 million in 2009 to US\$ 183 million in 2011. Also for the year 2012-13, Rs 25,555 crore (US\$ 4.98 billion) have been allotted for RTE-SSA (Right to Education - Sarva Shiksha Abhiyan) which represents an increase of 21.7 per cent over the previous year allotment in 2011-12. 6,000 schools have been proposed to be set up at block level as model schools in the Twelfth Five Year Plan (2012-17) and Rs 3,124 crore (US\$ 0.61 billion) have

been provided for the RMSA (Rashtriya Madhyamik Shiksha Abhiyan) which is an increase of 29 per cent over 2011-12.

As far as Skill Development is concerned, some new large state driven initiatives include the following:

- National Skill Development Corporation has approved projects that are expected to train 6.2 crore people at the end of 10 years
- The National Skill Development Fund has been allocated Rs 1,000 crore (US\$ 0.19 billion) for the period 2012-13
- To improve the flow of institutional credit for skill development, a separate Credit Guarantee Fund will be set up
- “Himayat” scheme introduced in Jammu and Kashmir (J&K) to provide skill training to 100,000 youth during the next 5 years and the entire cost will be borne by the Government of India

In the sphere of executive education which could also be appealing to your company as a future business proposition, India’s growing Rs 350 crore (US\$ 68.33 million) executive education space continues to attract B-schools. US headquartered Harvard Business School (HBS) and the Wharton School of Business, University of Pennsylvania, will also set up its own centre in India. University of Chicago, Tuck School of Business, INSEAD, Oxford University’s Said Business School and Duke University are among others, to offer their executive education programmes in India.

Large investments are being made by technology-based education solutions providers one of whom will set up 150 skill development centers across the country. With an investment of Rs 450 crore (US\$ 87.86 million), these training centers will offer vocational training across disciplines such as automobile, construction, hospitality, retail, IT and IT-enabled services.

In a nutshell, your company is in India’s sunrise yet fastest growing segments and we have the necessary wherewithal to provide products and services to meet the industry requirements.

Opportunity and Challenges

“If you look at the world, it would inevitably appear that India’s growth is preordained. The world needs working hands. The world needs back offices. India seems to be a natural fit... We are producing a workforce which is not only for India, but a global workforce.” Sunil Bharti Mittal’s (Founder and Chairman of Bharti Enterprises) statement, in a concise way , tells us of the enormous opportunity for companies like yours to make a significant contribution to India’s economy. We have already successfully pioneered initiative.

Financial Performance:

Total income achieved during the year under review is Rs. 1973.36 lakhs as against Rs. 1417.12 lakhs in the previous year. Income from operations for the Company has been Rs. 1642.18 lakhs against Rs. 1283.65 lakhs in the previous year, showing a healthy increase of 28%. After

providing for taxation of Rs. 98.10 lakhs and recognition of deferred tax asset of Rs. 34.85 lakhs, the results of the Company show a substantial increase of 174% in the net profit of Rs. 226.30 lakhs as against the profit after tax of Rs. 82.62 lakhs in the previous year.

Human Resources:

Your Company considers its intellectual capital as its most valuable asset. Personnel policies of your Company are designed to ensure fairness to and growth of all individuals in the organization and continuously strives to provide a challenging work environment. The Company has developed a competency-based framework for growth with formalized career paths in the organization. This provides a highly competent and aspirational career environment to all our employees. The company has a comprehensive compensation and benefits plan for all its employees. The Company also provides a strong learning culture with an average eight days of training per year for each employee. We have a strong Performance Management System and code of conduct which reinforces our work ethics.

5. PARTICULARS OF EMPLOYEES

The provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended vide Notification no. G.S.R 289 (E) dated March 31, 2011 require the disclosure of the names and particulars of the employees who are receipt of remuneration for the financial year under review which, in the aggregate, was not less than Rs. 60,00,000/- per annum or who was in receipt of remuneration for any part of the financial year under review, at a rate which, in the aggregate, was not less than Rs. 500,000/- per month. The disclosure under the said Section is not given as there are no such employees.

6. INVESTMENTS

During the Financial Year under report, the outstanding position in the investment of shares and debentures of various companies were to the tune of Rs. 111.16 lacs as compared to the last Financial Year’s investment of Rs. 116.39 lacs. The market value of quoted investments was Rs. 88.14 lacs (previous year 95.67 lacs).

7. FIXED DEPOSIT

The Company has not accepted any deposits from public under the Provisions of Section 58A of the Companies Act 1956 and rules framed thereunder during the Financial Year ended 31st March 2012. As at March 31, 2012, there is no outstanding liability to fixed depositors.

8. DIRECTORS’ RESPONSIBILITY STATEMENT

To the best of their knowledge and belief and according to the information and explanation obtained by them, your Directors make the following statement in terms of Section 217(2AA) of the Companies Act, 1956:

- i) that in the preparation of the Annual Accounts for the financial year ended March 31, 2012, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii) that the Directors had selected such accounting policies

and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended March 31, 2012 and of the Profit of the Company for the said year;

- iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) that the Directors have prepared the Annual Accounts for the year ended March 31, 2012, on a going concern basis.

9. DIRECTORS

In accordance with the Articles of Association of the Company and provisions of the Companies Act, 1956 Mr. Rajeev Dubey and Dr. Vijay N. Gupchup retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. Your Directors recommend their re-appointment.

10. STATUTORY AUDITORS

You are requested to appoint Auditors for the current year and fix their remuneration. The Auditors of the Company, M/s. K.S. Aiyar & Co., Chartered Accountants retire at ensuing Annual General Meeting of the Company and have given their consent for re-appointment. The Company has also received a certificate from them under section 224(1B) of the Companies Act, 1956.

11. COMPLIANCE CERTIFICATE

As per Section 383A of the Companies Act, 1956 read with Notification No. G.S.R. 11 (E), Dated 5-1-2010 issued by the Ministry of Corporate Affairs, a Company having the paid up Share Capital of Rs. 10 Lacs or more but less than Rs. 5 Crores must obtain a Compliance Certificate from a Company Secretary in whole time practice and such Certificate

must be annexed to the Report. A Compliance Certificate obtained from M/s Pramod Shah & Associates – Practising Company Secretaries is annexed as a part of the Director's Report.

12. CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, a Compliance Report on Corporate Governance together with the Certificate from M/s. Pramod S. Shah & Associates - Practising Company Secretaries is annexed as a part of the Annual Report.

13. COST AUDIT

The Company is not required to undertake the cost audit as required under Section 233 B of the Companies Act, 1956.

14. ACKNOWLEDGMENT

Your Directors take this opportunity to express their grateful appreciation for the excellent assistance and co-operation received from Clients, Vendors, Financial Institutions, Bankers, Business Associates and various Governmental, as well as Regulatory Agencies for their valuable support. Your Directors also wish to place on record their appreciation for the contribution made by the employees

For and on behalf of the Board of Directors

PALLAVI JHA
CHAIRPERSON & MANAGING DIRECTOR

Place : Mumbai

Date : May 18, 2012

Registered Office:

1, Construction House,
5, Walchand Hirachand Marg,
Ballard Estate, Mumbai 400 001