

## DIRECTORS' REPORT

The Members of  
**WALCHAND PEOPLEFIRST LIMITED**

Your Directors are pleased to present herewith the 93<sup>rd</sup> Annual Report on the business and operations of your Company and Audited Accounts for the Financial Year ended March 31, 2013 together with the Audited Statement of Accounts and Auditor's Report thereon.

### 1. **FINANCIAL RESULTS:**

	(Rs. in Lacs)	
	Financial Year ended 31.03.2013	Financial Year ended 31.03.2012
Profit before interest, depreciation and taxation	323.62	391.84
Less: Interest	21.15	27.59
Less: Depreciation/Amortisation	52.97	74.70
Less: Provision for Taxation - Current / earlier years	64.84	98.10
Less: Deferred Tax recognized	8.20	(34.85)
<b>Net Profit</b>	<b>176.46</b>	<b>226.30</b>
Add: Balance brought forward	275.17	82.62
<b>Amount available for appropriation</b>	<b>451.63</b>	<b>308.92</b>
Proposed Final Dividend	29.04	29.04
Dividend Tax	4.94	4.71
Balance carried to Balance Sheet	417.65	275.17

### 2. **DIVIDEND:**

The Board of Directors recommends 10% final dividend for the Financial Year ended March 31, 2013.

### 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):

(INR in Lacs)

(a) EXPENDITURE IN FOREIGN CURRENCY	Financial Year ended 31.03.2013	Financial Year ended 31.03.2012
Royalty Remitted	147.34	126.96
Others	11.82	13.71
(b) EARNING IN FOREIGN CURRENCY		
Professional Fees	34.29	16.98
Others	1.25	2.47

### 4. **MANAGEMENT DISCUSSION AND ANALYSIS:**

*Industry Structure and Analysis*

During the year 2012-13, Indian economic growth seemed

to have bottomed in the final 3 months of 2012 but edged up in the last quarter of fiscal 2013 with an upside in industrial production and some recovery in exports taking the GDP growth to 5.6%. Recovery was seen gradual in the Indian economy with monetary policy turning pro-growth and private consumption strengthening with some help from government spending. Weak demand for Indian goods and services abroad have been a major contributor to the slowdown. Towards the end of 2012, the government has announced some long due reforms including the opening up of the Retail and Aviation sectors to overseas investors. These reforms brought back investor confidence giving boost to greater portfolio inflows. However, concerns remain around keeping the current account deficit under control as government spending is expected to rise in the current fiscal as this will be an Election year.

Good jobs and labor reforms are a must for economic growth. More people will look for jobs because of the demographic dividend and also shift away from agriculture. It is predicted that by the year 2025 approximately 25% of the global workforce will comprise of Indians, a clear manifestation of the fact that India has a burgeoning talent pool, unparalleled in the history of humankind. As a country, India has registered the second highest GDP growth in the world after China in the last decade averaging about 8% per annum. India is also a remarkably young nation where a staggering 65% of our 1.2 billion population are below 30 years of age. Paradoxically enough, despite high demand for skilled labor and a huge quantitative supply, the corporate sector and industry complain that there is a shortage of appropriate talent, and rampant unemployment pervades. What precisely plagues the Indian economy that could almost derail the big "India story" which is expected to be along with USA and China as the triumvirate G3 of the future? The answer lies in "employable skills"; yes, the engineer may have academic qualifications but is he capable of delivering on the job? This is where Dale Carnegie Training India has come up with a unique offering to make it a win-win for both the potential employers and aspirational students and job-seekers at all levels.

### **Opportunities and Challenges**

In 2013 we complete ten years of our Dale Carnegie Training operations in India. Over this decade we have had many achievements. About 150000 individuals in both corporate and educational sectors have been trained by us. More than 2500 companies are our clients and we have covered nearly 700 colleges across India. We have conducted training in 8 languages in 150 towns and cities of the country. With this successful track record in the last decade your Company has established its market leadership in the corporate sector. Going forward, we have identified two streams of growth for the business: 1) support the corporate sector needs in managing attrition due to talent shortage as well as their succession planning and leadership development which is a

major vacuum today through strong professional development and engagement initiatives and 2) engage with government and education sector for the huge need for skilling and employability training of graduating students to support the growing trends in recruitment and talent acquisition for companies,

In the corporate sector, three key trends are seen in the learning and development area; Leadership Development, Succession Planning and Employee Engagement. According to a survey by SHRM India, the most effective Learning and Development practices for leaders are coaching by external practitioners and external conferences, workshops and events. Further two-fifths of the companies surveyed in India reported involvement of external consultants right from the responsibility of determining Learning and Development needs to final delivery and measurement. This fact may reflect a shortage of expert Learning and Development people or the sheer scale of learning and talent development effort in a growing economy. This is the gap that your Company addresses with its talented team of experts, body of knowledge and experience.

Indian organizations have already made significant strides in integrating ICT – based learning and talent development as evidenced by widespread adoption of such technologies. Organizations across all areas seem to be switching to less costly development practices. During 2012-13, Dale Carnegie Training India launched its digital training services. This aims to provide Live Online training using a web-based Learning System that helps conduct interactive real-time sessions to people logged in through their desktops without moving from their home or offices. This allows a group of people geographically distanced from each other to log on to a live training program conducted by a certified Dale Carnegie trainer. With companies having widespread locations in India and globally we see this as an important method to provide quality and consistent training to their employees that enables our customers to not only save costs of time and travel but also provides them the convenience of not moving out of their own environment without compromising on the learning. Trends are showing that Live Online training is growing in demand much faster than self-paced e-learning due to its improved learning effectiveness.

The most commonly anticipated major change affecting corporate Learning and Development over the next two years is a greater integration between coaching, organizational development and performance management. There will also be a greater emphasis in measurement of having effectiveness. With our unique training methodology based on time-phased learning, in the moment coaching and practice, the effectiveness of our training is easily measurable. We have been able to achieve 98% customer satisfaction and are reputed for quality training. Besides, our training delivery we also provide value-added consulting in the area of organizational development, talent and performance management. Our partnership with PerformanSe SAS for psychometric assessments gives us an edge in these services.

There is also growing interest towards the use of social media to deliver learning, training and development focused on delivery methods such as “bite sized” learning and using smartphone apps, and so on. Dale Carnegie Training India is actively present and hosts growing and engaged communities on social networks like Facebook, Twitter and LinkedIn. Similarly Dale Carnegie mobile apps across major operating systems are available in the areas of Human Relations, Leadership Development, Sales Effectiveness, etc.

In the area of Employability training, we are seeking to expand our partnerships with educational institutions and other skills providers. While we will continue our activities in student development, we will build a stronger focus on faculty training. Another important factor is the sheer shortage of trainers to meet the vast demand for vocational training of students in India. Apart from quantity the most acute deficiencies lie in the areas of curriculum development, methodology and quality of training. It will be our endeavor to address this challenge through trainer capacity building and provide both content and trainer training to our partners.

#### **Outlook, Risks & Control:**

India’s economic growth is expected to remain subdued this year and any recovery will be gradual as government spending and interest rate cuts from the RBI revive domestic demand. GDP is predicted to increase to above 6% in the current fiscal to March 2014, after it grew at a decade low of 5.6% in the last fiscal.

We see that industry will continue to hire and expect their L&D budgets to be maintained. With strong client relationships already in place we expect to build long term partnerships. Further your Company has invested for growth and developed strong systems for internal efficiencies. We predict moderate business growth and have a positive outlook for both short and medium term.

#### **Cautionary Statement:**

The statements made in this report describe the Company’s objectives, expectations and projections that may be forward looking statements. The actual results might differ materially from those expressed or implied depending on the economic conditions, government policies and other incidental factors, which are beyond the control of the Company and Management.

#### **Internal Control Systems and their Adequacy:**

The Company has adequate and effective control systems, commensurate with its size and nature of business, to ensure that assets are efficiently used and the interest of the Company is safeguarded and the transactions are authorized, recorded and reported correctly. Checks and balances are in place to determine the accuracy and reliability of accounting data. The preventive control systems provide for well-documented policy, guidelines, and authorization and approval procedures. The Company has a full-fledged Internal Audit System to ensure that the policies and procedures laid down are adhered to. The Company has also developed a Risk Assessment policy and is reviewed by the Board of Directors/ Audit committee on a quarterly basis.

### **Financial Performance:**

Total income achieved during the year under review is Rs. 1839.27 lakhs as against Rs. 1973.34 lakhs in the previous year. Income from operations for the Company has been Rs. 1718.00 lakhs against Rs. 1643.42 lakhs in the previous year, showing an increase of 5%. Notably, the income from Training business has increased by 23% for the year ended 31st March 2013, as compared to last year. For the year ended 31st March 2012, income from operations included fixed income from training centres amounting to Rs. 252 lakhs. After providing for taxation of Rs. 64.84 lakhs and deferred tax asset of Rs. (8.20) lakhs, the results of the Company show a net profit of Rs. 176.46 lakhs as against the profit after tax of Rs.226.30 lakhs in the previous year. For the year ended 31st March 2012, other income includes interest received on income tax refunds amounting to Rs. 236 lakhs. Operating Profit (Income from operations less direct expenses) of the Company for the current year is Rs. 488.58 lakhs as compared to Rs. 311.21 lakhs in the previous year, denoting a healthy growth of 57%.

### **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. 5,00,000/-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. 69.04 lacs as compared to the last Financial Year's investment of Rs. 111.16 lacs. The market value of the quoted investments was Rs. 7.00 lacs (previous year Rs. 13.51 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 March 31, 2013. Accordingly, as at March 31, 2013, 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 yearended March 31, 2013, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- ii) that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended March 31, 2013 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, 2013 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. Madhukar Bhagwat and Dr. Satish Jha will 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 S. Shah & Associates – Practising Company Secretaries is annexed as a part of the Directors’ 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 all the shareholders, customers, suppliers, bankers, Government authorities and all other business associates and their confidence in the management. 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**

**Date: May 13, 2013**

**Place: Mumbai**

**Registered Office:**

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