

DIRECTORS' REPORT

To,
The Members of
WALCHAND PEOPLEFIRST LIMITED

Your Directors are pleased to present herewith the 94th Annual Report on the business and operations of your Company and Audited Accounts for the Financial Year ended March 31, 2014 together with the Audited Statement of Accounts and Auditor's Report thereon.

1. **FINANCIAL RESULTS:**

	(Rs. in Lacs)	
	Financial Year ended 31.03.2014	Financial Year ended 31.03.2013
Profit before interest, depreciation and taxation	139.05	323.62
Less: Interest	13.94	21.15
Less: Depreciation/Amortisation	40.83	52.97
Less: Provision for Taxation - Current / earlier years	43.02	64.85
Less: Deferred Tax recognized	(3.80)	8.20
Net Profit	45.06	176.46
Add: Balance brought forward	<u>417.65</u>	<u>275.17</u>
Amount available for appropriation	462.71	451.63
Proposed Final Dividend	-	29.04
Dividend Tax	-	<u>4.94</u>
Balance carried to Balance Sheet	<u>462.71</u>	<u>417.65</u>

2. **DIVIDEND:**

Your Directors have decided not to recommend any dividend for the Financial Year ended 31st March, 2014.

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 31.03.2014	Financial Year ended 31.03.2013
Royalty Remitted	150.51	147.34
Others	11.19	11.82
(b) EARNING IN FOREIGN CURRENCY		
Professional Fees	58.96	34.29
Others	3.96	1.25

4. **MANAGEMENT DISCUSSION AND ANALYSIS:**

Industry Structure and Developments:

The advanced estimates released by the Central Statistics

Office (CSO) reports that the growth in GDP during the Financial Year 2013-14 is estimated at 4.9 per cent as compared to the growth rate of 4.5 per cent in 2012-13 mainly on an improved performance in agriculture and allied sectors. Manufacturing however is expected to register a contraction of 0.2 percent during the year. According to advance estimates, the services including finance, insurance, real estate and business services is likely to grow 11.2 percent during FY14.

Inflation coupled with the high volatility of India rupee against the appreciating US dollar and a ballooning current account deficit brought anxiousness and disappointment during the year. This led to a tighter monetary policy thereby curbing investment. However, the Government and RBI took several measures during August, 2013 to curb the fall in value of Indian rupee and to manage the current account deficit.

Towards the end of the financial year 2014, there was a considerable reduction in the current account deficit, inflation had softened but is expected to remain sticky. The rupee has strengthened and stock markets are looking up reflecting an improving sentiment.

Opportunities & Challenges:

India's Training sector is still evolving. For your company there are three segments to be addressed: 1) Corporate Training segment which is our key business, 2) Employability Training being addressed with the Walchand Dale Carnegie Finishing School which is a growing segment and 3) CSR segment which is making skills development a responsible activity for corporates – a new opportunity.

Corporate Training:

Skill deficit is a challenge that Indian companies across sectors are facing and will continue to face in the coming months. While the government's emphasis is on developing basic vocational skills to make the potential workforce employable, the employability of graduates and professionally trained candidates is also under question. Besides that, Indian companies are facing a leadership crisis at the middle management level. As a consequence of these trends, training and development budgets are expected to be robust across all industries in the coming months.

In the organized corporate sector, demand from companies will likely rise in the following areas:

Mid-management leadership development: The middle management crisis has been noticed across the industry and companies will invest a sizeable amount of effort in training the middle management. People development skills, ability to provide feedback, performance appraisal, communication, strategic thinking and the ability to think beyond functional to organizational thinking will be the core areas of focus for companies.

Trainer development: Companies will also focus greatly on "train the trainer" programs as newer skilling methods and modes get introduced into the market.

ROI: Return on investment on Training spends has been cited

as one of the top metrics that business leaders will be tracking against each individual learning initiatives. Whatever mode of delivery an organization chooses; programs will be designed keeping measurable outcomes in mind.

Coaching-style delivery: Across the globe, instructor-led training is still the most popular because of greater chance of interactivity. While a small percentage of companies are experimenting with effective digital training methods, instructor-led training will still continue to rule the market. Within instructor-led training, companies are focusing more on coaching style delivery of content so that engagement with individual modes are higher and sessions are more effective.

Focus on High Potential development: Succession planning and developing a leadership pipeline is critical for business continuity management. More and more Indian companies are recognizing the need for identification and development of high potential employees. Also the war for talent is intensifying and high potential development programs are a great tool for retaining talent. We expect to see a growing number of private as well as public sector organizations investing in high potential training and development.

Employee Engagement: It is now a well-researched fact that highly engaged employees are more productive and have a positive impact on market capitalization of companies. Dale Carnegie research also shows that employee engagement is influenced by relationship drivers at various levels of leadership and organization. Companies are actively seeking effective ways to enhance employee effectiveness, specially through programmatic initiatives that enhance communication skills, interpersonal skills and boss-subordinate relationships.

Employability Training:

The Government and partner agencies deployed for executing the skill development agenda have identified sectors with the potential to create high employment in the near future. Addressing gaps in the skill development framework in these sectors, coupled with the provision of effective employment, will be particularly useful to ensure consistent development of the economy.

The industry has now stepped up its role and is on its way to take charge of the country's skill development. With the implementation of the National Skills Policy 2009, Sector Skills Councils have begun to appear on the skills landscape. These autonomous bodies are set up by the industry to cater to their own requirement. The industry has the potential to play a significant role in various aspects of the country's skill development mission including setting up skill development institutes, assisting in capacity expansion, setting quality standards and supply of trainers.

The industry could provide quality trainers and support the "train-the-trainer" programs. It could look at creating a database of all of the industry experts who are willing to train students or trainers for a short duration. This could be of great help to training providers and the state governments.

Another opportunity for improving the supply of trainers is to create a new pool. Training of trainers is a key component of the skill development framework. The gross requirement of

instructors in India is approximately 79,000. Furthermore, the annual incremental requirement of instructors is approximately 20,000, whereas, the current annual capacity of training trainers is only 2,000. The Government and private sector need to collaborate to close the remaining gap, else the mismatch between demand and supply of trainers could become a serious bottleneck in the implementation of skill development projects. Your company intends to provide 'Train the Trainer' services to address this gap in the context of developing the trainer training skills and providing soft skills curriculum of global quality.

CSR: Making Skills a Responsible Activity

Several prominent industry houses have started contributing to the skilling movement, albeit in a small degree and primarily through CSR actions. While CSR activities that contribute to skills development are certainly helpful, they are not sufficient to cater to India's skill challenge. The industry should not relegate skill development as a mere CSR activity, but embrace it as a company strategy. Skill development initiatives provide a perfect vehicle for corporates to fulfill the new Companies' Bill mandate on CSR. This has opened up new possibilities for your Company and the management is exploring strategies to leverage this opportunity.

Outlook, Risks & Control:

India's economic growth is likely to accelerate to 6.5 percent in 2014-15 from the projected growth of less than five percent in the current fiscal ending March, according to CRISIL

The business outlook for your Company is cautiously optimistic. It is expected that since it is election year the first quarter of the year will be ambivalent. However, in the event of a stable government being elected and a normal monsoon, the macro-economic environment is expected to improve thereby enhancing industry investment. In such a scenario a stable growth in business maybe expected.

Cautionary Statement:

Your Company endeavours to perform and attempt to deliver the best at all times. However, the statements made in this report describing the Company's objectives, expectations or predictions shall be read in conjunction with the government policies as issued and amended from time to time, the micro as well as macroeconomic scenario prevailing at that time, global developments and such other incidental factors that may extend beyond the control of the Company and Management. Keeping this in view, the actual results may materially vary from those expressed in the statement.

Internal Control Systems and their Adequacy

Your Company ensures that appropriate risk management limits, control mechanisms and mitigation strategies are in place through its efficient and effective Internal Control System and the same completely corresponds to its size, scale and complexity of operations. The Company strives to put several checks and balances in place to ensure that confidentiality is maintained. Effective procedures and mechanisms are rolled out by a full-fledge Internal Audit System to ensure that the interest of the Company is safeguarded at all times. In addition to this, the Risk Assessment policy of the organization is

reviewed on a quarterly basis by the Audit Committee / Board of Directors of your Company.

Financial Performance

Total income achieved during the year under review is INR 1651.65 lakhs as against INR 1839.29 lakhs in the previous year. Income from operations of the Company has been INR 1525.82 lakhs against INR 1719.24 lakhs in the previous year, showing a decrease of 11.25%. The decrease is largely on account of the sluggishness in certain industry sectors that has adversely affected our clients leading to reduction and/or delay in investments towards training during the year. After providing for taxation of INR 43.02 lakhs and by creating deferred tax asset of INR 3.80 lakhs, the net profit of the Company is INR 45.06 lakhs as against the profit after tax of INR 176.47 lakhs in the previous year. There has been an increase in expenses on account of one time loss in sale of investments of INR 14.69 lakhs and write off of certain fixed assets valued at INR 33.21 lakhs. Operating Profit (Income from operations less direct expenses) of the Company for the current year is INR 295.53 lakhs as compared to INR 489.21 lakhs in the previous year, and hence has decreased by 40% compared to the previous year, largely on account of decrease in revenues.

Human Resources:

While growth and success are the prime motto of your Company, at the same time it also realizes the importance of its intellectual capital. Continuous efforts are made to enhance manpower productivity through its comprehensive compensation and benefit plans for all its employees. In order to develop a healthy environment within the organization, we have a strong Performance Management System which ensures fairness and growth of all individuals. A comprehensive code of conduct has been developed for all employees which reinforces our work ethics. An average eight days of training per year for each employee is directed at enriching leadership, behavioral, functional and technical skills as well as bringing about a change in the attitude, knowledge and skill of employees. Thus, through this process of learning and concurrent rewarding, your Company aims to equip its employees with essential skills and competencies that would enable them to step the ladder of success.

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. 2.14 lacs as compared to the last Financial Year's investment of Rs. 69.05 lacs. The market value of the quoted investments was Rs. Nil (previous year Rs. 7.00 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, 2014. Accordingly, as at March 31, 2014, 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, 2014, 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, 2014 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, 2014 on a going concern basis.

9. DIRECTORS:

In accordance with the Articles of Association of the Company and provisions of the Companies Act, 2013, Mr. Sanjay Jha will retire by rotation at the ensuing Annual General Meeting and being eligible, offer himself for re-appointment. Your Directors recommend his 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 139 of the Companies Act, 2013.

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. NOMINATION AND REMUNERATION COMMITTEE –COMPANIES ACT 2013

Pursuant to Section 178 of Companies Act, 2013 the Board of Directors of the Company has consented the change in nomenclature of existing Remuneration Committee to 'Nomination and Remuneration Committee' as provided under Companies Act, 2013 and has also approved the revised terms of reference of the Nomination and Remuneration Committee as per the provisions of the Companies Act, 2013 (effective from 01/04/2014).

As per the said terms of reference approved by the Board the Nomination and Remuneration Committee shall formulate the criteria for determining the qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the Director, KMP and other employees. The Company's policy on Directors appointment and remuneration and other specifications as mentioned above will be disclosed in the

Boards' Report as provided under Section 134 (3) (e) once the same is formulated by the Committee.

14. COST AUDIT:

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

15. 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: 28th April, 2014

Place: Mumbai

Registered Office:

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

Compliance Certificate

[U/s 383A of the Companies Act, 1956 & Rule 3 of the Companies (Compliance Certificate) Rules, 2001]
To,
The Members
WALCHAND PEOPLEFIRST LIMITED

Nominal Capital: ' 250,000,000 /-
Registration No. 11- 000791
(31/03/2014)

I have examined the registers, records, books and papers of **Walchand PeopleFirst Limited** (the Company) as required to be maintained under the Companies Act 1956, (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on **31st March, 2014**. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its officers and agents, I certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in **Annexure 'A'** to this certificate, as per the provisions of the Act and the rules made thereunder and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in **Annexure 'B'** to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities as required under the Act and the rules made thereunder.
3. The Company, being a public limited Company, comments are not required.
4. The Board of Directors duly met **5** times on **13/05/2013, 30/07/2013, 29/10/2013, 29/01/2014 and 20/03/2014** in respect of which meetings proper notices were given and the proceedings were properly recorded and signed including circular resolution passed in the minutes books maintained for the purpose.
5. The Company closed its Register of Members from July 23, 2013 to July 30, 2013 (both days inclusive) and necessary compliance of Section 154 of the Act has been made.
6. The Annual General meeting for the year ended on **31/03/2013** was held on **30/07/2013** after giving due notice to the members of the Company and other concerned and the resolutions passed thereat were duly recorded in the Minutes Book maintained for the purpose.
7. **No** extra-ordinary general meeting was held during the financial year.
8. The Company has not advanced any loans to its Directors or persons or Firms or Companies referred to under Section 295 of the Companies Act, 1956.
9. The Company has not entered into contracts specified under Section 297 of the Act during the financial year.
10. The Company has made necessary entries in the register maintained under Section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act, the Company has not obtained any approvals from the Board of Directors, members or Central Government.
12. The company has not issued any duplicate share certificates during the financial year.
13. i. The Company has delivered all the Certificates on lodgment thereof for transfer/ transmission in accordance with the provisions of the Act during the financial year. There was no allotment of Securities during the financial year;
ii. The Company has deposited the amount of dividend declared in a separate bank account on August 02, 2013 which is within five days from the date of declaration of such dividend;
iii. The Company has paid/ posted warrants for dividends to all the members within a period of thirty days from the date of declaration and that all unclaimed/unpaid dividend has been transferred to unpaid Dividend Account of the Company with HDFC Bank Limited on September 04, 2013.
iv. The Company was required to transfer unpaid or unclaimed dividend amount to Investor Education & Protection Fund during the financial year which have remained unpaid or unclaimed for a period of seven years. The Company has deposited the said amount on September 30, 2013 to the Investor Education & Protection Fund;
v. The Company has duly-complied with the requirements of Section 217 of the Act regarding Boards' report.
14. The Board of Directors of the Company is duly constituted and there was no appointment of additional directors, alternate directors and directors to fill casual vacancy during the financial year.
15. The re-appointment of Managing Director and Whole-time Director has been made in compliance with the provisions of the Companies Act, 1956 & Companies Act, 2013.

16. The Company has not appointed any sole-selling agents during the financial year.
17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar and/or such Authorities as prescribed under the various provisions of the Act was required during the financial year.
18. The Directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
19. The Company has not issued any shares, debentures or other securities during the financial year.
20. The Company has not bought back any shares during the financial year.
21. There was no redemption of preference shares during the financial year. The Company has not issued any Debentures.
22. There were no transactions, necessitating the Company to keep in abeyance rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has neither raised nor accepted any deposits from Public during the financial year.
24. The amount borrowed by the Company from Directors, members, public, financial institution, banks and others during the financial year ended 31st March, 2014 are within the borrowing limits of the Company as laid down in Section of 293 (1) (d) of the Act.
25. The Company has not made any loans or advances or given guarantees or provided securities to other bodies corporate and consequently no entries have been made in the register kept for the purpose.
26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from one State to another during the year under scrutiny.
27. The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the financial year.
28. The Company has not altered the provisions of the Memorandum with respect to name of the Company during the financial year.
29. The Company has not altered the provisions of the Memorandum with respect to Share Capital of the Company during the year under scrutiny.
30. The Company has not altered its Articles of Association during the financial year.
31. There were no prosecution initiated against or show cause notices received by the Company and no fines or penalties or any other punishment imposed on the Company during the year, for offences under the Act.
32. The Company has not received any money as security from its employees during the year.
33. The Company has deposited both employee's and employer's contribution to Provident Fund with prescribed authorities pursuant to Section 418 of the Act.

For Pramod S. Shah & Associates
Practising Company Secretaries

Place: Mumbai
Date: April 28, 2014

Pramod S. Shah
Partner
C.P. No. 3804

Annexure A

The Company has been maintaining the statutory records such as:

- 1) Minutes Book (Board Meeting),
- 2) Minutes Book (Audit Committee),
- 3) Minutes Book (Remuneration Committee),
- 4) Minutes Book (Shareholders' Grievance Committee),
- 5) Minutes Book (Investment Committee)
- 6) Minutes Book (AGM & EGM),
- 7) Register of Members,
- 8) Register of Directors,
- 9) Register of Director's shareholding,
- 10) Register of Assets,
- 11) Register of Investments,
- 12) Register of Charges,
- 13) Register of Contracts.

Annexure B

Forms and Returns as filed by the Company with the Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ending on **31st March, 2014**:

Sr. No.	Form No./Return	Filed u/s	For	Filed on	Whether filed within prescribed time Yes/No	If delay in filing whether requisite additional fee paid Yes/No
1.	e-Form 23AC&ACAXBRL	220	31/03/2013	28/08/2013	Yes	N.A.
2.	e-Form 20B - Annual Return	159	31/03/2013	13/09/2013	Yes	N.A.
3.	e-Form 66 - Compliance Certificate	383A	31/03/2013	27/08/2013	Yes	N.A.
4.	e-Form 8	135	Modification of Charge	26/07/2013	Yes	N.A.
5.	e-Form 8	135	Modification of Charge	26/07/2013	Yes	N.A.
6.	Form 1 INV		Statement of amounts credited to investor education and protection fund for the unclaimed/unpaid dividend for the F.Y ended 2005-2006	26/10/2013		
7.	e-Form 5 INV	Pursuant to rule 3 of the Investor Education and Protection Fund Rules, 2012	Statement of unclaimed and unpaid amounts for the Financial Year ended 31/03/2013	28/10/2013	Yes	N.A.
8.	Form 1 INV		Statement of amounts credited to investor education and protection fund for the unclaimed/unpaid interim dividend declared during the F.Y 2005-2006	10/05/2013	Yes	N.A.