

**86<sup>th</sup> ANNUAL REPORT  
2005 - 2006**



**WALCHAND  
PEOPLEFIRST**

**WALCHAND PEOPLEFIRST LIMITED**



## **BOARD OF DIRECTORS**

Ms. PALLAVI JHA – CHAIRPERSON & MANAGING DIRECTOR

Mr. M.N. BHAGWAT

Mr. SHAILESH HARIBHAKTI [Till 27th October 2005]

Mr. SANJAY JHA

Mrs. KAMALINI BAHUBALI

Dr. S.C. JHA

Mr. V. K. VERMA [W.E.F. 27th January 2006]

## **AUDITORS**

M/s. HARIBHAKTI & CO.,  
CHARTERED ACCOUNTANTS

## **BANKERS**

STANDARD CHARTERED BANK  
BANK OF INDIA

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## **REGISTERED OFFICE**

1, CONSTRUCTION HOUSE,  
WALCHAND HIRACHAND MARG,  
BALLARD ESTATE,  
MUMBAI – 400 001  
TEL : 22618095 /8096  
FAX : 22610574

## **REGISTRAR & TRANSFER AGENT**

M/s. COMPUTECH SHARECAP LIMITED  
147, MAHATMA GANDHI ROAD,  
FORT, MUMBAI – 400 023  
TEL : 22671824-25-26  
FAX: 22670380  
E-MAIL : [helpdesk@compu-techsharecap.com](mailto:helpdesk@compu-techsharecap.com)

**INFORMATION FOR SHAREHOLDERS**  
**86<sup>TH</sup> ANNUAL GENERAL MEETING**

DATE : 28-07-2006 (FRIDAY)  
 TIME : 2.30 P.M.  
 VENUE : WALCHAND HIRACHAND HALL  
 INDIAN MERCHANT CHAMBERS,  
 IMC MARG, CHURCHGATE,  
 MUMBAI - 400 020.  
 DATE OF BOOK : July 21, 2006 to July 28, 2006  
 CLOSURE (BOTH DAYS INCLUSIVE)

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<b>CONTENTS</b>	<b>PAGE NO.</b>
NOTICE	1
DIRECTORS' REPORT	3
CORPORATE GOVERNANCE REPORT	6
AUDITORS REPORT	17
BALANCE SHEET	20
PROFIT & LOSS ACCOUNT	21
SCHEDULES TO ACCOUNTS	22
ADDITIONAL INFORMATION UNDER PART IV OF SCHEDULE VI	39
CASH FLOW STATEMENT	40
ATTENDANCE SLIP AND FORM OF PROXY	



## WALCHAND PEOPLEFIRST LIMITED

### AT A GLANCE

#### OPERATIONAL STATISTICS

	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006
Operating Earnings	172.41	185.46	49.7	93.27	337.17	471.32
Other Income	109.73	54.81	60.27	266.91	559.34	115.51
Total Earnings	282.14	240.27	109.97	360.18	896.51	586.83
Employee Remuneration & Other Expenses	163.31	191.95	213.20	187.5	290.12	415.04
Non Recurring items	71.57	1.75	292.52	524.41	303.12	87.65
Interest	0.6	2.19	0.03	0.17	0.21	1.64
Depreciation	34.34	27.17	26.45	29.38	33.16	39.16
Tax Liability	3.5	10.11	6.06	3.5	7.11	8.30
Total Expenses	273.32	233.17	538.26	744.96	633.72	551.79
Net Profit/ (Loss) after taxation	8.82	7.10	(428.29)	(384.78)	262.79	35.00

#### Financial Highlights SOURCES OF FUNDS

##### SHAREHOLDERS FUNDS

Share Capital	284.89	284.89	284.89	284.89	284.89	284.89
Reserves & Surplus	1,931.37	1,944.90	1,516.61	1,131.84	1,134.29	1,136.81
Loan Funds	1.78	-	-	4.14	2.44	14.42
Total	2,218.04	2,229.79	1,801.50	1,420.87	1,421.62	1,436.12

##### APPLICATION OF FUNDS

Fixed Assets (Net)	348.05	334.57	308.83	356.44	333.84	342.23
INVESTMENTS	1,309.00	946.67	623.39	517.62	495.99	634.13
Working Capital	560.99	928.59	854.3	536.83	586.79	459.76
Miscellaneous Expenditure	-	19.96	14.98	9.98	5.00	-
Total	2,218.0	2,229.79	1,801.50	1,420.87	1,421.62	1,436.12

Book Value per share (Rs.)	777.94	775.68	627.09	493.79	496.40	499.03
Earning per share (Rs.)	3.10	2.49	(150.34)	(135.06)	92.24	12.43
Dividend per share (Rs.)	10.00	-	-	-	-	10.00
Networth	2,216.26	2,209.83	1,786.52	1,406.75	1,414.18	1,421.70



## NOTICE

### NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Eighty - Sixth Annual General Meeting of WALCHAND PEOPLEFIRST LIMITED will be held at Walchand Hirachand Hall, Indian Merchants' Chamber, IMC Marg, Churchgate, Mumbai – 400 020 on July 28, 2006 at 2.30 p.m. to transact the following business:

#### Ordinary Business

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2006, Profit and Loss Account for the year ended on that date and the Reports of the Auditors' and the Directors' thereon.
2. To declare final dividend.
3. To appoint a Director in place of Ms. Pallavi Jha, who retires by rotation and being eligible, offers herself for re-appointment.
4. To appoint a Director in place of Mr. M.N.Bhagwat who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint the Auditors to hold office from the conclusion of this meeting until conclusion of the next Annual General Meeting and to authorize Board to fix their remuneration. "RESOLVED THAT M/s. Haribhakti & Co. Chartered Accountants, Mumbai, being retiring Auditors of the Company, be and are hereby re-appointed as Auditors of the Company to hold the office from the conclusion of the ensuing Annual General Meeting until conclusion of the next Annual General Meeting, on such remuneration as may be determined by the Board of Directors in consultation with the Auditors, in addition to reimbursement of service tax and all out of pocket expenses in connection with the audit of the Accounts of the Company, which remuneration may be paid on progressive billing basis to be agreed between the Auditors and the Board of Directors."

#### Special Business:

6. To consider and if thought fit, to pass with or without modification(s) the following resolution as an **ordinary resolution** requiring special notice.  
"RESOLVED THAT Mr. V.K. Verma who was appointed as an Additional Director of the Company with effect from January, 27 2006 by the Board of Directors and who holds office upto the date of this Annual General Meeting of the Company under Section 260 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company and that period of office shall be liable to determination by retirement by rotation."

Place : Mumbai  
Date : April 28, 2006

By order of the Board

Sandhya Malhotra  
Company Secretary

#### Registered Office

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

#### Notes :

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend the meeting and the proxy need not be a member of the Company. Under the Companies Act, 1956, voting is by a show of hands unless a poll is demanded by a member or members present in person, or by proxy, holding at least one-tenth of the total shares entitled to vote on the resolution or by those holding paid-up capital of at least Rs. 50,000. A proxy shall not vote except on a poll. The instrument appointing the proxy must be deposited at the registered office of the Company not less than 48 hours before the commencement of the meeting.
2. An Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 relating to the special business to be transacted at the meeting in annexed hereto.
3. Members /Proxies should bring duly-filled Attendance Slips sent herewith to attend the meeting.
4. The Register of Members and Share Transfer Books of the Company will remain closed from July 21, 2006 to July 28, 2006 (both days inclusive) for the purpose of Annual General Meeting.
5. Members holding shares in physical form and desirous of making/changing nomination in respect of their shareholding in the Company, may send their request in the prescribed form 2B to the Registrar & Transfer Agents of the Company.
6. Corporate Members are requested to send to the Company, a duly certified copy of the Board Resolution authorizing their representative to attend and vote at the Annual General meeting.
7. Members desirous of obtaining any information on the Accounts and Operations of the Company are requested to write at least one week before the meeting so that the same could be compiled in advance.
8. Members are requested to notify changes, if any, in their registered addresses to the Company's Registrars.
9. Members are requested to bring their copy of Annual Report to the Meeting.
10. All documents referred to in the notice and explanatory statement are open for inspection at the registered office of the Company between 10.30 a.m. and 1.00 p.m. on all working days upto the date of the meeting.
11. Subject to the provisions of Section 206 A of the Companies Act, 1956 dividend as recommended by the Board of Directors, if declared at the meeting, will be payable on or after July 28, 2006 to those members whose names appear on the Register of Members as on July 21, 2006.

12. Members whose shareholding is in electronic mode are requested to direct change of address notifications and updations of savings bank account to their respective Depository Participants.
13. Member are requested to address all correspondences, including dividend matters, to the Registrar and Share transfer Agents, M/s. Computech Sharecap Limited, "Computech", 147, Mahatma Gandhi Road, Fort, Mumbai-400 023, Tel No: 22671824-25-26, FaxNo.: 22670380, Email helpdesk@computechsharecap.com
14. Members wishing to claim dividends, which remain unclaimed, are requested to correspond with Mr. Sadanand Marathe, Compliance Office, at the Company's registered office. Members are requested to note that dividends not encashed or claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account, will, as per section 205 A of the Companies Act, 1956, be transferred to the Investor Education and Protection Fund.
15. The Securities and Exchange Board of India has made it mandatory for all companies to use the bank account details furnished by the depositories for depositing dividend through Electronic Clearing Service (ECS) to investors wherever ECS and bank details are available. In the absence of ECS facilities, the Company will print the bank account details, if available, on the payment instrument for distribution of dividend.
16. As per the provisions of the Companies Act, 1956, facility for making nominations is available for shareholders, in respect of the shares held by them. Nomination forms can be obtained from the Registrar and Transfer agents of the Company.

### EXPLANATORY STATEMENT

As required by Section 173 (2) of the Companies Act, 1956.

#### Item No. 6

Mr. V.K.Verma was appointed by the Board of Directors as an Additional Director of the Company with effect from 27th January 2006. In accordance with the provisions of Section 260 of the Companies Act, 1956 and Article 135 of the Articles of Association of the Company he holds office upto the date of ensuing Annual General Meeting.

The Company has received a notice in writing under Section 257 of the Companies Act, 1956 from a Member proposing his candidature for the office of Director.

A brief resume of Mr. V.K.Verma is annexed to this notice.

None of the Directors except Mr. V.K.Verma is interested in the said Resolution.

Place : Mumbai

Date : April, 28 2006

By order of the Board

Sandhya Malhotra  
Company Secretary

#### Registered Office

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

### INFORMATION UNDER CLAUSE 49 OF THE LISTING AGREEMENT REGARDING RE - APPOINTMENT OF DIRECTORS

A veteran of human resources function, Mr. V.K. Verma began his career at Tata Motors over 3 decades back as a Technical and Management Trainee and worked on many line assignments in the Company's various Productions & Engineering departments. Since then, he has held positions of increasing responsibility, culminating with his appointment as the Head of Corporate HR in 1996. In this role, he has been responsible for the design and implementation of HR enabled change management and turnaround which includes restructuring of workforce and amicable VRS of over 5500 bargain-able employees.

His contribution in planning and implementation of the growth linked HR strategy including restructuring of commercial functions and strengthening of product development function was well recognized at Tata Motors. His other notable achievement was Development of the Competency Framework, institutionalizing Leadership Development Processes including Talent Management & Fast Track systems.

Mr.V.K.Verma holds a bachelor's degree in Electrical Engineering from Regional Engineering College, Bhopal and has Post Graduated in Business Management from X.L.R.I., Jamshedpur. He was a rank holder both at the University level and B-School. He was a member of the National Technical Training cell of CII and was the Chairman of the Western Regional Technical Training Group. He continues to be a visiting faculty at several B- Schools and TMTC.

**Ms. Pallavi Jha** joined the Board on July 26, 1999 and was designated as Executive Director for a period of 5 years. On November 1999 she was re-designated as Managing Director and at the AGM held on 28/09/2004 she was re-appointed as the Managing Director of the Company. Prior to the joining your Company's Board she was President & Chief Executive officer of the Company since May 1, 1996 and was Manager as defined u/S 2(24) of the Companies Act, 1956. Ms. Jha, aged 42 years, did her MBA from the University of Syracuse, New York. She has been overall in charge of the organization and looking after the entire business operations of the Company for the last about seven years. She is a member of the Shareholders Grievance Committee. She is also a Director of Walchand & Company Private Limited, Walchand Cricketnext.com Pvt. Ltd., Tilaknagar Industries Limited.

**Mr. M.N. Bhagwat** did his Bachelors Degree in Mechanical & Electricals Engineering from the University of Pune, M.S. (Mechanical Engineering) from the University of Illinois, USA and Diploma in Business Management from the prestigious Bajaj Institute of Management Studies, Mumbai.

He worked in various senior positions both in India and abroad which includes Blue Star Ltd., Yokogawa Blue Star Ltd., Total Mechanical Systems Inc. USA Skidmore, Owings & Merrill; Chicago, USA and Managing Director of Tata Honeywell Limited. He is currently Advisor to Tata Sons Limited and heading the Corporate Assurance Group, which administers the Tata Brand Equity and the Tata Code of Conduct. He is the Chairman of the Audit Committee of our Company.





## DIRECTORS' REPORT

The Members of

### WALCHAND PEOPLEFIRST LIMITED

Your Directors present herewith the 86<sup>th</sup> Annual Report together with the Audited Statement of Accounts for the year ended March 31, 2006.

#### 1. FINANCIAL RESULTS

	(Rs. In Lacs)	
	2005-06	2004-05
Profit before interest, depreciation and taxation	69.44	303.26
Less: Interest	1.64	0.21
Depreciation/Amortisation/ Impairment	39.16	33.15
Provision for Taxation-current /earlier years	8.30	7.11
	<u>49.10</u>	<u>40.47</u>
Add : provisions written back	14.66	-
Net Profit /(Loss)	35.00	262.80
Add: Balance brought forward	453.26	190.47
Amount Available for Appropriation	488.26	453.26
<b>Appropriations</b>		
Interim Dividend	14.24	-
Interim Dividend Tax	2.00	-
Proposed Dividend	14.24	-
Proposed Dividend Tax	2.00	-
	<u>32.48</u>	<u>-</u>
Balance carried forward	455.78	453.26
<b>Total</b>	<u>488.26</u>	<u>453.26</u>

#### 2. DIVIDEND

The Board of Directors recommend 5 % final dividend for the Financial Year ended March 31, 2006.

#### 3. MANAGEMENT DISCUSSION AND ANALYSIS

##### a) The New Corporate Perspective.

Your Company has completed the merger of its subsidiaries as per the Scheme of Amalgamation in the year 2004-2005. Your Company now has fully consolidated its operations and aligned its structure to its new business of Training and Development. The name of the Company has been changed to "Walchand PeopleFirst Limited" with effect from February 2, 2006. The new name reflects the true identity of the Company's business.

As such the Company has already applied for delisting as an NBFC from Reserve Bank of India.

##### b) Industry Structure & Development

India is one of the biggest economies in Asia after China & Japan. With a GDP growth of over 8.1% in

2005-06, most observers agreed that India is transiting to a growth rate regime of 8% and perhaps even more on a sustainable basis. If this is demonstrated it will put us well on the way to becoming a middle-income industrial economy in the next 15 years. Even though our per capita income may be only at middle income levels, the absolute size of the economy will make it a much more significant player in the world. India's high quality technical resources, familiarity with the English language, the existence of long established commercial and legal institutions all augur well for India's competitiveness in today's globalised world.

India's capital markets strongly reflect the growth. In 2003 the Sensex was at 3000 – recently it crossed the 12,000 mark, more than 100 companies now have \$1 billion market cap and India's market cap is over \$500 billion. Corporate earnings have grown in excess of 20 percent in each of the last three years and this growth is witnessed across most sectors.

Currently, India's growth is powered by the industrial output, which generates a quarter of GDP, and jobs being created in booming technology and back office services.

India has enormous potential, but that potential is locked in people. Private enterprise has a big role to play in educating and developing this potential for creating a pool of employable and globally competitive skills to sustain a thriving industrial sector.

##### c) Opportunities & Challenges

Today, India, with a population growth rate of 1.6% is expected to overtake China as the world's most populous nation around 2035. Our country, with an average age of 26 years is young and has started to look on its growing population as a potential asset. In other Asian countries, the bulge in the working-age population that India is now experiencing, brought rapid economic growth. However, to achieve the same, we need to educate our children better. Yet, India has built an elite tertiary-educated population – we add about 2.3 million bachelor-degree graduates and some 300,000 engineers each year. India is, therefore, seen as an emerging management giant and we are already seeing the boom in business process outsourcing – beyond low expertise call-centers to areas such as financial management, medical diagnostic services and technology. Companies such as GE and Microsoft have established R&D centers here. Today, India is also exporting management expertise, just like we did with our engineers dispersed all over the world.

At the same time, within India, companies are

witnessing fast growth and global expansion. Industry is facing a huge shortage of skilled manpower and management. With higher recruitment needs the war for talent seems here to stay.

For India to achieve and sustain its plans for double-digit economic growth over the next two decades we will need to provide for the increasing demand for skilled talent.

This is the potential opportunity for your Company. Organizations traditionally emphasized technical skills that directly translated to job knowledge. The focus has now shifted towards Effectiveness, resulting in greater emphasis on development of soft skills that will improve a person's managerial performance and abilities. Training needs are burgeoning with a growing complexity of requisite soft skills like leadership, innovation, interpersonal skills, communication, cross - cultural training, selling skills, self - motivation, teamwork and negotiation skills that companies need amongst their talent pool. Industry recognizes that to achieve their visions the only sustainable competitive advantage that cannot be duplicated in today's competitive world is the quality, drive, enthusiasm and leadership ability of the people.

**d) Outlook, Risks & Concerns**

Given the market opportunity and with increasing brand awareness and an excellent service track record the business outlook for the Company is exponential in the short and medium term. Your company has been investing in nationwide brand building campaigns using various marketing media to increase our awareness amongst the key client segments: namely, the corporate sector, and the youth sector.

We believe that given the business potential this marketing drive will help us achieve our growth targets. This will necessitate a continuous investment in expanding resources to create an enabling environment for exploiting the growing business demand.

At a macro-level, a volatile socio-political situation or shortfall in achievement of growth targets could result in a possible downturn in the currently booming economy. This could affect investment in human resources by companies and may result in cut-down in recruitment levels or training and development initiatives.

**e) Segment-wise Performance**

In the second full year of operation of the Dale Carnegie Training India operations, the Company had worked with nearly 200 companies and trained more than 2600 individuals. The revenue and results for this segment and the Investment Division are reported in the notes to Accounts.

**f) Internal Control Systems and their Adequacy**  
The Company has adequate and effective control

systems, commensurate its size and nature of business, to ensure that assets are efficiently used and the interest of the Company is safe guarded and the transactions are authorised, 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.

**g) Financial Performance with respect to Operational Performance**

Total income achieved during the year under review is Rs.586.83 lakhs as against Rs. 896.52 lakhs in the previous year. Total income of the previous year includes one time income of Rs. 119.50 lakhs towards consideration for Exchange of Shares in the Scheme of Arrangement and Rs. 529.59 towards write back of provisions. The income from Dale Carnegie Training income has increased to Rs. 317.86 lakhs as against Rs. 152.11 lakhs in previous year, showing an increase of more than 100%. After providing for taxation of Rs. 8.30 lakhs, the net profit earned by the Company arrived is Rs. 35.00 lakhs as against a net profit of Rs. 262.80 lakhs as earned in the previous year.

The Dale Carnegie Training Division, which commenced the operations two years back shows, a 100% increase in revenues, achieved breakeven and it has outperformed the Investment Division in terms of revenue. The Company is expected to continue its growth in its performance in the near future.

**h) Human Resources**

Your Company considers its manpower as its most valuable asset Personnel Policies of your Company are designated to ensure fairness to and growth of all individuals in the organization and continuously strives to provide a challenging work environment. The Company's total manpower strength stands presently at 37 comprising mainly of senior managers, qualified trainers, marketing and accounts and administrative staff. Recently we have added 9 employees in Dale Carnegie Training Division and expect to continue recruitment process during the year in keeping with the expansion of the Dale Carnegie operation across the country.

**4. INVESTMENTS**

During the year under report the outstanding position in the investment of shares and debentures of various companies were to the tune of Rs. 634.13 lacs as compared to the last year's investment of Rs. 495.99 lacs. The Book value of the quoted investments for the year under review was Rs.69.45 lacs (previous year Rs. 158.79 lacs) and its market valuation was Rs.75.79 lacs (previous





year Rs.143.25 lacs).

#### 5. **FIXED DEPOSITS**

Your Company had stopped accepting / renewing fixed deposits since February 1998. The Company after obtaining necessary approval from the Reserve Bank of India had offered to repay the entire fixed deposits to all the deposit holders, who were holding the deposits as on August 31, 1999, including the interest thereon.

As at March 31, 2006, the outstanding liability from 3 fixed depositors was Rs.0.28 Lacs. The entire outstanding liability is on account of matured fixed deposits which remained unclaimed.

#### 6. **CORPORATE GOVERNANCE**

Pursuant to clause 49 of the Listing Agreement with the Stock Exchanges, a compliance report on Corporate Governance together with a Certificate from the Statutory Auditors is annexed as part of the Annual Report.

#### 7. **COST AUDIT**

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

#### 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:

- a) that in the preparation of the Annual Accounts for the year ended March 31, 2006, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any.
- b) 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, 2006 and of the profit of the Company for that year.
- c) 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
- d) that the Directors have prepared the Annual Accounts for the year ended March 31, 2006, on a going concern basis.

#### 9. **DIRECTORS**

In accordance with the Articles of Association of the Company and provisions of the Companies Act, 1956 Ms. Pallavi Jha and Mr. M.N. Bhagwat retires by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. Your Directors recommend their re-appointment.

Mr. V.K. Verma has been appointed as Director of the

Company with effect from 27<sup>th</sup> January 2006, to fill up the vacancy caused by the resignation of Mr. Shailesh Haribhakti. Mr. V.K. Verma holds office upto the date of forthcoming Annual General Meeting pursuant to section 260 of the Companies Act, 1956. Your directors recommend for his 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. Haribhakti & 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. **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO.**

The provisions of Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are not applicable.

During the year under review, the Company utilized foreign exchange amounting to Rs. 29.36 lacs and earned foreign exchange amounting to Rs. 5.32 lacs.

#### 12. **PARTICULARS OF EMPLOYEES**

The Company has no employee in the category specified under Section 217(2A) of the Companies Act, 1956.

For and on behalf of the Board of Directors

Date : April 28, 2006

Place : Mumbai.

**PALLAVI JHA**

**CHAIRPERSON &**

**MANAGING DIRECTOR**

#### **Registered Office**

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

## CORPORATE GOVERNANCE REPORT FOR THE YEAR 2005-06

(As required under clause 49 of the Listing Agreements with the Stock Exchanges)

### 1. Company's philosophy on Code of Governance

Corporate governance is about commitment to values and ethical business conduct. An organization is able to attract investors, and enhance the trust and confidence of all stakeholders by following the best governance practices. Corporate governance guidelines and best practices in India have evolved over a period of time and your Company has always been committed to the best governance practices.

Our governance philosophy is based on the following:-

1. Management is the trustee of the shareholders' capital and not the owner.
2. Have a simple and transparent corporate structure driven solely by business needs.
3. Communicate externally, in a truthful manner, about how the company is run internally,
4. Make clear distinction between personal conveniences and corporate resources.
5. Be transparent and maintain a high degree of disclosure levels.
6. Satisfy the spirit of the law and not just the letter of the law.

At the core of our governance practice is the Board, which is comprised of an equal number of independent and non-independent Directors. Further the Audit Committee and the Remuneration Committee comprise of independent directors.

### 2. Board of Directors

#### a. Size and Composition of Board

The composition and category of Directors as on March 31, 2006 are as under:-

Name of Directors	Category	No. of other Directorships		No. of other Committees	
		Public	Private	Member	Chairman
Ms. Pallavi Jha	Chairperson and Managing Director	1	2	-	-
Ms. Kamalini Bahubali	Non-executive	-	1	-	-
Mr. Sanjay Jha	Non-executive	-	2	-	-
Mr. M.N. Bhagwat	Independent Non-executive	7	-	1	4
Dr. S.C. Jha	Independent Non-executive	1	-	-	-
*Mr. V.K.Verma	Independent Non-executive	-	-	-	-

\*Mr. V.K. Verma –Appointed as an additional Director at the Board Meeting held on January 27, 2006.

\*\*Mr. Shailesh Haribhakti resigned from the Directorship at the Board meeting held on October, 27 2005.

#### b. Attendance at Board Meeting and Annual General Meeting :-

During the accounting year 2005-06, four Board Meetings were held on April 21, 2005, July 29, 2005, October 27, 2005 and January 27, 2006.

The Annual General Meeting of the Company was held on December 27<sup>th</sup>, 2005.

Attendance at Board Meeting and last Annual General Meeting:-

Name of Directors	No. of Board Meetings attended	Attendance at last AGM
Ms. Pallavi Jha	4	Present
Ms. Kamalini Bahubali	3	Present
Mr. Sanjay Jha	4	Present
Mr. M.N. Bhagwat	3	Present
Dr. S.C. Jha	3	Absent
**Mr. Shailesh Haribhakti	2	-
*Mr. V.K.Verma	-	-

\*\*Mr. Shailesh Haribhakti resigned from the Directorship at the Board meeting held on October, 27 2005

\*Mr. V.K. Verma –Appointed as an additional Director at the Board Meeting held on January, 27 2006.